Port Washington prides itself on its cultural and economic diversity and has become a magnet for drawing new people to the community. There are more than 40 languages spoken within the district and the number of students enrolled in our public schools has been steadily increasing over the last twenty years. While positive, these factors, among others, also present financial challenges. Our Superintendent and Board of Education Trustees welcomed the opportunity to be part of the recent Long Island Roundtable to discuss how the Foundation Aid Formula may be altered to better address funding the needs of the students in communities like ours and others in our region. * Based on the information gained there, as well as examining our own data, we have identified three types of factors to consider when evaluating and updating the current formula.

Through our understanding of the issue, the main consideration in revising the Foundation Aid Formula is updating the indices that are used to measure the needs of each school district. In the current formula, the wealth index and regional cost index are fixed indicators that have not varied. During the LI Roundtable, the discussion of those indicators concluded that the current data used to construct them is outdated and does not adequately take into account the changes in demographic and economic markets. At a minimum, if those indicators remain, the data used to construct them must be in accordance with present day factors and conditions and reviewed annually. Additionally, the formula evaluates the needs level based on old census data and includes the number of students with special education needs as well as the number who are enrolled in the free and reduced lunch program. One aspect that was glaringly obvious throughout all of the roundtables is that the measurement of students in need, whether due to poverty or special education, cannot be assessed with only one number per category. Hence, after a review of the suggested Fair Student Funding Formula, adopted in New York City, we are interested in crafting a formula that weights each students’ need attribute. By weighing the levels of higher support needs for both ELL and special education students, the Foundation Aid Formula can better capture the changes in populations and adequately account for those students who require more funding based on the higher cost of their educational needs.

As school districts and boards of education, there is a responsibility to be mindful of the financial burden that is put onto the taxpayer. The change in demographics coupled with out of date regional cost differentials has put a burden on the taxpayer to shoulder the majority of funding for school districts. With property taxes soaring and incomes not, the taxpayer’s ability to pay is compromised. Therefore, the second factor to consider is the evaluation of the property tax formula to account for increases in enrollment and to use the median not the mean of income. While the property Tax Cap Formula is not formally up for discussion, when evaluating the Foundation Aid Formula and
equitable distribution of funding, the Tax Cap Formula must be considered because it encompasses factors absent from the Foundation Aid Formula. The absent factors of median wealth and size of enrollment create a significant impact on communities where there is extreme economic diversity and increased student populations.

The final factor we recommend to be evaluated when reviewing the Foundation Aid Formula includes an examination of the state mandates that are imposed upon the school districts. For example, with the advent of increased needs in security, cybersecurity and mental health, the state mandates should not be a one size fits all option for every district in the state. Instead, perhaps, a regional group of districts should be included in the conversation about mandates from the outset and have the opportunity to review and comment on the proposed mandates. Additionally, since not all mandates fit all school districts, looking at the opportunity to incorporate waivers into the mandates under specific parameters will offer flexibility to establish requirements that are fiscally responsible and work within the parameters of the varying school districts.

In closing, the Port Washington School District appreciates the opportunity to submit these propositions and that the State Education Committee and the Senate Committee on Budget and Revenues are taking the time to review them. As outlined above, we have three suggestions that we believe will help to modify the Foundation Aid Formula in a manner that more closely reflects the goal of equitable funding across the state and meets the needs of all students. Those goals are:

- Include indices that are more reflective of current conditions and based on the variations of students’ needs in a more drill down weighted category (like Fair School Funding Formula);
- Adjustment of the Tax Cap Formula calculation to account for increased enrollment and to rely on median of wealth; and
- Consider convening regional discussions on mandates before they are finalized and where applicable, the inclusion of waivers to lessen the economic pressures. In concert with these three suggestions is a process of evaluating the formula annually to make sure that the numbers do not remain static and capture a more realistic snapshot of demographics.

Thank you for your consideration. If further discussions arise following the December 3rd hearing, representatives of our school district would gladly participate.

*For more information about the Port Washington School District and the impact of the Foundation Aid Formula on the community, please review the following documents.*
Port Washington Is a Vibrant and Diverse Community

- 41 languages are spoken in Port Washington.
- 19 percent of our students qualify for free or reduced lunch.
- 14.8 percent of Port Washington students receive special education services as mandated by law.
- More than 20 languages are serviced by our schools’ English as a New Language (ENL) departments.

Percent of Pupils Who Are English Language Learners, 2018

Source: Port Washington Union Free School District, May 2017; data.nyised.gov
Statewide Enrollment Has Declined

200,267 Fewer Students Statewide – 7.0% Decrease

Source: data.nysed.gov
While District Enrollment Is Growing

1080 More Students in Port Washington – 24.3% Increase

Source: data.nysed.gov
Port Washington Has Reduced Per Pupil Spending

30.6% Decrease In Inflation-Adjusted Per Pupil Expenditures

Per Pupil Expenditures (2017 Dollars)

Source: data.nysed.gov; Port Washington UFSD; www.portnet.org; 2017 dollar calculation based on SEA (Education) CPI index from data.bls.gov
Decreasing State Aid Puts Additional Pressure on District Finances

33.6% Decrease In Inflation-Adjusted State Aid Per Pupil

Source: data.nyisd.gov, www.portnet.org; 2017 dollar calculation based on SEA (Education) CPI index from data.bls.gov
Port Washington Residents Bear More Than Their Fair Share of the Tax Burden

Statewide: 36.2% State Aid
Port Washington: 6.6% State Aid

Source: data.nysed.gov
Goal: Fully Implement Foundation Aid

- The state has delayed the full implementation of the Foundation Aid formula.
- Currently, Port Washington schools receive approximately $5.5 million in Foundation Aid.
- If the Foundation Aid Formula was allowed to run as current law instead of being manipulated at the state level, Port Washington’s Foundation Aid would be just over $9 million.
Goal: Revise the Foundation Aid Formula To Measure Median Wealth (Not Mean)

- Foundation Aid Formula uses the “mean” wealth per pupil to calculate aid.
  - Mean: Adds up total wealth of all residents, then divides by the number of residents.
  - Median: The midpoint (50th percentile) of all district residents’ wealth.
- The formula does not account for Port Washington’s economic diversity.

Goal: Adjust the Tax Cap Calculation To Account for Enrollment

- The tax cap formula does not account for changes in enrollment.

Base Formula

\[
\left( \frac{\text{Total taxes levied for prior fiscal year} + \text{Prior year reserve offset} - \text{Reserve amount (including interest earned)} \times \text{Tax base growth factor}}{\text{Allowable levy growth factor (1.00 to 1.02)}^2 - \text{PILOTs receivable in the prior fiscal year} + \text{Available carryover, if any}} \right) \times \text{PILOTs receivable in the coming fiscal year} - \text{Capital tax levy exclusion, prior fiscal year} = \text{Tort exclusion, prior fiscal year}
\]

Exclusions

- Tax levy necessary for expenditures resulting from court orders/judgments arising out of tort actions for any amount in excess of 5% of the total taxes levied in the prior fiscal year
- Capital tax levy
- Tax levy necessary to pay for increases to the system average actuarial contribution rate (ERS) or normal contribution rate (TRS) of pension funds over 2 percentage points

\[ \text{Tax Levy Limit, with Exclusions (if applicable)}^3 \]

http://www.osc.state.ny.us/localgov/realprop/schools/files/formula.pdf