

State Aid to Schools

A Primer

Pursuant to Laws of 2004

The University of the State of New York
THE STATE EDUCATION DEPARTMENT
Fiscal Analysis and Research Unit
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Introduction

The “Primer” is an annual publication highlighting key school aid concepts, including the impact of this year’s legislation. With the goal of locating some basic facts in one place, data and tables for this publication have been excerpted from several State Education Department reports or databases. The report is presented in two parts:

- Section I provides an overview of school finance in New York State;
- Section II highlights basic concepts and facts about State Aid to schools.

Section I

School Finance in New York State

Overview

In New York State, estimated 2002-03 public education funding comes from three sources: approximately six percent from federal sources, 47 percent from State formula aids and grants, and 47 percent from revenues raised locally.¹ Local property taxes constitute close to 91 percent of local revenues. The State assumed a significant portion of this local tax burden through the implementation of the School Tax Relief (STAR) program in 1998. For the 2002-03 fiscal year, STAR is estimated to account for about 16 percent of State revenues, other State aid for the public schools comes primarily from the State General Fund (approximately 73 percent) wherein the major revenue source is State taxes (e.g., income and sales) and the balance (approximately 11 percent) comes from a Special Revenue Fund account supported by lottery receipts. All net revenues from the State lottery are statutorily earmarked for school aid. In addition, the General Fund guarantees the level of lottery funds appropriated for education, making up any shortfall in lottery revenues.²

The major source of local revenue for education in all communities is the tax levied by boards of education (or municipal governments for the Big Five city school districts) on residential and commercial properties within the boundaries of each school district. Only the Big Five cities have constitutional tax limits, which apply to the total municipal budget. Small city school districts (those with a population of less than 125,000 inhabitants) had their constitutional tax limit repealed in 1985. Small city residents were not permitted to vote on their school budgets until legislation allowing it was passed in 1997.

The State's sales tax laws reserve 4.25 percent for the State and permit localities to levy up to an additional four percent (usually three percent, but more in the case of New York City and certain municipalities). Eight counties share a portion of their sales tax with school districts, and are legally permitted to share certain other taxes. The non-property tax revenues derived from distribution of some portion of the local county sales tax are prorated based on the number of public school pupils residing in the county and enrolled in the various school districts partly or wholly located within the county. In 2002-03, \$225 million in non-property tax revenues helped support approximately 150 school districts.

¹ Estimated data for 2002-03 from "Analysis of School Finances 2001-02." New York State Education Department. December 2003. p. 7.

² "Description of 2003-04 New York State School Aid Programs." New York State Division of the Budget. September 29, 2003. p. 23.

Small city school districts can impose a utility tax; about one quarter of the 57 small city districts do so. In addition, recent legislation requires that payments in lieu of taxes (PILOTS) be distributed proportionally among the taxing jurisdictions (including school districts) affected by tax exemptions granted by Industrial Development Agencies (IDAs).³ New York City imposes a modified local income tax on residents, a business and financial tax, and a tax on commercial rent, revenues from which are raised to support the City's budget including schools.⁴ The City of Yonkers also imposes an income tax on non-resident commuters.

The Big Five city school districts' fiscal dependency means that the school system does not levy taxes, but is dependent upon citywide taxes for support. State aid for education enters the city treasury, not the school district treasury. The fiscal dependence of these school districts is fraught with problems related to the level and stability of funding and the effective use of resources.

In past years, the Board of Regents has recommended fiscal independence for the Big Five city school districts and, alternatively, maintenance of local tax effort in relation to their prior spending for city districts in a fiscally dependent status. Categorical funding programs with prescriptive funding requirements have traditionally been used to ensure funds were spent for specific purposes, although this is a somewhat fragmented approach with a tendency to be administratively burdensome. Additional ways in which the State's school finance system should be structured to address the unique circumstances of large city, fiscally dependent school districts have not been fully explored. These alternatives are worth further study, due to the poor performance of many Big Five students and the fact that the Big Five school districts educate approximately 42 percent of New York State's public school students.

Disparities in Fiscal Resources

Despite New York's equalizing State aid system, there remain tremendous disparities between New York State school districts in the fiscal resources

³ "An Industrial Development Agency is an independent public benefit corporation created through state legislation at the request of one or more sponsoring municipalities...IDAs serve as financing conduits for local government to attract businesses to New York State, retain existing firms and enhance the state's competitive position...All property titled to an IDA is exempt from real property, sales and mortgage taxes, however, an IDA often negotiates payments in lieu of taxes (PILOTS) with the private developers participating in IDA projects." (School Law 1994), New York State School Boards Association, Albany, New York, p. 433).

⁴ Local Government Handbook, p. 171.

available to support education. In 2001-02, operating expense per pupil⁵ ranged from \$6,043 for the district at the 10th percentile to \$11,141 for the district at the 90th percentile, a difference of over 84 percent.⁶

Since almost half of school revenues come from local property taxes, it follows that differences in spending are closely associated with disparities in property wealth. Higher expenditures per pupil are associated with higher actual property value per pupil. In 2001-02, the average actual value of property per pupil among the lowest spending ten percent of districts was \$155,481, while the average actual value per pupil among the highest spending ten percent of districts was \$984,976.⁷

Because the highest spending districts are also those with the highest property values, they exert the least tax effort: the following table shows that the average tax rate per \$1,000 of actual value for the highest spending, wealthiest districts was only \$11.89, yet the average tax revenue per pupil for those districts was \$11,735. The average tax rate in the lowest spending, property-poorest districts was higher at \$13.08, but the tax revenue per pupil was only \$2,012 per pupil. Communities that desire a high level of educational services, but do not have a large tax base, must bear a disproportionately heavy tax burden in order to provide those services. In addition, school districts serving concentrations of children from poverty backgrounds have a greater *educational* burden to bear, resulting in a greater need to fund programs that provide extra time and help to educate students.

The table shows that the wealthiest group of districts received an average of only \$1,684 per pupil in State revenue other than STAR, while the poorest districts received \$5,129. However, the STAR program that was intended to reduce the property tax burden on local taxpayers, particularly the elderly, has provided significantly more revenue per pupil to wealthier districts. The poorest decile received on average \$597 per pupil, while those in the ninth decile received tax relief equivalent to \$1,194 per pupil. Further, the heavy reliance on property taxes to support education has created a situation in which, even with State revenue (other than STAR) per pupil exceeding that of the wealthiest group of districts by 305 percent, the poorest group of districts does not begin to approach the overall spending level of the wealthiest districts.

⁵ Approved operating expenditures per weighted pupil are the operating expenditures for the day-to-day operation of the school as defined in Education Law. Not included are expenditures for building construction, transportation of pupils and some other expenditures. Money received as Federal aid revenue, proceeds of borrowing and State aid for special programs are first deducted from total annual expenditures when approved operating expenditures are computed.

⁶ "Analysis of School Finances in New York State School Districts: 2001-02." New York State Education Department, Albany, New York, December 2003, p. 16.

⁷ See table on page 6.

The disparities in fiscal resources are due primarily to the varying ability and willingness of school districts to generate local property tax revenue. As in most states, property values of residences and businesses vary dramatically from school district to school district, as do local assessment practices, and the level of education services desired by the community. In short, a student's access to educational resources depends in large part on where he or she lives, raising serious concerns about the equity of student opportunities.

2001-02 WEALTH, EXPENDITURE, REVENUE AND AID DATA RANKED BY EXPENDITURE PER PUPIL
DECILES FOR ALL MAJOR DISTRICTS EXCLUDING NEW YORK CITY

Operating Expense** Per Pupil Deciles (upper limit shown)	DECILE AVERAGE*							2001-02 Enrollment
	Operating Expense per Pupil	Actual Valuation per Pupil	Total Expense** per Pupil	STAR Revenue per Pupil	Other Revenue from State*** per Pupil	Tax Rev. (excl. STAR) per Pupil	Tax Rate (excl. STAR) per \$1,000 Full Value	
1= \$6,043	\$5,760	\$155,481	\$8,421	\$597	\$5,129	\$2,012	\$13.08	134,786
2= 6,379	6,227	169,148	8,782	673	4,916	2,507	14.84	181,965
3= 6,644	6,510	184,626	9,050	742	4,925	2,745	15.14	140,571
4= 6,885	6,764	208,717	9,327	784	4,710	3,188	15.27	152,474
5= 7,202	7,049	201,098	9,738	699	4,916	3,055	15.26	201,655
6= 7,683	7,429	216,119	9,913	675	4,688	3,717	17.31	227,851
7= 8,415	8,028	281,885	10,394	945	3,903	4,801	16.71	191,588
8= 9,574	9,072	384,348	11,503	1,066	3,947	5,792	15.16	261,952
9= 11,141	10,280	527,778	12,431	1,194	2,476	7,945	15.26	185,506
10= 41,508	12,609	984,976	15,346	1,124	1,684	11,735	11.89	134,559
All Major Districts Avg. (excluding NYC)	7,981	322,203	10,483	857	4,155	4,703	14.69	1,812,907
New York City	7,052	281,434	9,421	480	4,164	3,007	10.87	1,079,292
All Major Districts Avg.(including NYC)	\$7,650	\$307,000	\$10,084	\$715	\$4,158	\$4,065	\$13.38	2,892,199
Decile Rank	- 6 -	- 7 -	- 5 -	- 5 -	- 5 -	- 6 -	- 4 -	

* Values shown are the weighted averages for all 68 districts with an AOE/TAPU for Exp. less than or equal to the upper limit for the decile.

** Total Expenditure includes Debt Service and Special Aid Fund.

*** Other State Revenue does not include STAR.

Section II

This section includes selected State Aid concepts and facts including:

- Purposes of State Aid to Schools
- Key Concepts
- State Support for 2004-05
- Local Support
- Components of School Finance
- Operating Aid

Purposes of State Aid to Schools

- Assist school districts in the funding of educational programs which offer an effective education to all pupils in grades kindergarten through 12.
- Maintain a State and local partnership in public education. (To this end, a flat grant, or minimum operating aid, is provided to even the wealthiest school districts.)
- Equalize school revenues by providing State Aid in inverse proportion to each school district's ability to raise local revenues for education.
- Encourage the development of model programs to address the needs of the school community such as prekindergarten education, community schools, and the use of technology in the classroom.
- Provide support to districts to help educate all students to higher standards, including students with disabilities and those that require extra time and help.

Key Concepts Concerning School Aid

- **Wealth Equalization:** To distribute State Aid in inverse proportion to fiscal capacity in order to offset dramatic differences in the ability of school districts to raise local revenues. This is different from the equalization of local property assessments, which is done by the State to make property values comparable from district to district.
- **Determination of Fiscal Capacity:** District income and actual value per pupil are compared to the State average (known as the Combined Wealth Ratio).
- **School District's State Sharing Ratio or Aid Ratio:** The percent, based on the relative fiscal capacity of the district, which is multiplied by an amount of money to determine the district's State Aid.
- **Aid Distribution Systems:** There are different ways of distributing State Aid, including:
 - ▶ **Flat Grant Per Pupil.** This distributes the same amount of State aid per pupil to every district (e.g., *Textbook Aid*, *Gifted and Talented Aid* and *Flat Grant Operating Aid*). This aid is not equalized.
 - ▶ **Wealth-equalized Fixed Amount of State Aid Per Pupil.** This distributes most aid in current law as an allowance amount per pupil equalized in relation to district fiscal capacity by multiplying the amount by the district's Sharing Ratio (e.g., *Formula Operating Aid*).
 - ▶ **Effort or Expense-based Aid.** This aid equals the State Share, a wealth equalized percentage, of actual approved spending (e.g., *Transportation*, *Building* and *BOCES Aids*, and a portion of *Formula Operating Aid*).
- **Pupil Counts Used for State Aid:** These are based on pupil attendance (i.e., average daily attendance, ADA), often with additional weightings for certain categories of students such as pupils with special educational needs, secondary school pupils and pupils in summer school.

State Support to Public School Districts 2004-05

- History - Revenue from State sources as a percent of total expenditures for public schools
 - ▶ Low point - 1944-45 - 31.5 percent
 - ▶ High point - 1968-69 - 48.1 percent
 - ▶ 2002-03 – 47.0 percent (estimated, including STAR)

- Revenue Sources
 - ▶ 91 percent from the General Fund; including STAR, State income and sales taxes
 - ▶ 9 percent from lottery receipts

- Payments
 - ▶ The school year is funded from two State fiscal years with 70 percent (plus \$378.2 million) paid by March 31 (the end of the first State fiscal year).

- Aid Programs
 - ▶ Numerous programs but Comprehensive Operating Aid alone accounts for 47 percent.

Legislative History

- ▶ 1990 - Payments to the Teachers Retirement System for 1989-90 amortized over 15 years, reducing State Aid by \$684 million.
- ▶ 1990 - Unprecedented mid-year deficit reduction legislation cut 1990-91 State Aid payments by \$190 million.

- ▶ 1991-92 - A State budget was adopted more than two months late with \$925 million in deficit reductions.
- ▶ 1992-93 - Deficit reductions continued for \$1,039 million.
- ▶ 1993-94 - State Aid reforms were introduced, deficit reductions eliminated and an estimated increase of \$330 million provided.
- ▶ 1994-95 through 1997-98 - A State budget was adopted several months late each year; with estimated increases of:
 - 1994-95 - \$435 million
 - 1995-96 - \$ 67 million
 - 1996-97 - \$177 million
 - 1997-98 - \$661 million
- ▶ 1998-99 - Legislation was passed in mid-April. After vetoes, the estimated increase was \$967 million.
- ▶ 1999-00 - Legislation was passed more than four months late with an estimated increase of \$922 million.
- ▶ 2000-01 - Legislation was passed in mid-May with an estimated increase of \$1.094 billion.
- ▶ 2001-02 - Legislation was passed in August to institute a baseline budget and supplemented in October with additional funds, for an estimated total increase of \$680 million.
- ▶ 2002-03 - Legislation was passed in mid-May with an estimated increase of \$420 million.
- ▶ 2003-04 - Legislation was passed in May with an estimated decrease of \$207 million.
- ▶ 2004-05 - Legislation was passed in August with an estimated increase of \$740 million.

Estimated 2004-05 (\$ in millions)

Comprehensive Operating Aid		\$6,965
Special Education Aid		2,492
Building including Reorganization Incentive		1,399
Transportation Aid		1,160
Extraordinary Needs Aid		974
BOCES and Special Services Aids		658
	Subtotal:	\$13,648
Other		1,617

General Support for Public Schools (GSPS)*	Total:	\$15,265

*Includes Transportation Capital Expense Transition Grants of \$76 million and Prior Year Adjustment Aid of \$28 million, both of which are funded outside of GSPS.

Local Support for Public School Districts

- School District Types
 - ▶ 657 K-12 districts and 23 non-K-12 districts employ eight or more teachers and are eligible for regular State Aid funding.
 - ▶ All are fiscally independent (have independent taxing and borrowing authority) except the school districts in the State's five largest cities, the Big Five.
 - ▶ 38 Boards of Cooperative Educational Services (BOCES) provide a range of programs and services to groups of school districts other than the Big Five.

- Property Tax
 - ▶ The principal source of school district revenues.
 - ▶ Property tax levies are established after voter approval of school district budgets or school board adoption of a limited "contingency" budget after voter defeat.
 - ▶ The Big Five cities include education in their municipal budget.
 - ▶ Although STAR does not represent additional funds for education, it provides broader-based State funds for education, reducing the property tax funded portion of educational costs.

- Tax Limits
 - ▶ Only the Big Five city school districts are subject to constitutional tax limits, and the limits apply to the total municipal budget.
 - ▶ Small city school districts had their constitutional tax limit repealed in 1985 and first voted on budgets in 1997.

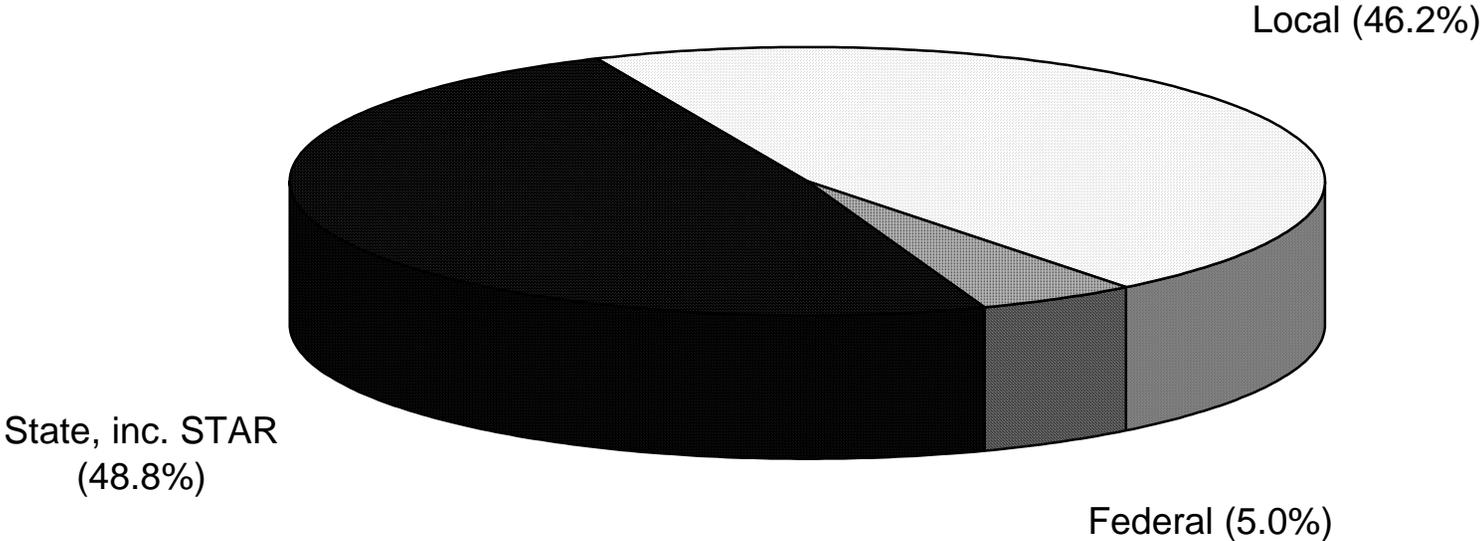
- Other Local Revenue Sources
 - ▶ The State's sales tax laws reserve 4.25 percent for the State and permit localities to levy up to an additional 4 percent. A few localities distribute a portion of the local sales tax to school districts.
 - ▶ Small city school districts may also impose a utility tax, not to exceed 3 percent.

- Education - A \$41 Billion Enterprise - 2004-05 estimated

Total Revenue from State sources (incl. STAR)	\$18.4 billion
which represents	44.7 % of
Total General and Special Aid Fund Expenditures	\$41.2 billion

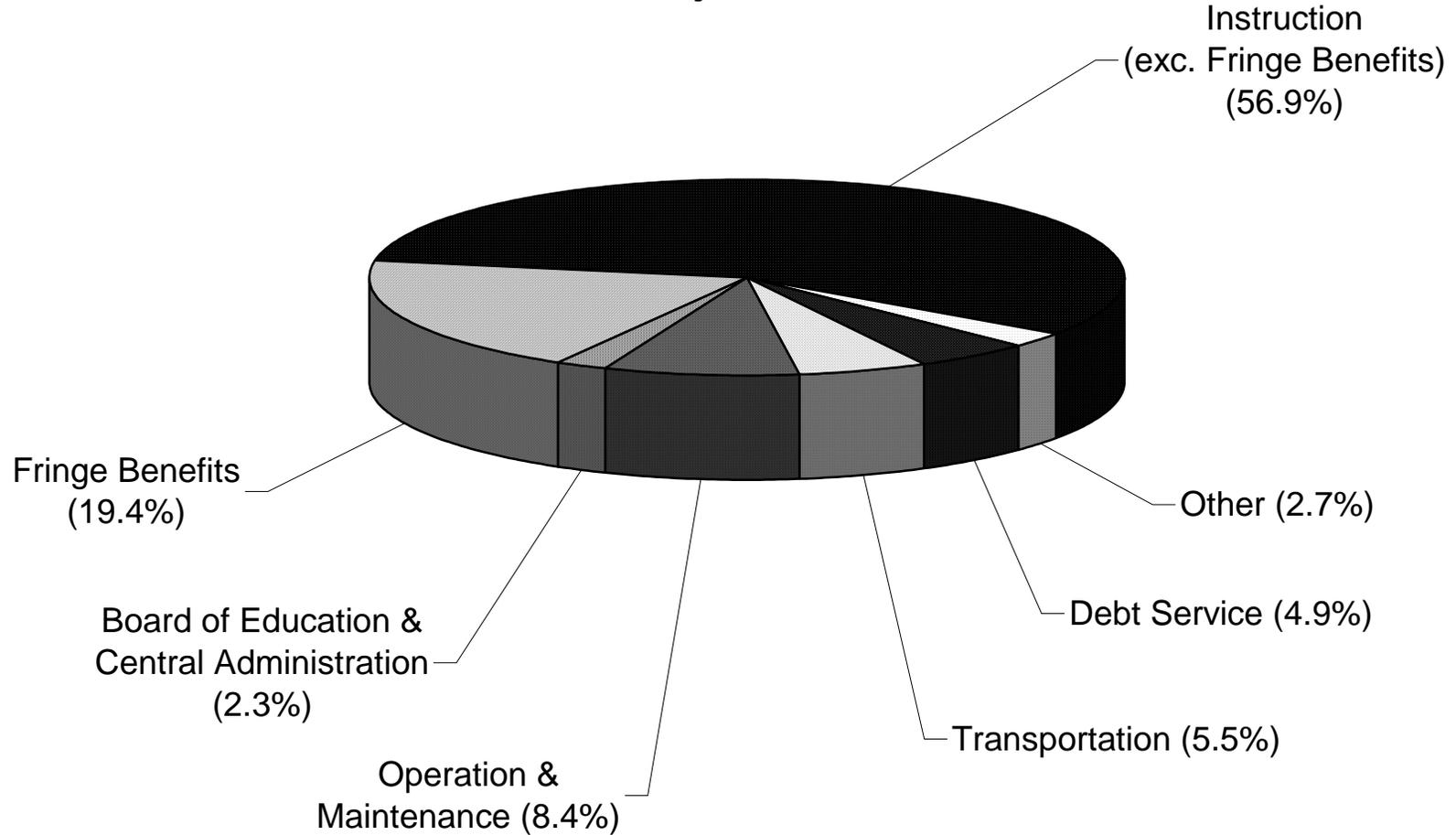
SOURCES OF REVENUE FOR EDUCATION

New York State, Major School Districts, 2001-02



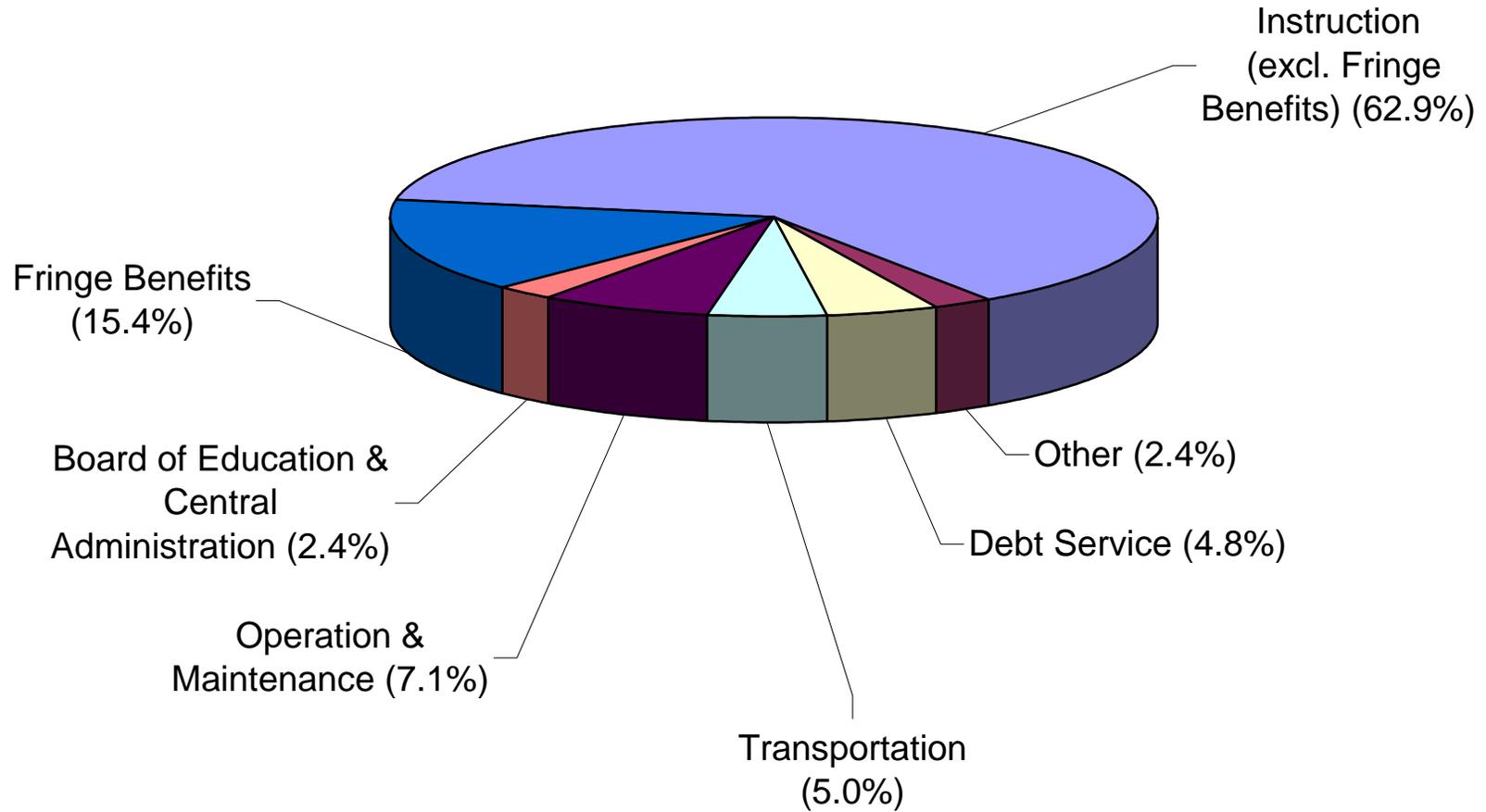
WHERE THE EDUCATION DOLLAR IS GOING

New York State, Major School Districts, 1984-85



WHERE THE EDUCATION DOLLAR IS GOING

New York State, Major School Districts, 2001-02



Components of School Finance A Comparison of School Districts by Property Wealth Per Student⁸

- Districts vary dramatically in their wealth per pupil. The property wealth per pupil in the lowest wealth districts is \$105,738, less than one-tenth of the actual valuation per pupil in the highest wealth districts (\$1,179,746).
- For this reason, State Aid (State revenue other than STAR) is wealth equalizing. Low-wealth districts receive about five times more aid per pupil than the highest wealth districts (\$6,563 versus \$1,174).⁹
- In spite of this, the spending per pupil in lowest wealth districts is about two-thirds of the spending per pupil in the highest wealth districts (\$9,829 versus \$15,270).
- This is due, in large part, to the fact that the lowest wealth districts raise less than one-eighth of the local revenue per pupil that the highest wealth districts do (\$1,536 versus \$12,269).
- As a result of these major differences in local wealth, the highest wealth districts tax themselves far less heavily to raise these much greater revenues. While the lowest wealth districts tax at a rate of \$14.55 per \$1,000 of full value to generate \$1,536 per pupil, the highest wealth districts tax at a rate of only \$10.46 per \$1,000 to generate \$12,269 per pupil.

⁸ Conclusions relate to Table 10 of the *Analysis of School Finances in New York State School Districts 2001-02* (December 2003), The University of the State of New York, The State Education Department, Albany, New York, page 17, which is reproduced on the following page.

⁹ This does not include STAR, which tends to be dis-equalizing as it favors higher property wealth districts.

2001-02 WEALTH, EXPENDITURE, REVENUE AND AID DATA
RANKED BY ACTUAL VALUATION PER TWPU
DECILES FOR ALL MAJOR DISTRICTS EXCLUDING NEW YORK CITY

Actual Valuation/TWPU Deciles (upper limit shown)	DECILE AVERAGE*									2000-01 Enrollment
	Actual Valuation per TWPU	AOE per TAPU for Exp.	Total Exp.** per TAPU for Exp.	STAR Revenue per TAPU for Exp.	Other Revenue from State*** per TAPU for Exp.	Income per TWPU	Income per Return	Tax Rev. (excl. STAR) per TAPU for Exp.	Tax Rate (excl. STAR) per \$1,000 Full Value	
1= \$122,321	\$105,738	\$6,642	\$9,829	\$419	\$6,563	\$51,576	\$28,520	\$1,536	\$14.55	227,347
2= 143,896	132,207	6,503	9,305	685	5,935	61,365	31,830	2,015	15.33	112,145
3= 162,186	154,208	6,920	9,537	676	5,760	66,470	32,997	2,385	15.49	140,194
4= 192,636	177,598	6,692	9,219	800	4,923	77,955	36,908	2,790	15.81	158,847
5= 221,148	206,478	7,184	9,565	846	4,494	85,089	38,216	3,520	17.11	185,519
6= 276,175	249,267	7,439	9,672	860	3,998	97,545	42,915	4,155	16.71	213,581
7= 354,831	308,926	8,020	10,348	938	3,705	120,183	51,709	5,028	16.37	276,263
8= 467,294	406,784	8,958	11,145	1,122	2,803	138,303	57,526	6,623	16.47	199,421
9= 790,378	587,570	10,088	12,368	1,207	1,952	181,445	72,195	8,483	14.56	192,131
10= 15,380,602	1,179,746	12,545	15,270	973	1,174	362,123	139,091	12,269	10.46	107,459
All Major Districts Avg. (excluding NYC)	322,203	7,981	10,483	857	4,155	116,293	52,368	4,703	14.69	1,812,907
New York City	281,434	7,052	9,421	480	4,164	132,693	53,344	3,007	10.87	1,079,292
All Major Districts Avg.(including NYC) Decile Rank	\$307,000 7	\$7,650 6	\$10,084 5	\$715 5	\$4,158 5	\$122,400 8	\$52,800 8	\$4,065 6	\$13.38 4	2,892,199

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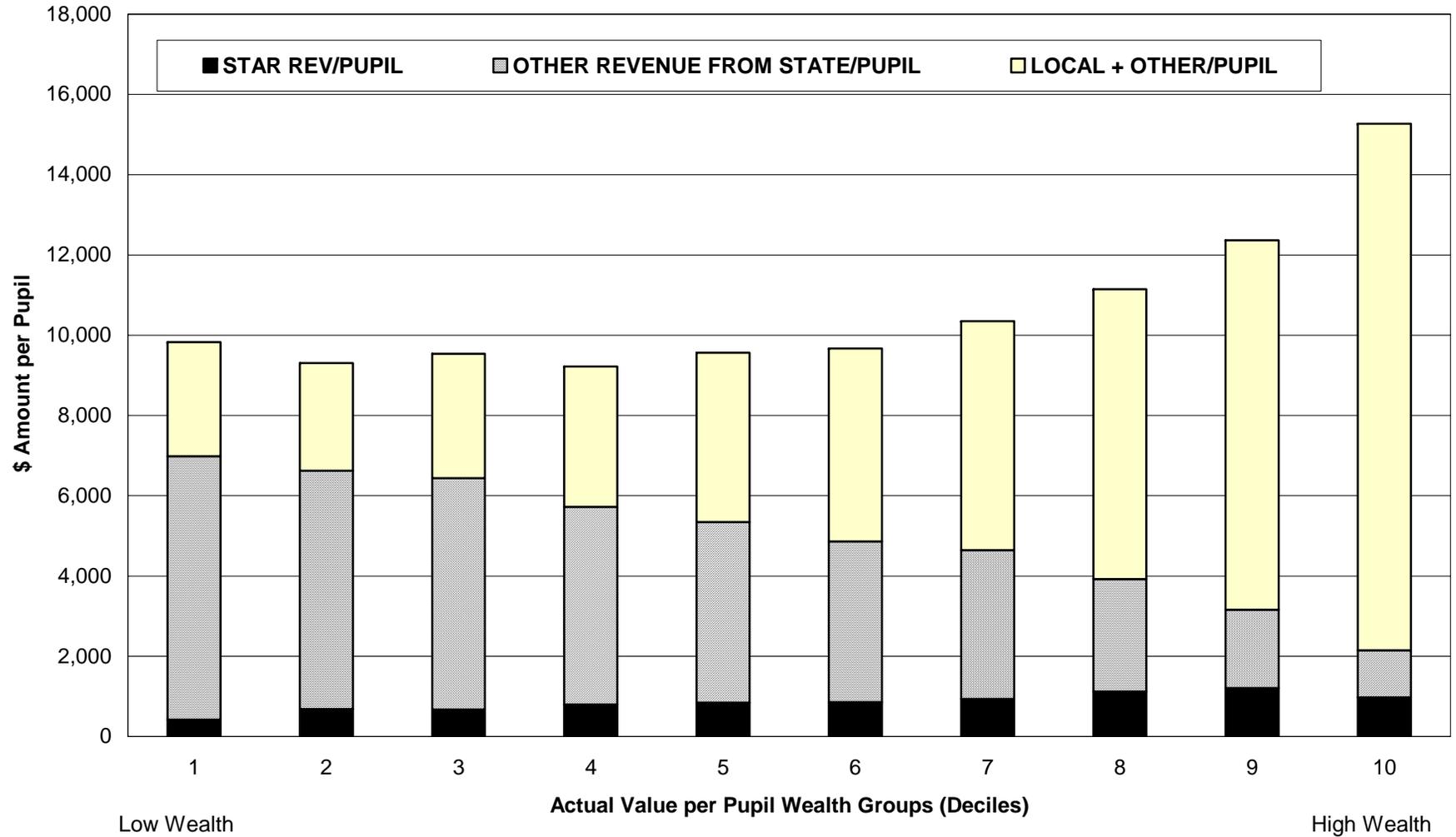
* Values shown are the weighted averages for all 68 districts with AV/TWPU less than or equal to the upper limit for the decile.

** Total Expenditure includes Debt Service and Special Aid Fund.

*** Other State Revenue does not include STAR.

COMPONENTS OF TOTAL EXPENSE PER PUPIL BY WEALTH GROUPS (DECILES)

Based on Table 10, Analysis of School Finances



Formula Operating Aid

The formula for Operating Aid is not used to pay 2004-05 aid. Instead, under the Laws of 2004, Comprehensive Operating Aid is a 1.75 percent increase over 2003-04 Comprehensive Operating Aid. However, a description of Formula Operating Aid is included because it has represented a large share of general support to public schools in the past, it is anticipated to be continued in the future and it is necessary in order to calculate other formula aids. The following annual wealth, income, pupil count and State sharing ratios figures will be used to calculate Formula Operating Aid for 2004-05 under the formula that was temporarily suspended for the 2004-05 school year.

- District wealth is measured by:
 - ▶ Actual Valuation Taxable Real Property Per Pupil
 - ▶ Adjusted Gross Income Per Pupil

- Annual Computations:
 - ▶ Actual Value
Actual valuation of all districts divided by resident pupils of New York State to obtain State average AV/pupil.

For 2004-05 Aid: \$306,700

 - ▶ Adjusted Gross Income
Total adjusted gross personal income of all taxpayers, as reported on New York State income tax returns and including results of the statewide computerized income verification process, divided by resident pupils of State to obtain State average income/pupil.

For 2004-05 Aid: \$122,100

Formula Operating Aid

- State Sharing Ratio Calculation (1):
 - ▶ Compare District Wealth Measures to State Average Wealth Measures
 - ▶ Compute:

$$\left[\frac{\text{District Actual Value/Pupil}}{\$306,700} \right]$$

$$\left[\frac{\text{District Income/Pupil}}{\$122,100} \right]$$

- ▶ Weight Income and Actual Value Equally (50:50):

$$.50 \left[\frac{\text{Dist AV/Pupil}}{\$306,700} \right] + .50 \left[\frac{\text{Dist Inc./Pupil}}{\$122,100} \right]$$

This is the district's Combined Wealth Ratio (CWR), a measure of district fiscal capacity based on income and actual value.

For Example:

Average Wealth District	CWR = 1.00	1.00
Below Average Wealth	CWR = Less than 1.00	.20
Above Average Wealth	CWR = Greater than 1.00	1.60

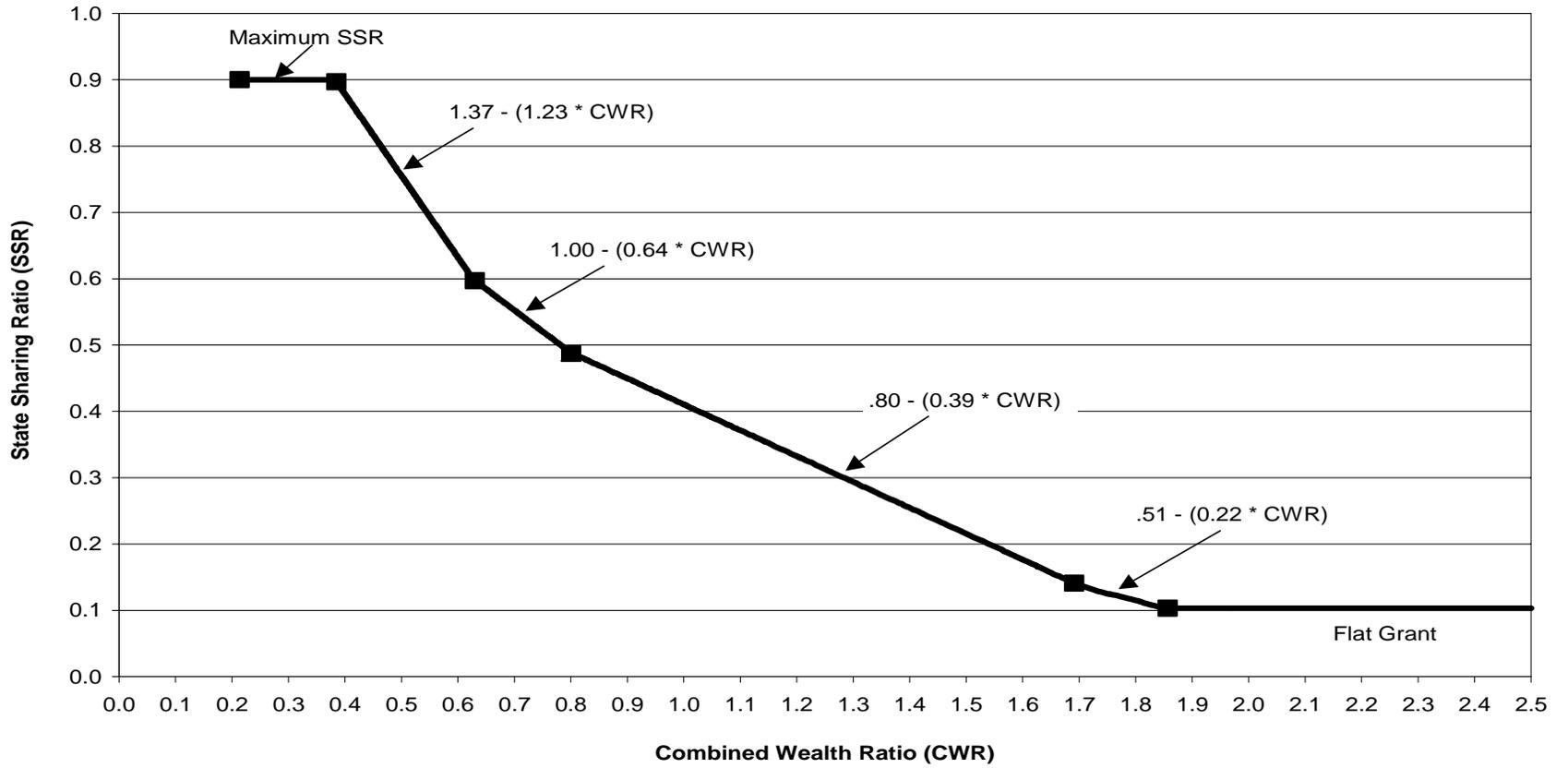
Formula Operating Aid

- State Sharing Ratio Calculation (2):

Basic Principle: The poorer a district is compared to the State average, the greater the State sharing ratio.

<u>If the district's CWR is:</u>	<u>Then the State sharing ratio is computed as follows:</u>
.627 or less	$1.37 - (1.23 * \text{CWR})$ with a maximum ratio of .90 Range .599 to .900
.627 - .800	$1.00 - (.64 * \text{CWR})$ Range .488 to .599
.800 - 1.706	$.80 - (.39 * \text{CWR})$ Range .135 to .488
Greater than 1.706	$.51 - (.22 * \text{CWR})$ with a minimum ratio of zero Range 0 to .135

State Sharing Ratio for Formula Operating Aid as a Function of a District's Combined Wealth Ratio (CWR)



APPENDIX A
Description of 2004-05 Formula Aids to School Districts

Comprehensive Operating	Unrestricted aid to school districts for school operation and maintenance. It is a 1.75 percent increase over 2003-04 Comprehensive Operating Aid.
Operating Formula	Uses a per-pupil formula equalized for school district fiscal capacity. Provides a small amount to help districts with additional spending up to \$8,000 per pupil. Not paid in 2004-05 (see Comprehensive Operating Aid) but used to calculate other aids (e.g., LEP, Growth, Full Day K Conversion, Operating Reorganization Incentive Aids).
Tax Limitation	This unrestricted aid is available to districts with a tax effort ratio over 3.9%. It also uses a ceiling amount per pupil and is district wealth equalized.
Gifted and Talented	Folded into 2004-05 Comprehensive Operating Aid.
Operating Standards	Folded into 2004-05 Comprehensive Operating Aid.
Academic Support	Folded into 2004-05 Comprehensive Operating Aid.
Extraordinary Needs	Unrestricted general aid to meet the needs related to educating populations with a concentration of poverty, LEP or geographical sparsity. Highly equalized per pupil aid adjusted by percent of students in poverty and the district's relative income wealth.
Educationally Related Support Services	A targeted, two-tier aid meant to provide approved support services to students to maintain their placement in regular classroom settings. Tier I is equalized using the district's operating aid ratio (minimum .25) and Tier II with their public excess cost aid ratio. Both are applied against a set percentage of the total pupil count.
Limited English Proficiency	Categorical per pupil aid for approved programs serving pupils scoring below 40 percent on an English Language Assessment. Equalized by being based on formula operating aid per pupil.
Summer School	Additional aid for summer school pupils in eligible programs to improve performance. Equalized by operating aid ratio and extraordinary needs.
Universal Prekindergarten	Targeted per pupil grant in approved programs. Prorated to stay within a statewide appropriation. District eligibility determined by unserved children. Equalized by operating aid ratio and EN percent. Grants continue but formula does not apply for 2004-05.
Class Size Reduction	Targeted aid to add K-3 classes in districts with greater than 20 pupils per K-3 class in 1993-94. Grant per classroom based on 1994-95 teacher salary and start-up costs. Phased-in by fiscal capacity and EN percent. Grants continue but formula does not apply for 2004-05.
Textbook	Unequalized reimbursement of expenses up to a flat grant per pupil maximum.
Computer Software	Unequalized reimbursement of expenses up to a flat grant per pupil maximum.

Library Materials	Unequalized reimbursement of expenses up to a flat grant per pupil maximum.
Hardware and Technology	Expense-based reimbursement up to an equalized ceiling amount per pupil for computer hardware and educational technology equipment. Uses the district's current year building aid ratio which reflects its relative property wealth. Local share not required.
Instructional Computer Technology	Expense-based reimbursement for capital outlays, debt service or leases for computer technology equipment. Equalized by either the district's tax rate or relative property wealth selected building aid ratio. Formula unfunded in 2004-05.
BOCES	Expense-based aid for districts that are components of BOCES to obtain services. Equalized by either the district's tax rate or relative property wealth per pupil.
Special Services— Computer Administration	Expense-based aid up to a maximum per pupil for computer expenses. Equalized for district fiscal capacity. Big 5 Cities and other non-component districts of a BOCES are eligible.
Special Services— Career Education	Expense-based aid up to a maximum per pupil for career education expenses. Equalized for district fiscal capacity. Big 5 Cities and other non-component districts of a BOCES are eligible.
Shared Services— Non-components	Expense-based aid for districts that are not part of a BOCES for instructional support services. Equalized by either the district's tax rate or relative property wealth per pupil. Prorated to stay within a statewide total. Formula unfunded in 2004-05.
Full Day K Conversion	One year unrestricted aid on a current year basis for approved programs in districts that agree to convert to full day kindergarten programs. Equal to formula operating aid per pupil.
Operating Growth	Additional unrestricted formula operating aid for districts that experience year-to-year enrollment growth above 0.4 percent.
Reorganization Incentive-Operating	Additional unrestricted operating aid for districts that have reorganized within the past 14 years. Depending on reorganization year, up to an additional 40 percent of formula operating aid is provided (the percent is scaled down after 5 years).
Excess Cost--Public	Targeted per pupil aid for students with disabilities in public school- or BOCES-run programs. Wealth equalized and pupil weighted in relation to service intensity. Additional aid for moving from a restricted placement into general education setting. Additional aid for pupils in very high cost programs. Additional aid for pupils in general education setting 60 percent or more of school day.
Excess Cost--Private	Wealth equalized per pupil aid for students with disabilities that the public school places in private school settings or State-operated schools for the deaf or blind.
Transportation	Expense-based aid for approved capital and operating expenses for transportation of pupils. Property wealth equalized with a choice of aid ratios and sparsity adjusted.
Summer Transportation	Transportation aid was expanded to cover summer school programs to help students meet higher learning standards. Districts with approved programs are eligible for aid up to a maximum State total.
Maintenance and Repair	A pro-rated amount of a statewide pool adjusted by the district's relative building age, adjusted for long term enrollment growth. Not equalized, categorical per pupil.
Building	Expense-based aid for construction and financing of approved building projects. Choice of property wealth equalized aid ratios back to 1981-82, depending on date of

	voter approval. Up to an additional 10 percent incentive was provided for projects approved on or after July 1, 1998. Allowable construction cost adjusted for regional cost differences starting in 1998. Starting in 2002-03, debt service expenses are aided on an assumed amortization schedule.
Reorganization Incentive- Building	Similar to Reorganization Incentive-Operating aid, an additional amount of aid (25 or 30 percent depending on year of reorganization) is provided for building projects related to reorganization. A maximum of 95 percent of approved building expenses can be aided in total by Building and Reorganization Building aid. The district's selected building aid ratio applies.
Small Cities Aid	Unrestricted transition aid for small cities that were subject to constitutional tax limits before 1985. Intended originally to phase out at a 2 percent annual rate, have been held harmless since 1994-95. Not equalized.