

## **Overview of the Statewide Fiscal Profile of New York State School Districts**

This is the twenty-ninth edition of a report produced by the State Education Department depicting five-year trend data on school district revenues and expenditures. Major financial trends during the 2011-12 to 2015-16 period are discussed at the statewide level. Detailed information on individual districts as well as the state is provided in the Masterfiles and Tables.

This report is based on data from the Annual Financial Report (Form ST-3) and the State Aid Database. The ST-3 is an unaudited document, which displays a district's reported revenues and expenditures. It is important to note that the ST-3 is a document designed to provide fiscal accountability; it is not an educational program document. Although the State's intent with the ST-3 is for school districts to provide a uniform statement of revenues and expenditures, the possibility exists that school districts will interpret the instructions and account codes differently.

### **Use of Fiscal Profile Data**

Fiscal Profile data are used in a variety of ways. Some uses include:

- To provide data to State agencies, members of the Legislature and their staff, school districts, educational interest groups, the press and the public;
- To assist in the development of the Regents State Aid Proposal;
- To serve as a source of expenditure data for the *School Report Card*;
- To serve as the data source for the calculation of the cost of general education per pupil and special education per pupil;
- To assess the spending and revenue trends of districts; and,
- To suggest further analyses needed to better understand the revenue and expenditure trends of a district or group of districts.

### **Brief Description of the Fiscal Profile Tables**

The tables displayed in this report are based on school districts operating during the 2015-16 school year. Districts that consolidated after the 2011-12 school year are not included in this report. However, data from these districts are included in the state totals for the 2011-12 school year.

The Fiscal Profile tables allow school district data to be analyzed from a variety of perspectives. Tables 1, 2, 3, and 4 are based on data from the ST-3. These tables provide alternative methods of examining revenues by source and expenditures by selected categories. The row titles and columns of the tables are defined and explained in the Appendix. All dollar amounts displayed in this report are expressed in unadjusted nominal dollars. In tables 1 and 2, the percent change

from 2011-12 to 2015-16 is expressed two ways: using unadjusted nominal dollars and using inflation-adjusted constant dollars based on the methodology described in the Appendix.

Table 1 displays the total dollars associated with the revenue sources and expenditure categories. Table 2 displays each revenue source and expenditure category in terms of dollars per pupil. Table 3 displays each revenue source and expenditure category as a percentage of total revenues or total expenditures for the first and last years of the reporting period. Table 4 describes important State Aid, district and instructional program characteristics, including data on district wealth, the Unexpended Surplus Funds, local effort and the instructional expenditures of school districts.

The pupil count used throughout the report is called duplicated combined adjusted average daily membership (DCAADM). This pupil count consists of: the average daily membership of a district (1/2 day kindergarten pupils weighted at .5), pupils attending BOCES, pupils for which the district pays tuition to another district, pupils in approved private placements, pupils attending the State schools at Rome or Batavia, residents of the district attending charter schools and incarcerated youth for districts responsible for providing the program. Beginning with the 2007-08 school year, full-day Pre-K students are weighted at 1.0 and ½ day Pre-K weighted at 0.5. Pupil counts are provided from the State Aid database.

## **Presentation of the Findings**

The data presented below are described in terms of statewide trends. It should be noted that statewide trends may be quite different from district trends or trends at aggregation levels other than the state, such as at the regional or county level.

### **Statewide Fiscal Trends from 2011-12 to 2015-16**

The 2011-12 to 2015-16 period was marked by budget cuts and fiscal constraints across New York State. In the lead-up to this 5-year period, the state experienced a housing market crisis and Great Recession that would impact the ability of the state and districts to fund P-12 education for many years. Beginning in the 2009-10 aid year, the State budget included a Deficit Reduction Assessment (DRA). The DRA cut school aid by more than \$1 billion which was restored with federal ARRA funds. Implementation of the Foundation Aid program enacted in 2007-08 was stalled. The Gap Elimination Adjustment (GEA), which was made a permanent section of New York State Education Law, reduced the aid payable to districts from the 2010-11 school year through the 2015-16 school year. In 2011-12, the GEA cut aid by more than \$2.5 billion. Unlike the GEA in 2010-11 and the Deficit Reduction Assessment (DRA) in 2009-10, in 2011-12 Federal ARRA and Education Jobs Program funds were no longer available to offset to the GEA. After its high point in 2011-12, the GEA was phased out over the next five years.

During this time, rising costs put additional financial stress on school districts. Stagnant or declining property values following the house market crash pushed districts to increase their tax rates to increase their tax levies. However, the statutory property tax levy limit on all local taxing entities, which took effect for school districts beginning with their 2012-13 fiscal year, constrained property tax levy growth. Chapter 58 of the laws of 2011 limits State aid growth to

the allowable growth amount, a calculation which includes the statewide percentage growth in personal income, however this provision has not constrained growth in State aid since the 2012-13 School Year.

Although revenues gradually increased from 2011-12 to 2015-16, revenues increased at a slower rate compared to the years preceding the Great Recession. Local revenues grew 12.6% over the 5 years, from \$31.8 billion to \$35.8 billion. Unexpended surplus funds grew 18.3%, from \$1.6 billion to \$1.9 billion, still below the levels held in surplus before the Great Recession. State aid did rebound by 21.4%, from \$19.9 billion to \$24.1 billion. STAR payments increased by 2.5% over the 5 years, from \$3.2 billion to \$3.3 billion. Federal revenues declined by 24.6%, from \$3.2 billion to \$2.4 billion. Overall, total revenues increased 13% over the period, from \$58.1 billion to \$65.6 billion.

Expenditures increased at a gradual pace from 2011-12 to 2015-16. Contractual obligations for teacher retirement showed a relatively higher rate of growth of 30.9% over the period, from \$4.1 billion to \$5.3 billion. One category declined over the period; interest for debt service, fell by 16.2%, from \$1.3 billion to \$1.1 billion as interest rates continued at record lows. Overall, Total expenditures increased 11.9% over the period, from \$57.9 billion to \$64.8 billion. The chart below depicts the change in statewide total revenues by source and total expenditures from 2011-12 to 2015-16.

