

## Facts About the 2017-18 Budget Shortfall

The Auburn Enlarged City School District's budget shortfall is strictly due to a lack of Foundation Aid from New York State – it has nothing to do with the turf project. The coincidental timing of the turf project and the budget issues are unfortunate, as they can easily create confusion, but they are unrelated. **Even if we were to cancel the turf project tomorrow, it would have absolutely no impact on the current budget pressure the district is facing.**

### How does New York State funding work?

- State aid comes in three separate categories:
  - **Building Aid** – used to offset capital construction projects approved by district voters, such as the turf project
  - **Categorical aid** – issued based on student population and used for things like textbooks, transportation, special education, BOCES services, etc.
  - **Foundation Aid** – issued based on a per pupil formula and used for daily operating expenses such as payroll, supplies, utilities, etc.

Unfortunately, aid from the three different categories is not interchangeable. We cannot use building aid to pay teachers or buy textbooks, and we cannot use foundation aid to help with the turf project. Roughly 53% of the district's annual revenue comes from state aid or grants. The remaining 47% comes from school tax levied against property owners.

### How is the turf project funded?

- The turf project is a capital project approved by district voters, funded by Building Aid
- New York State will pay approx.. 85% of the total cost, and the district's share will be approx. 15%, which will be amortized over 15 yrs from the start of the project (we have not borrowed money for our share, nor have we received bids for project construction)
- If the project ends up costing \$2.8 million, the maximum approved amount by voters, the district's share would be \$420,000 plus interest (amortized over 15 yrs, the district will pay approx.. \$28,000/year plus interest)
- The State limits the amount of debt districts can have on their buildings, which is why we had to wait over a year after voter approval to begin the project, but once we start, other debt associated with AJHS will be paid and will no longer be a cost to the district
- In the context of a \$73,400,000 annual budget, the turf, including a good faith estimate for anticipated interest costs on the loan, will represent less than 12/100ths of 1% of our annual expenditure

## New York State Foundation Aid issues:

The current budget issue facing the Auburn Enlarged City School District stems from the New York State legislature and governor's refusal to properly fund the Foundation Aid formula they established in 2008 as a means of providing aid to New York State school districts.

- The Foundation Aid issue is flawed in many areas and has created a snowball effect for districts like ours where our Foundation Aid shortfall has grown each year.
  - Flaw #1: **Foundation Aid is underfunded** – in the funding announced by the governor for the 2017-18 school year, our district is receiving approximately \$5.5 million dollars **LESS** than we should receive if the state funded their formula to the level they mandated when they created the formula
  - Flaw #2: **Foundation Aid is not distributed equitably to school districts based on need** (the poor districts are getting poorer, the rich districts are getting richer)
  - Flaw #3: **The Foundation Aid formula uses data from 2003 to determine what level of state aid each school district needs to operate**
    - Using the data from 2003, our district is identified as an "average needs" district, meaning we don't need as much financial assistance from New York State to operate because we can generate sufficient revenue from the taxpayers to offset the shortfall
    - New York State views Auburn the same as Jamesville-DeWitt, West Genesee, and Cazenovia districts in terms of "need"
    - The Auburn district has actually been a "high needs" district since 2008, but the state has not utilized the updated data, so we remain an "average needs" district for aid purposes
    - This use of old, incorrect data, applied to a flawed formula that was never funded to the promised level, has caused our district to suffer massive cuts to our Foundation Aid for years
- In the context of a \$73,400,000 annual budget, the \$5.5 million shortfall in this year's Foundation Aid represents 7.49% of our annual expenditure – this shortfall must be closed by either spending reserves, cutting programming and staff, or raising taxes.
- To generate \$5.5 million in additional revenue through a tax increase, we would need to pass a 19% tax increase, which is something we obviously cannot even consider.

The Auburn Enlarged City School District's Board of Education has been aware of this problem for years and has spent countless hours meeting with our state legislators both in Albany and locally, seeking relief.

- We have attended Legislative Forums focused on this issue throughout the Finger Lakes area in an attempt to obtain a legislative fix
- We have partnered with the Central New York School Board Association twice in the past two years to bring school finance experts to Auburn to present to the community on this issue
- We have attempted to inform the community through newspaper articles, appearances on local radio and television stations, through publically advertised open Board Budget Workshops and Forums specifically focused on the budget, not to mention countless discussions at regular Board of Education meetings.

This is a well-known problem with little disagreement as to its cause and impact. The problem is, no one wants to fix the problem because it will cost the state more money.

The Board of Education and district staff appreciate and share the community's concerns and frustration. This issue can often be confusing for individuals not well versed in the intricacies of New York State education financing. We fully understand the problem and realize the impact the Foundation Aid shortfall has on current and future programming. We will continue to work diligently on a remedy.

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Auburn Enlarged City School District