DOCUMENT RESUME

ED 441 911 UD 033 582

AUTHOR Scheuer, Joan
TITLE Checkerboard Schooling: How State Aid Affects High Minority School Districts in New York State.
INSTITUTION Educational Priorities Panel, New York, NY.
SPONS AGENCY Caroline and Sigmund Schott Foundation, Cambridge, MA.
PUB DATE 1999-10-00
NOTE 84p.; "Dae Yeop Kim, Statistical Consultant. Graphics by Ian J. Cohn of Diversity: Architecture & Design."
AVAILABLE FROM Educational Priorities Panel, 225 Broadway, Suite 225, New York, NY 10007 ($25; $15 for four copies or more).
PUB TYPE Reports - Evaluative (142)
EDRS PRICE MF01/PC04 Plus Postage.
DESCRIPTORS Elementary Secondary Education; *Equal Education; *Minority Groups; Public Schools; *Resource Allocation; School Districts; *State Aid; *Urban Schools
IDENTIFIERS *New York; New York City Board of Education

ABSTRACT

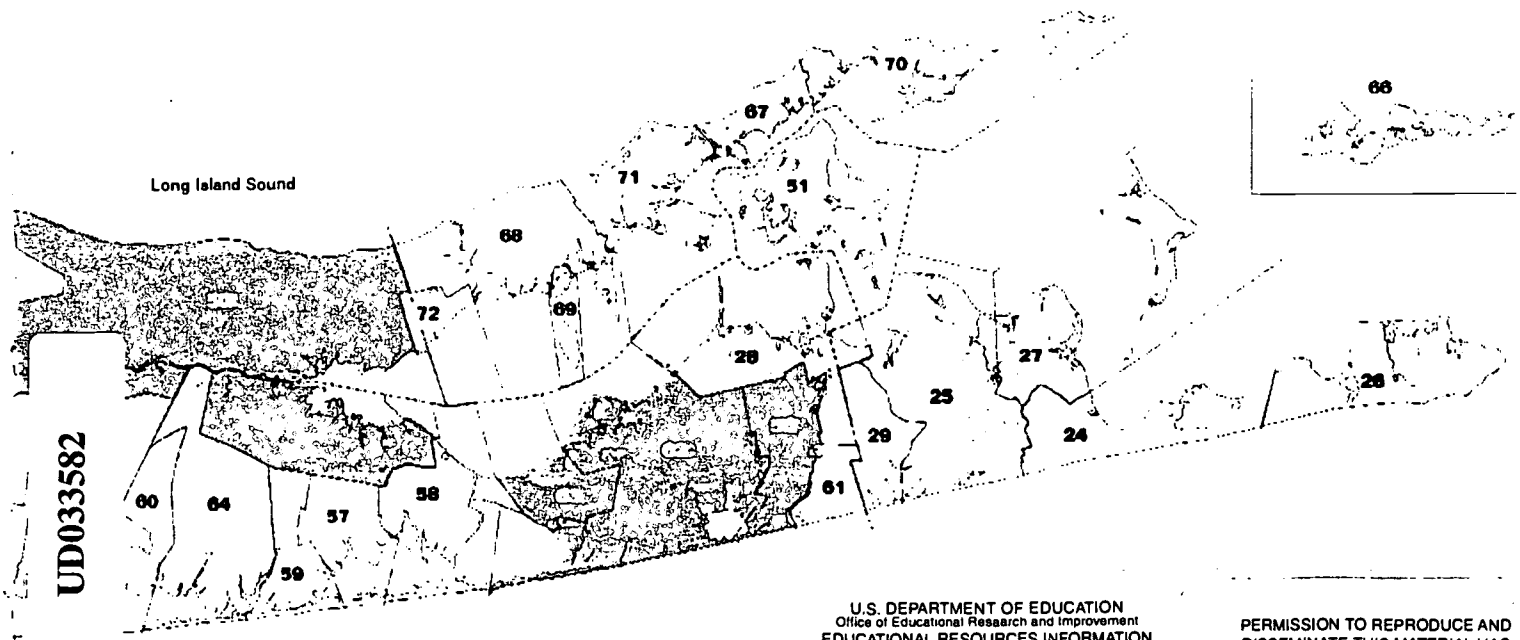
In 1996-97, forty percent of all students in New York state public schools attend schools in one of the nine high minority districts in which minority students constituted eighty percent or more of total enrollment. This report uses the downstate metropolitan region to analyze the effect of state aid policies on high minority school districts and to identify factors that reduce their aid entitlements. The report also compares high and low minority districts in three downstate counties and the state's five largest cities to other districts in the same region. An overall purpose is to see if the state provides adequate resources to meet the extra needs of high minority school districts. Data are from multiple sources. The analysis shows that state funds do not provide enough support for children in high minority school districts in the downstate suburbs and in the state's largest cities. State aid falls far short of filling the gap in educational offerings. Instead, it reflects regional political pressures. Although state aid programs are frequently targeted to support specific student groups, state aid does not relate directly to special projects in the schools. State school aid sometimes has counterproductive consequences, as the results of an analysis of the state's Transition Adjustment shows. By including Tax Effort and Equalization aids in the Transition adjustment, the high minority school districts in the downstate area were caught in the safety net that was designed to save harmless guarantees in affluent school districts. (Contains 6 figures and 11 tables.) (SLD)

Checkerboard Schooling

How State Aid Affects High Minority School Districts in New York State

Educational Priorities Panel

October 1999



MEMBERS OF THE EDUCATIONAL PRIORITIES PANEL

Advocates for Children
American Jewish Committee, New York Chapter
American Jewish Congress, Metropolitan Region
Asian American Communications
ASPIRA of New York
Association for the Help of Retarded Children
Citizens' Committee for Children of New York, Inc.
The City Club of New York
Community Service Society
The Junior League of Brooklyn
League of Women Voters of New York City, Inc
New York Coalition of 100 Black Women
National Black Child Development Institute of New York
New York Urban League
Parent to Parent of New York State
People for the American Way Foundation
Presbytery of New York City
PROGRESS, Inc.
Reformed Church in America, Synod of New York
Resources for Children with Special Needs, Inc.
Rheedlen Centers for Children and Families
United Neighborhood Houses
United Parents Associations of NYC, Inc.
Women's City Club of New York

EDUCATIONAL PRIORITIES PANEL

225 Broadway, Ste. 3101
New York, NY 10007
(212) 964-7347

Noreen Connell, *Executive Director*
Jan Atwell, *Associate Director*

Marilyn Braveman, *Chairperson*
Miguel Salazar, *Vice Chairperson*

This report was made possible by a grant from

The Caroline & Sigmund Schott Foundation

Other Support for the Educational Priorities Panel for 1998-99 Has Been Provided by:

Booth Ferris Foundation
Con Edison
Ruth & Gerald Dickler Foundation
Charles Hayden Foundation
New York Community Trust
Joseph E. Seagram & Sons, Inc. Fund
S.H. & H. Scheuer Family Foundation
Blue Ridge Foundation
The Chase Manhattan Foundation
Donors' Education Collaborative
J.P. Morgan & Co. Incorporated
Presbytery of New York City
The Scherman Foundation, Inc.
The Caroline & Sigmund Schott Foundation

MEMBERS OF THE EDUCATIONAL PRIORITIES PANEL

Advocates for Children
American Jewish Committee, New York Chapter
American Jewish Congress, Metropolitan Region
Asian American Communications
ASPIRA of New York
Association for the Help of Retarded Children
Citizens' Committee for Children of New York, Inc.
The City Club of New York
Community Service Society
The Junior League of Brooklyn
League of Women Voters of New York City, Inc.
New York Coalition of 100 Black Women
National Black Child Development Institute of New York
New York Urban League
Parent to Parent of New York State
People for the American Way Foundation
Presbytery of New York City
PROGRESS, Inc.
Reformed Church in America, Synod of New York
Resources for Children with Special Needs, Inc.
Rheedlen Centers for Children and Families
United Neighborhood Houses
United Parents Associations of NYC, Inc.
Women's City Club of New York

EDUCATIONAL PRIORITIES PANEL

225 Broadway, Ste. 3101
New York, NY 10007
(212) 964-7347

Noreen Connell, *Executive Director*
Jan Atwell, *Associate Director*

Marilyn Braveman, *Chairperson*
Miguel Salazar, *Vice Chairperson*

This report was made possible by a grant from

The Caroline & Sigmund Schott Foundation

Other Support for the Educational Priorities Panel for 1998-99 Has Been Provided by:

Booth Ferris Foundation
Con Edison
Ruth & Gerald Dickler Foundation
Charles Hayden Foundation
New York Community Trust
Joseph E. Seagram & Sons, Inc. Fund
S.H. & H. Scheuer Family Foundation
Blue Ridge Foundation
The Chase Manhattan Foundation
Donors' Education Collaborative
J.P. Morgan & Co. Incorporated
Presbytery of New York City
The Scherman Foundation, Inc.
The Caroline & Sigmund Schott Foundation

Checkerboard Schooling:

How State Aid Affects High Minority School Districts

in New York State

The Educational Priorities Panel

October, 1999

Joan Scheuer, Author

Dae Yeop Kim, Statistical Consultant
Graphics by Ian J. Cohn of Diversity: Architecture & Design

Table of Contents

Executive Summary

More and more, public school children in the state of New York attend segregated schools. Even outside the big cities, in areas like the suburbs that surround New York City, we find public school districts that are defined by the State Education Department as" high minority" - that is, districts in which 80 percent or more of the enrolled students are minority pupils. All "high minority" school districts are located in the downstate metropolitan region, with the exception of one - Rochester. The attached maps show a checkerboard pattern, with high minority districts often surrounded by "low minority" districts - those in which 20 percent or less of the enrollment is minority.

In 1998-99, the State Education Department identified nine school districts in New York State that met its criterion for "high minority," two of the Big Five cities, Rochester and New York City, four school districts in Nassau County, two in Suffolk and one city school district in Westchester. In the year 1996-97, according to data is published by the State Education Department, *40 percent of all the students in New York State public schools attended school in one of the nine high minority districts in which minority pupils constituted 80 percent or more of total enrollment.*

In the downstate area high and low minority school districts share the same regional costs and compete in the same market as their neighboring, more affluent school districts. The region therefore offers a useful laboratory in which to compare demographic and fiscal characteristics, staffing and outcomes and examine the impact of state aid policies.
The purpose of this report is:

- to use the downstate metropolitan region to analyze the effect of state aid policies on high minority school districts and to identify factors which reduce their aid entitlements;
- to compare high minority to low minority districts in three downstate counties, Nassau, Suffolk and Westchester and the Big Five to other districts in the same region;
- to determine if the state provides adequate resources to meet the extra needs of high minority school districts.

Profiles of High Minority Suburban School Districts

Comparing the demographic characteristics of the suburban high minority school districts to the low minority school districts in the three downstate counties, we found that suburban minority students were highly concentrated in seven school districts that were often isolated from each other. By definition, all seven had minority enrollments of over 80 percent; all but two had minority enrollments of over 90 percent. By contrast, low minority school districts in which non-white enrollment was 20 percent or less of total enrollment (the state's criterion for low minority districts) had an average minority enrollment of 9.6 percent.

Table 1 shows that in suburban high minority school districts:

- pupils with limited English proficiency made up 9.8 percent of enrollment compared to 1.5 percent in low minority suburban school districts;
- the median percentage attendance rate was 91.3 compared to a median of 95.1 in low minority suburban school districts;
- the median dropout rate was 1.8 percent compared to 0.4 percent in the low minority suburbandistricts;
- the median suspension level was 9.2 percent compared to 2.2 percent in the low minority suburban school districts.

In the downstate suburbs, most of the children enrolled in high minority school districts live in environments of poverty. (Table 2)

- The average percent of pupils participating in a free and reduced-price lunch program was 70.9 percent in the high minority districts, compared to 10.9 percent in the low minority districts.
- Four of the seven suburban high minority districts were below the state average in property and income resources as measured by their combined wealth ratios, or CWR's.[1]
- Two were close to 1.000, the average CWR for the whole state. In one district, Westbury, the CWR was slightly above the state average.

Because they are relatively low in wealth, the downstate suburban high minority school districts have benefited from state aid programs that are designed to vary with school district wealth - more aid is provided for poor districts, less to rich. The state's "Revenue Share" reflects the percent of the district's total school district budget that is represented by state aid. It will be higher for poor districts, lower for rich. Total expenditures consist mainly of the state's contribution plus locally raised funds. Federal funds are included in total expenditures, but play a relatively small role in most of the suburban districts. In districts with limited property and income resources, state aid constitutes a high proportion of total aid. *But it is typically not enough to permit poor downstate school districts to meet the higher costs of the region. As a result, they have to tax themselves at relatively high levels:*

- In three of the seven high minority suburban districts, state aid contributed less than 25 percent of total school budgets; in two, 41 percent of the total; in two of the poorest, Wyandanch and Roosevelt, the state contributed 61 percent.
- Regular instructional expenditures were lower and special education expenditures per pupil were significantly higher in high minority districts as compared to low minority districts.

---

[1]A statistic used by the State Education Department to indicate the school district's local property and personal income wealth relative to that of the state as a whole.

- Overall, high minority school districts in the downstate suburbs spent slightly less per pupil, on average, than the average low minority school district's $13,257 per pupil.
- Local school tax rates in the high minority school districts were significantly higher than $16.40 per $1,000 full property value, the median for school tax rates in other downstate districts *and well above the median tax rate for independent school districts in the state as a whole, which was $15.38 per $1,000 of full property value.*

High minority districts in the downstate suburbs must compete in the same high-cost environment as their wealthy neighbors. They must make an extra tax effort to meet their expenditures.

Profiles of the Big Five City School Districts

Demographic characteristics of the Big Five school districts are summarized in Table 3:

- The median percent of minority pupils enrolled in each of the Big Five cities ranged from 49.7 percent in Yonkers to 83.9 percent in New York. For the rest of the state of New York, *exclusive* of the Big Five cities, the median was 3.8.
- In the large cities, the median percentages of pupils with limited English Proficiency was 15.1 percent of enrollment compared to a median of 0.3 in the rest of the state.
- The median attendance rate in the Big Five school districts was 89 compared to 95.1 in the rest of the state.
- The median dropout rate was 5.4 percent for the Big Five compared to 1.6 percent in the rest of the state.
- The median suspension rate in the Big Five was 9 percent compared to 3.3 percent in the rest of the state.
- In the Big Five, the percentage of enrolled pupils assigned to special education ranges from 11 percent in New York to almost twenty percent in Syracuse, compared to an average of 13.3 in the rest of the state.

Table 4 shows that the large cities serve a substantially higher portion of poor children than the rest of the state:

- The percent of pupils participating in the free or reduced-price lunch program in the Big Five ranges from 70.7 percent to 90 percent compared to 30.5 percent in the rest of the state (which includes high minority school districts outside the big cities).
- All but one of the cities had a combined income and property wealth ratio (CWR) below that of the state as a whole.
- The state's share of total district revenue varied from 34 percent in Yonkers to 68 percent in Buffalo. Reflecting regional cost differentials, upstate city school districts have lower wealth, so they receive larger percentages of state aid.

- With a wealth ratio of 0.990 (below the average ratio for the state) New York City received 43 percent of its revenues from the state; Rochester, with a wealth ratio of 0.588 received 55 percent of its revenues from the state; Syracuse with a wealth ratio of 0.483 received 64 percent of its revenues from the state.

By law, the Big Five cities fund public schools from their municipal budgets and do not levy separate school property taxes as non-city school districts do. Local tax rates in the Big Five cities are simply computed by dividing the amount budgeted for schools by the aggregate property value available to the city. Expressed as dollars per each thousand dollars of full property value, these computed rates are used to represent the city's tax effort as compared to other districts. As Table 4 shows:

- Local tax rates ranged from $12.77 per $1,000 in Buffalo to $21.39 per $1,000 in Rochester, compared to a median of $15.38 per $1,000 for the rest of the state.
- *Total expenditures per pupil were considerably lower in the Big Five cities compared to the neighboring suburbs, ranging from $8,213 in New York to $10,856 in Yonkers,. The average for the rest of the state, uncorrected for regional cost differentials was $11,569.*
- Special education costs in the Big Five cities, ranged from $ 7,987 per pupil in Syracuse to $15,321 per pupil in New York, compared to the median of $9,678 per pupil for special education costs elsewhere in the state[2]

New York State's Aid for Education

New York's state constitution places the responsibility for public education firmly in the hands of the state. The original formulas for distributing funds for public education were based on the concept of equal educational opportunity; they were intended to pay out aid according to each district's pupil need, in inverse relationship to district wealth. The state committed itself to share in a district's expenditures up to a given point, which became known as a per pupil expenditure "ceiling." In the 1920's, when systematic state aid funding began, one formula incorporated these principles and dispersed most of the state aid. That formula, called Operating Aid, still accounts for about half of all state aid distributed and remains the main vehicle for adjusting school funds to local needs and ability-to-pay. In time, the formula parameters changed and many new aid programs were initiated, often targeted to meet the needs of specific pupil groups or political constituencies.

Present day state aid must be viewed as a package of some 50 aid programs, many with separate formulas. Over the years many different aid formulas have been created in response to local or specialized needs, and each contributes revenues for school districts in varying amounts. It is important to understand that the state does not attempt to monitor the budget policies of localities in a way that would assure that the funds generated in each aid program are actually

---

[2] All these numbers would be more meaningful if corrected by a factor that reflects regional differentials in costs.

spent for the purposes described by the formula. *In effect, formula aids are pooled, and in their lobbying efforts, school districts have learned to focus on the bottom line - the total aid allocation.*

In 1998-99, six of the largest categories of aid accounted for 95 percent of the total of state aid distributed statewide in a total package called General Support for Public Schools. (Figure 2) They included Operating Aid (52.3 percent) Transportation Aid (6.9 percent) Building Aids (7.8 percent) Tax Effort and Tax Equalization Aids (6.9 percent) and programs for pupils in special education, called Excess Cost Aid (15 percent). Six percent of total aid was allotted as Extraordinary Needs Aid designed for urban districts with large concentrations of disadvantaged students and for rural districts with widely dispersed residents. All other aids together constituted only 5 percent of the total aid package.

High minority school districts are especially dependent on a few state aids. Table 5 shows how much each district received in each major state aid category. Aid is reported here as aid *per enrolled pupil,* so that apportionments of aid can be compared among districts.[3] Analysis of the aid programs that supply the greatest part of the total state aid revenues in high minority school districts (Table 6) shows that:

- *Operating Aid*, represented an average of 47 percent of total aid in the suburban high minority districts and 56 percent of total aid in the Big Five.
- The percentage of total aid accounted for by aid for pupils with disabilities (*Excess Cost aids*) ranged from five percent in Wyandanch to 18 percent in Yonkers.
- *Extraordinary Needs Aid* (ENA) was important for three of the large city school districts, Rochester, New York and Yonkers, but in the suburban high minority areas, ENA accounted for a relatively small percentage of total aid.
- *For the suburban high minority school districts, Tax Effort and Tax Equalization Aids (lumped in the table as Tax Adjustment aids) provided a significant portion of total aid, particularly in Mt. Vernon, Amityville, Hempstead and Roosevelt.*
- The sum of all other separate aids such as aid for pupils with limited English proficiency, for the gifted and talented, for library books, computer programs, and help to meet the new operating standards, was not sufficiently funded to meet effectively the extra needs of high minority school districts.
- All other programs together contributed less than twenty percent of the total in all but two high minority school districts.

Since high minority districts in the suburbs are relatively poor in terms of property and income wealth, they benefit from Operating Aid and other programs that adjust aid in inverse relation to the district's CWR.

---

[3]The district's dollar aid for 1998-99 in each category is divided here by 1998 fall enrollment to give a picture of current availability of aid. State aid is distributed on a different basis, using a partially weighted pupil count from older, audited data known as Total Aidable Pupil Units (TAPU).

We found that for the year 1998-99:

- In the suburbs, total state aid per pupil was greater for the poorest of the high minority school districts; in two it was lower than the average for the low minority suburban school districts *(Table 6)*.
- *But, in the downstate Big Five cities of Yonkers and New York, total state aid per enrolled pupil was $2,197 and $3,641 respectively, well below the state average of $ 3,876* per pupil.

The Transition Adjustment

After the formulas are computed, a "Transition Adjustment" is applied to the total entitlement. The Transition Adjustment is sometimes referred to as Transition "Aid." It is not an aid, but a computational procedure that applies both save harmless guarantees to some districts and cut-backs or limits on receivable aid in others. It contains two contradictory elements, restraints on the overall aid entitlement and assurances to school districts of no total dollar loss in aid. Because its guarantee is framed in terms of total dollars, rather than dollars per pupil, it protects districts even if their property appreciates and their enrollments decline. It applies caps on aids earned that prevent districts from fully realizing some of the benefits intended for them. Its impact depends on the group of aid programs specified by law *each year* as subject to the Transition Adjustment. The group of aids subject to the Transition adjustment has recently diminished and now includes only three aids, Operating Aid, Tax Effort Aid and Tax Equalization Aid. Unfortunately for the high minority school districts in the suburban downstate area, *these are precisely the aid programs on which they most depend.*

- *In 1998-99, high minority school districts in the downstate area that otherwise would have gained aid were disproportionately penalized while richer low minority suburban districts that stood to lose aid because of declining enrollments and/or a growth in wealth were held harmless.*
- All the big cities but Buffalo *lost* potential aid disproportionately in the form of the Transition Adjustment because of limits on the increase in aid earned as compared to the previous year.
- The percent of total aid deducted *was more than 30 percent of their total dollar aid in three of the high minority suburban school districts.*
- When all the state's school districts were ranked according to the amounts of aid per pupil lost in "caps" on allowable aid imposed or gained in the form of save harmless awards by the Transition Adjustment, the high minority school districts showed up as big losers. Figure 3 lists the top winners and losers in aid as a result of the Transition Adjustment.
- Four of the high minority suburban school districts were among the state's 25 most penalized as Figures 3 and 4 show.
- *Four of the state's seven suburban downstate high minority districts lost more than one thousand dollars per enrolled pupil in 1998-99, and per pupil losses in two other downstate high minority districts were each at least twice as high compared to the average loss in the Transition Adjustment in each of the*

downstate counties and the average for all the low minority districts in the downstate area.

- *In the downstate suburban area, the state withheld over $38 million in caps imposed through the Transition Adjustment;*
- *The addition of Rochester and New York City to this list would bring the total loss from caps to $94 million for all nine high minority and downstate school districts - about 30 percent of all the caps imposed statewide.*

Why does the Transition Adjustment penalize high minority school districts? Why does this program discriminate on the basis of race? To answer these questions :

- We examined in detail trends in pupil enrollment between the years 1990 and 1998 to determine the extent to which high minority school districts in the suburbs had major enrollment gains in any year. (Table 7).
- We looked at changes in CWR over time to determine whether they might explain some of the gains in Operating Aid that resulted in caps for high minority school districts.
- Combining findings in these trends with data on Tax Effort and Tax Equalization Aids, we constructed a multiple regression model to explain variation in the Transition Adjustment. The model encompassed all school districts in the downstate area, and all of the Big Five Cities.

We found that the variables selected to explain the 1998-99 variation in dollars awarded or withheld in the Transition Adjustment accounted for almost half of the variation to be found among all school districts in New York state (Figure 5).

The model estimates that, compared to other downstate suburban districts, the high minority suburban districts lost an average $343. Compared to the rest of the state, the Big Five cities lost an average of $459 in Transition Aid.

The regression model confirmed our suspicions that the disparate impact of the Transition Adjustment could be largely explained by the districts' high minority or Big Five status, by increased enrollments, changes in wealth and entitlements of tax aids.

Why is the Transition Adjustment disequalizing? We found the Transition Adjustment disequalizing because:

- It guarantees no loss of total dollar aid to all districts whatever their change in wealth or enrollment.
- It does not permit the formula to account for new needs that affect poor districts especially as their enrollment increases.
- It does not allow changes in local property value or community income levels to affect aid entitlements.
- It tends to cancel out beneficial aid programs intended to benefit high-need districts because these new initiatives produce exactly the increase in aids that the caps target.
- It discriminates in its selection of aids to include in the computation. For the year 1998-99, the Tax Adjustment aids and Operating Aid used to compute the

Transition Adjustment disproportionately penalized New York City, the downstate metropolitan area, and the high minority school districts within it.

Pupil Outcomes

How do present state policies affect students? If the inequities demonstrated in our analysis of New York state's distribution of school aid are to be addressed, the disturbing deficiencies in academic achievement of students in high minority school districts must be acknowledged and taken into account. The State Education Department's report to the legislature in April, 1998 illustrates serious gaps between high minority school districts and low minority school districts in staffing, teacher quality and course offerings especially in the large cities. The report emphasizes the difference between the two groups in test scores both at the elementary and high school level. Even before January 1999, when the Regents' testing program was initiated, it was clear that the high minority school districts needed much more support than has been available if goals for improving learning throughout the system were to be met.

Table 8 reports data from the 1998 State Education Department's report on staffing and course offerings in the downstate suburban districts:

- In high minority school districts, pupil/teacher ratios ranged from 14 to 18, with a median of 15 - higher than in low minority districts, which had an median of 13.
- Median teacher salaries were similar for both high and low minority districts, suggesting that market factors strongly influence salary rates in these districts.
- High minority districts had fewer permanently certified teachers, a median of 75.5 cent compared to 81.8 percent in low minority school districts.

With larger classes and less qualified teachers, high minority suburban districts offered fewer academic courses leading to a 1997 Regents diploma compared to low minority districts in the downstate suburbs The percent of pupils graduating with a Regents diploma reflects a marked difference in course offerings between the two groups of school districts.

- *In three of the suburban high minority districts, less than 10 percent of students graduated with Regents' diplomas in 1996-97; in one, Roosevelt, none did.* In the other four high minority suburban school districts, the percentage of pupils graduating with a Regents' diploma in 1996-97 was between 18 and 22. compared to 54 percent, the median for low minority school districts.
- *In the suburban high minority districts, between 60 and 89 percent of the students graduating were college bound in 1995-96 compared to 91.7 percent in the low minority districts.*

Comparing staffing and course offerings in the Big Five and the rest of the state, we find that staff characteristics in the Big Five schools were similar to those elsewhere in the state (Table 10) with important exceptions:

- Pupil/teacher ratios were markedly higher in the large cities especially in New York and Yonkers, 15 and 15.6 respectively, compared to a median of 13.6 in the rest of the state.

- Median teacher salaries in New York and Yonkers were lower than the average in the rest of the state, but data for the individual big cities was incomplete and did not adequately reflect regional cost differentials.
- The Big Five had fewer teachers with permanent certification; 75.5 percent of all teachers was the median for those permanently certified in the Big Five districts compared to 81.1 percent in the rest of the state.
- Median years of experience of teachers in the city school districts was similar to that in the rest of the state.
- *In the Big Five school districts, less than 20 percent of the pupils typically graduated with Regents' diplomas on 1996-97; in the rest of the state 49 percent did.*

In the Big Five schools, between 58 and 83 percent of the pupils were college bound; in the rest of the state the median was 79 percent.

Table 9 shows that many children in high minority schools in the downstate area were not offered or did not take Regents' exams in 1996-97:[4]

- On the 1996-97 Regents' high school examinations, given at the high school level, fewer pupils were given the test in the suburban high minority than in the suburban low minority school districts. Differences in the percentages of pupils tested in the Big Five school districts and in the rest of the state were even more substantial.
- *In Comprehensive English, 59 percent of pupils in suburban districts were tested in high minority districts, compared to the median of 80 percent in low minority school districts. Table 11 reflects a similar pattern for the Big Five Cities where the median was 45 percent compared to 77 percent in the rest of the state.*
- In U.S. History, Sequential Math I, and Biology, similar discrepancies in the percent of children tested existed between high and low minority school districts in the suburbs as well as the big cities.
- The percentages of enrolled pupils *passing* the tests showed similar disparities.
- *The data on the percent of total enrollment passing each test revealed even greater disparities between scores in the Big Five school districts and those for districts in the rest of the state. In general, less than half of big city children succeeded in passing the Regents' tests given in 1998.*

These findings indicate that school districts with high concentrations of minority pupils in both the downstate suburbs and the Big Five cities serve pupils with greater academic needs than those in low minority districts. The downstate suburban districts, despite limited resources, make a major tax effort to bring expenditures into line with their neighbors. Nevertheless, expenditures are not sufficient to raise pupil outcomes to the expectations held out by the Regents. *In the Big Five cities, insufficient state aid, low per pupil expenditures, high special education costs combined with high pupil needs, mean that student needs remain unmet and outcomes typically*

---

[4] New York: The State of Learning, *Statistical Profiles,* Tables 3-6. April, 1998. The scores reported were based on tests given in 1996-97.

fall far below those achieved in the rest of the state. Despite the challenge that data in the 1998 report presented to the legislature, state policy makers failed to provide meaningful help for students in high minority school districts. Present policies that restrict aid for the largest cities run exactly counter to the goal of raising the academic achievement of all students.

Results on the fourth grade English test administered statewide in January of 1999 indicate that throughout the state many children failed to pass the test and a disappointingly few demonstrated mastery of the material. Most schools responded with renewed effort, revising curriculum, supplementing tutoring, adding teacher training, summer programs and extended year schooling. Additional state aid to help defray the costs of these programs has been stinting and slow to arrive. Without it, it is safe to predict that children in the Big Five cities and in suburban high minority school districts will face continued failure and discouragement.

The Politics of School Aid in New York State

Contradictory effects persist within the system because the distribution of state aid is a political process, subject each year to the annual budget process. Legislators have long since reduced this process to a debate on shares of aid, apportioning a given percentage of available aid first to New York City, another percentage share to Long Island and the rest to the remaining upstate districts. Tinkering with the numerous and very complex formulas to produce the required shares is left to a few technical experts. "Regional shares" has become state policy, making a mockery of the state's original goals of distributing school funds on the basis of objective criteria that would distribute funds equitably in accordance with each district's fiscal ability and pupil needs.

Conclusion

In conclusion, we found that state funds do not provide enough support for children in high minority school districts in either the downstate suburbs or the state's largest cities. State aid falls far short of filling the gap in educational offerings. Instead, it reflects regional political pressures. Despite the fact that aid programs are frequently targeted to support specific pupil groups, state aid does not relate directly to special programs in the schools.

State school aid sometimes has counterproductive consequences, as the results of our analysis of the Transition Adjustment shows. *By including Tax Effort and Equalization aids in the Transition Adjustment, the high minority school districts in the downstate area were caught like dolphins in a safety net thrown out to maintain save harmless guarantees in affluent school districts.*

Our findings show that, when it comes to the bottom line, the imposition of cuts and save harmless guarantees have a discriminatory effect on high minority school districts, both in and beyond the big cities Wealthy districts continue to use local funds to reduce class size, reward good teaching and enhance educational programs that support high levels of student achievement, while districts with limited property and income resources must tax their citizens more and still can provide only reduced services to children with pressing educational requirements. *State funds are insufficient to provide most high minority school districts with the funds needed to help*

minority students meet the new and more demanding state standards. School districts serving high concentrations of minority students need more money to improve old buildings, reduce class size, add specialized instructional services and increase support for those with limited English proficiency. To meet the new standards and bring their schools into line with other public schools, they need additional funds to provide for summer school and additional tutoring as well as after-school sports and the enrichment in the arts that should be a part of every child's education.

The problem will not be solved by making minor adjustments to one or more of the many aid formulas that combine to make up the state's contribution. What is needed is a resolve to shift much more sustained state support to those pupils most in need. We recommend a fresh political alliance that *rejects* negotiated shares and demands a greater flow of resources to high need school districts.

List of Tables and Figures

Figure 1 Nassau & Suffolk County School Districts

North

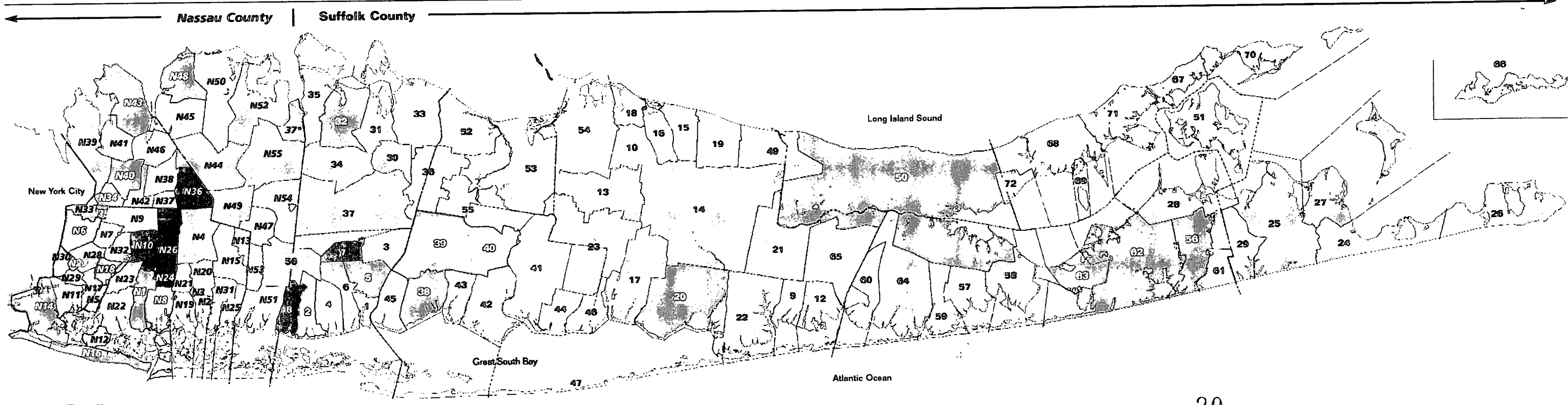
0 1 4 Miles

Nassau School Districts, % Minority

N1. Baldwin, 30.60%
N2. Bellmore, 3.30%
N3. Bellmore-Merrick, 6.70%
N47. Bethpage, 6.30%
N37. Carle Place, 15.10%
N4. East Meadow, 15.40%
N5. East Rockaway, 7.80%
N38. East Williston, 10.40%
N6. Elmont, 66.70%
N56. Farmingdale, 17.70%
N33. Floral Park-Bellerose, 14.50%
N7. Franklin Square, 9.70%
N8. Freeport, 77.40%
N9. Garden City, 5.00%
N48. Glen Cove, 44.50%
N39. Great Neck, 20.60%
N10. Hempstead, 99.30%
N40. Herricks, 37.40%
N11. Hewlett-Woodmere, 12.60%
N49. Hicksville, 24.90%
N12. Island Park, 14.20%
N13. Island Trees, 9.20%
N44. Jericho, 12.30%
N14. Lawrence, 34.10%
N15. Levittown, 6.90%
N50. Locust Valley, 8.30%
N16. Long Beach, 35.10%
N17. Lynbrook, 11.00%
N18. Malverne, 64.20%
N41. Manhasset, 20.80%
N51. Massapequa, 2.50%
N19. Merrick, 3.60%
N42. Mineola, 20.40%
N34. New Hyde Park-Garden City Park, 26.60%
N20. North Bellmore, 10.20%
N21. North Merrick, 6.50%
N45. North Shore at Glen Head, Glenwood, Sea Cliff, 8.10%
N22. Oceanside, 7.90%
N52. Oyster Bay-East Norwich, 18.60%
N53. Plainedge, 4.10%
N54. Plainview-Old Bethpage, 6.70%
N43. Port Washington, 29.40%
N23. Rockville Centre, 17.70%
N24. Roosevelt, 99.00%
N46. Roslyn, 18.30%
N25. Seaford, 5.70%
N35. Sewanhaka, 40.50%
N55. Syosset, 16.20%
N26. Uniondale, 95.00%
N27. Valley Stream, 36.10%
N28. Valley Stream 13, 16.90%
N29. Valley Stream 24, 20.20%
N30. Valley Stream 30, 21.30%
N31. Wantagh, 3.20%
N32. West Hempstead, 21.40%
N36. Westbury, 95.20%

Suffolk School Districts, % Minority

24. Amagansett, 17.4%
8. Amityville, 81.2% (also included in Nassau)
1. Babylon, 13.9%
38. Bay Shore, 41.4%
46. Bayport-Blue Point, 5.3%
39. Brentwood, 71.2%
56. Bridgehampton, 68.8%
9. Center Moriches, 22.0%
40. Central Islip, 74.6%
35. Cold Spring Harbor, 3.0% (also included in Nassau, #37*)
36. Commack, 8.6%
10. Comsewogue, 14.4%
41. Connetquot, 5.5%
2. Copiague, 56.7%
3. Deer Park, 24.5%
25. East Hampton, 22.5%
42. East Islip, 6.4%
12. East Moriches, 8.2%
57. East Quogue, 1.8%
65. Eastport, 3.6%
30. Elwood, 22.8%
47. Fire Island, 0.0%
66. Fishers Island, 0.0%
67. Greenport, 32.0%
37. Half Hollow Hills, 24.2%
58. Hampton Bays, 12.0%
31. Harborfields, 14.6%
55. Hauppauge, 5.7%
32. Huntington, 34.5%
43. Islip, 12.3%
52. Kings Park, 4.2%
72. Laurel, 2.0%
4. Lindenhurst, 9.0%
68. Mattituck-Cutchogue, 5.7%
13. Middle County, 11.2%
14. Middle Island, 11.2%
15. Miller Place, 3.6%
26. Montauk, 21.2%
16. Mount Sinai, 5.5%
69. New Suffolk, 0.0%
5. North Babylon, 26.6%
33. Northport, 5.4%
70. Oysterponds, 0.8%
17. Patchogue-Medford, 16.2%
18. Port Jefferson, 7.2%
59. Quogue, 10.0%
60. Remsenberg-Speonk, 8.2%
50. Riverhead, 37.3%
19. Rocky Point, 1.5%
23. Sachem, 7.0%
28. Sag Harbor, 12.3%
61. Sagaponack, 0.0%
44. Sayville, 4.4%
51. Shelter Island, 3.3%
49. Shoreham-Wading River, 3.5%
53. Smithtown, 4.7%
20. South Country, 38.1%
34. South Huntington, 23.1%
21. South Manor, 8.4%
62. Southampton, 25.1%
71. Southold, 3.8%
27. Springs, 21.3%
54. Three Village, 8.6%
63. Tuckahoe, 27.7%
29. Wainscott, 0.0%
6. West Babylon, 11.6%
45. West Islip, 2.7%
64. Westhampton Beach, 11.2%
22. William Floyd, 17.4%
7. Wyandanch, 99.4%



Minority Enrollment
0-10% 10-25% 25-50% 50-80% 80-100%

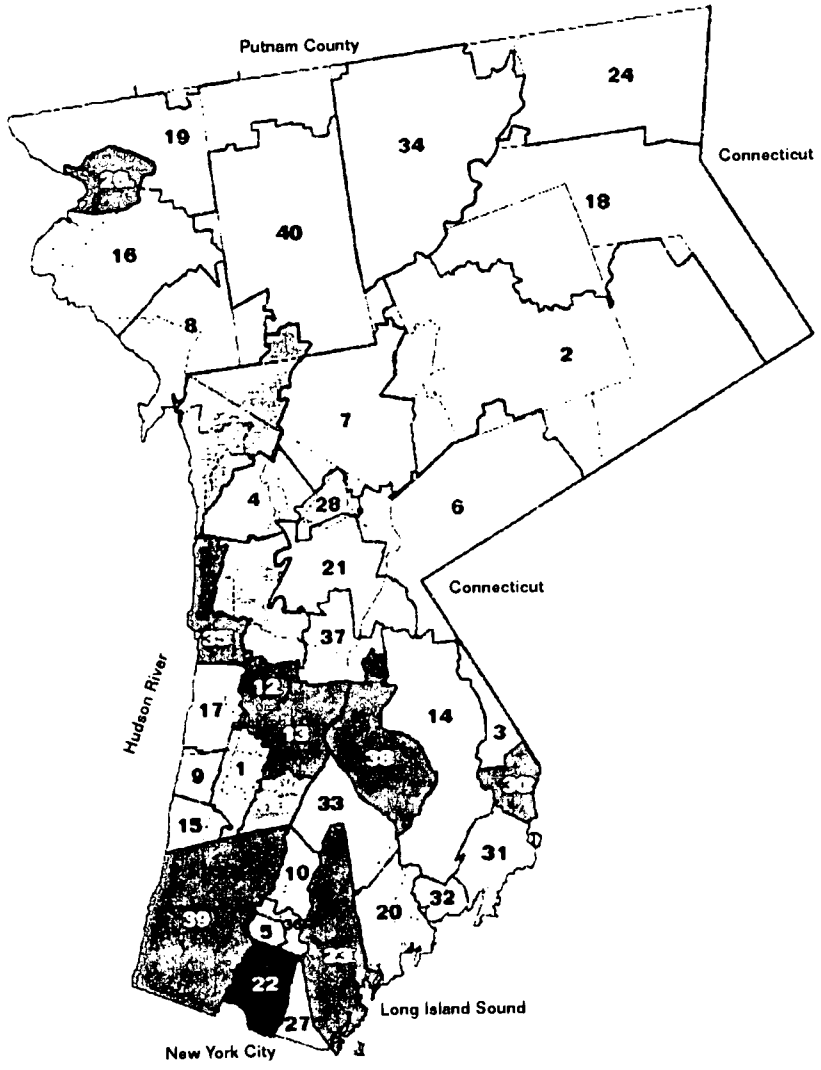
Figure 1 Westchester County School Districts

North

0 1 4 Miles

School District, % Minority

1. Ardsley, 15.8 %
2. Bedford, 22.2 %
3. Blind Brook - Rye, 8.5 %
4. Briarcliff Manor, 7.9 %
5. Bronxville, 5.4 %
6. Byram Hills, 6.9 %
7. Chappaqua, 10.1 %
8. Croton - Harmon, 9.3 %
9. Dobbs Ferry, 20.0 %
10. Eastchester, 15.4 %
11. Edgemont, 25.5 %
12. Elmsford, 77.8 %
13. Greenburgh, 71.1 %
14. Harrison, 13.7 %
15. Hastings, 13.9 %
16. Hendrick-Hudson, 8.8 %
17. Irvington, 19.5 %
18. Katonah-Lewisboro, 4.9 %
19. Lakeland, 13.1 %
20. Mamaroneck, 18.7 %
21. Mount Pleasant, 6.4 %
22. Mount Vernon, 89.1 %
23. New Rochelle, 55.4 %
24. North Salem, 4.6 %
25. Ossining, 47.7 %
26. Peekskill, 63.0 %
27. Pelham, 18.2 %
28. Pleasantville, 8.2 %
29. Pocantino Hills, 32.4 %
30. Port Chester - Rye, 67.0 %
31. Rye City, 16.1 %
32. Rye Neck, 19.3 %
33. Scarsdale, 20.1 %
34. Somers, 6.6 %
35. Tarrytown, 59.1 %
36. Tuckahoe, 24.6 %
37. Valhalla, 22.3 %
38. White Plains, 57.3 %
39. Yonkers, 76.1 %
40. Yorktown, 10.5 %

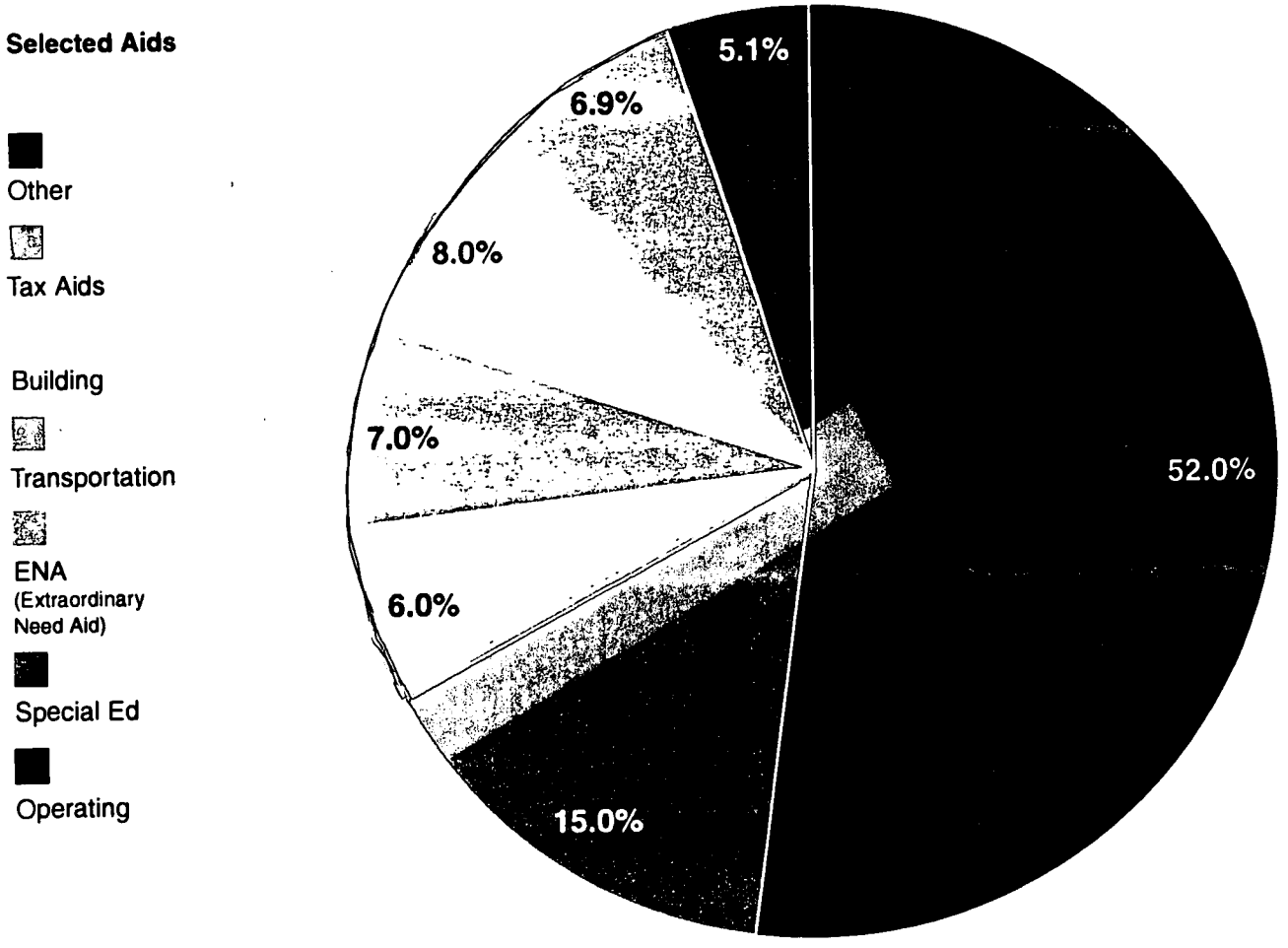


Minority Enrollment

0-10% 10-25% 25-50% 50-80% 80-100%

Figure 2

Major State Aid Categories
1998 - 1999



Source: Based on computer data from the State Education Department Fiscal Analysis and Research Unit

Figure 3 **Top Winners and Losers in Transition Adjustment**

1998-99 Aid

Winners

County	Name	Enrollment	CWR	$ Transition Adjustment	$ Transition aid p/p
Saratoga	Edinburg	115	1.797	229,638	1,997
Essex	Minerva	164	1.936	312,193	1,904
Suffolk	Port Jefferson	1,050	2.427	1,553,151	1,479
Fulton	Northville	535	0.888	762,859	1,426
Orange	Kiryas Joel	180	5.439	254,105	1,412
Essex	Newcomb	75	5.399	105,390	1,405
Hamilton	Wells	210	1.498	248,816	1,185
Suffolk	Hauppauge	3,523	1.656	4,102,090	1,164
Putnam	Putnam	41	1.231	43,083	1,051
Suffolk	Fire Island	49	24.198	49,871	1,018
Steuben	Bradford	329	0.373	296,848	902
Clinton	Peru	2,324	0.423	2,009,366	865
Suffolk	Half Hollow H	7,700	1.839	6,429,294	835
Delaware	Hancock	625	0.525	509,137	814
Fulton	Broadalbin	1,900	0.641	1,480,488	779

Losers

				$	$
Westchester	Mt. Vernon	10,025	0.895	(12,713,726)	(1,268)
Suffolk	Lindenhurst	7,303	0.871	(9,370,577)	(1,263)
Suffolk	East Islip	4,790	0.92	(6,152,218)	(1,284)
Nassau	Levittown	7,712	1.112	(10,161,003)	(1,318)
Franklin	Salmon Riv.	1,450	0.178	(1,911,807)	(1,318)
Suffolk	Wyandanch	2,390	0.396	(3,300,713)	(1,381)
Suffolk	Sayville	3,485	0.905	(4,889,333)	(1,403)
Nassau	Freeport	7,225	0.807	(10,615,000)	(1,469)
Nassau	V. Stream 13	2,169	1.301	(3,260,264)	(1,503)
Nassau	Hempstead	7,325	0.676	(11,460,386)	(1,565)
Nassau	N. Bellmore	2,230	1.300	(3,502,747)	(1,571)
Westchester	Peekskill	2,840	0.885	(4,634,957)	(1,632)
Suffolk	Cen. Islip	5,876	0.63	(9,623,073)	(1,638)
Suffolk	Brentwood	14,143	0.599	(28,045,107)	(1,983)
Nassau	N. Merrick	1,297	1.14	(3,127,443)	(2,411)

Source: Based on data from the State Education Department, Fiscal Analysis and Research Unit

Figure 4 **Dollars Lost in Transition Adjustment by High Minority Districts**

	Name	Enrollment	Trans. Adjust. $	Loss Per Pupil $
	ROCHESTER	38,130	(26,976,759)	(707)
	YONKERS	23,925	(15,526,974)	(649)
	NEW YORK CITY	1,070,797	(29,098,822)	(27)
	BUFFALO	45,100	-	-
	SYRACUSE	23,214	(5,973,898)	(257)
sum Big Five		1,201,166	(77,576,453)	(1,641)
	HEMPSTEAD	7,325	(11,460,386)	(1,565)
	WYANDANCH	2,390	(3,300,713)	(1,381)
	MOUNT VERNON	10,025	(12,713,726)	(1,268)
	AMITYVILLE	3,200	(3,660,546)	(1,144)
	ROOSEVELT	3,264	(2,367,750)	(725)
	WESTBURY	3,390	(2,233,584)	(659)
	UNIONDALE	5,758	(2,511,365)	(436)
	ROCHESTER	38,130	(26,976,759)	(707)
	NEW YORK CITY	1,070,797	(29,098,822)	(27)
sum Suburban Districts		35,352	(38,248,070)	
sum all High Minority		**1,144,279**	**(94,323,651)**	**(7,913)**

Source: Based on State Education Department data, Fiscal Analysis and Research Unit

Figure 5 **Multiple Regression Model Results**

Variables	Estimated Coefficients	t-values
(Constant)	69.78*** (26.17)	2.67
Per pupil tax effort aid	-0.55*** (0.76)	-7.29
Per pupil tax equalization aid	-0.56*** (0.04)	-16.00
Change in enrollment between 97 & 98	-4.31 (3.61)	-1.20
Change in enrollment between 96 & 97	-12.80*** (4.54)	-2.82
Change in enrollment between 95 &96	-11.18** (4.54)	-2.46
Change in income between 95 & 96	1.46 (1.76)	0.83
Change in income between 94 & 95	6.52** (2.52)	2.59
Change in income between 93 & 94	4.31 (2.67)	1.61
Change in property values between 95 & 96	-5.97 (7.81)	-0.77
Change in property values between 94 & 95	5.03 (3.75)	1.34
Change in property values between 93 & 94	-0.54 (5.10)	-0.11
Big-Five cities	-449.66*** (168.26)	-2.67
High minority districts	-343.15** (131.97)	-2.60
R-Square	0.48	

Note: Standard errors are reported in parentheses.
***: significant at the 1% level.
**: significant at the 5% level.

Figure 6 **Correlation Matrix - Suburban Districts**

	% Minority	% Free Lunch	NYS Rev Share	CWR	Total Exp. per pupil	Pupil/Tcher Ratio	% Regents' Diploma	% College Bound	% Spec. Ed.	% Given Regents'	% Pass Regents'
% Minority	1	.843**	.288**	-171*	-.033	.218**	-.228**	-.615**	*.062	.-078	-.157*
% Free Lunch	.843**	1	.533**	-.230**	-.085	.299**	-.137	-.719**	-.045	-.041	-117
NYS Rev. Share	.288**	.533**	1	-.442**	-.346**	.626**	-.029	-.424**	-.070	.038	-021
CWR	-171*	-.230**	-.442**	1	.840**	-.724**	-.154*	.155	.075	-.186*	-.155*
Total Expend.p/p	-.033	-.085	-.346**	.840**	1	-.815**	-.207**	-.145	.308**	-.226**	-.210**
Pupil/Tch. Ratio	.218**	.299**	.626**	-.724**	-.815**	1		-.091	-.280**	.179*	.145
% Regents' Dip.	-.228**	-..137	-.029	*.154*	.-207**	.146	1	.344**	-.199*	.812**	.832**
% College Bound	-.615**	-.719**	-.424**	.155	-.145	-.091	.344**	1	-.030	.223**	.304**
% Spec. Ed.	-.062	-.045	-.070	.075	.308**	-.280**	-.199*	.-.030	1	-208**	-.206**
% Given Regents	.-078	-.041	.038	-.186*	-.226**	.179*	.812**	.223**	-208**	1	.987**
% Pass Regents'	-.157*	-117	-021	-.155*	-.210**	.146	.832**	.304**	-.206**	.987**	1

* significant at the .01 level
** significant at the .05 level
Source: Based on data from the State Education Departi *Statistical Profiles,* April, 1999

Table 1

Demographic Characteristics of High Minority Suburban Districts

	Total Enrollment 1996-97	Percent white	Percent Minority	Attendence Rate (%)	FTE *** Reg. Ed. Enrollment	FTE*** Spec. Ed. Enrollemnt	Percent Spec. Ed. Enrollment	Percent LEP	Dropout Rate (%)	Suspension Rate (%)
High Minority Districts*										
Hempstead (Nassau)	6,252	0.7	99.3	89.9	5,736	704	11.3	16.3	1.1	4.4
Uniondale (Nassau)	5,331	5.0	95.0	94.0	5,070	622	11.7	6.4	4.0	9.2
Roosevelt (Nassau)	2,730	0.3	99.7	91.3	2,819	465	17.0	5.5	2.6	7.3
Westbury (Nassau)	3,278	4.8	95.2	93.5	3,022	404	12.3	20.2	0.6	3.3
Amityville (Suffolk)	2,983	18.8	81.2	94.5	3,142	418	14.0	5.5	1.8	10.0
Wyandanch (Suffolk)	2,220	0.6	99.4	88.3	2,192	700	31.5	4.2	3.4	11.6
Mount Vernon (West.)	9,878	10.9	89.1	91.0	8,910	1,161	11.8	7.7	0.8	11.7
Mean (Median)	4,667(3,278)	6.5(4.8)	93.5(95.2)	N/A(91.3)	4,332(3,142)	639(622)	13.7(12.3)	9.8(6.4)	1.8(1.8)	8.5(9.2)
Low Minority Districts*										
Mean (Median)	2,874(2,146)	90.4(91.8)	9.6(8.2)	N/A(95.1)	2,946(2,063)	397(251)	13.5(12.8)	1.6(1.3)	1.1(0.4)	3.1(2.2)
County-Wide Statistics										
Nassau	188,287	71.8	28.2	94.9	181,814	23,257	12.4	4.4	0.8	3.6
Suffolk	227,757	78.2	21.8	88.8	225,089	33,573	14.7	2.7	2.1	5.5
Westchester	127,043	57.9	42.1	80.9	119,869	15,379	12.1	7.3	1.6	5.2

* Districts in which 80 percent or more of pupils are non-white.
** Districts in which 20 percent or less of pupils are non-white.
*** Full Time Equivalent Enrollment

Source: NY State Education Department, New York: *The State of Learning, Statistical Profiles,* Table 1 & 7.

Table 2

Fiscal Characteristics of High Minority Suburban Districts

	Percent Free Lunch (%)	State Revenue Share (%)	Wealth Ratio	Local*** Tax Rate ($)	Total Expenditure Per Pupil ($)	Regular Ed. Instructional Expeniture Per Pupil ($)	Special Ed. Instructional Expenditure Per Pupil ($)
High Minority Districts*							
Hempstead (Nassau)	108.2#	41.0	0.676	31.2	10,839	6,989	16,330
Uniondale (Nassau)	40.5	18.6	1.049	23.0	11,895	7,944	14,369
Roosevelt (Nassau)	73.8	61.3	0.588	17.6	12,928	6,123	21,258
Westbury (Nassau)	73.1	15.0	1.320	23.3	12,538	7,771	17,919
Amityville (Suffolk)	49.7	22.5	1.153	21.2	12,714	6,700	17,735
Wyandanch (Suffolk)	105.2#	60.6	0.396	24.1	12,273	5,145	11,642
Mount Vernon (West.)	60.8	41.3	0.895	21.7	10,301	7,182	14,789
Mean (Median)	70.9 (73.1)	N/A (41.0)	0.87 (0.90)	23.0 (23.0)	11,927 (122,273)	6,836 (6913)	16,292 (16,330)
*Low Minority Districts***							
Mean (Median)	10.9 (5.2)	N/A (11.8)	2.5 (1.7)	16.0 (16.4)	13,257 (11,983)	7,729 (7,523)	15,250 (13,767)
County-Wide Statistics							
Nassau	17.4	17.0	1.660	13.2	12,255	7,663	13,874
Suffolk	23.9	33.0	1.190	16.0	11,688	6,967	13,397
Westchester	29.6	18.0	1.960	17.0	12,701	7,637	15,446

* Districts in which 80 percent or more of pupils are non-white.

** Districts in which 20 percent or less of pupils are non-white.

*** Dollars per $1,000 full property value.

Source: NY State Education Department, *New York: The State of Learning, Statistical Profiles*, Table 2 & 7.

Table 3

Demographic Characteristics of the Big Five City Districts

	Total Enrollment	Percent Minority	Attendence Rate	FTE ** Reg. Ed. Enrollment	FTE** Special Ed. Enrollment	Percent Spec. Ed. Enroll. (%)	Percent LEP(%)	Dropout Rate (%)	Suspension Rate (%)
Big Five Cities									
Buffalo	46,069	66.9	91	45,491	7,752	16.8	5.3	2.1	3.5
New York City	1,049,873	83.9	87	1,022,465	115,320	11.0	16.7	5.8	3.2
Rochester	36,767	80.4	89	35,751	5,928	16.1	15.1	7.0	14.0
Syracuse	22,780	49.7	91	22,589	4,518	19.8	4.7	5.4	10.1
Yonkers	22,741	76.1	88	21,724	2,770	12.2	16.7	3.6	9.0
Mean (Median)	235,646(36,767)	(76.1)	89.2(89.0)	229,604(35,751)	27,258(5,928)	11.7 (16.1)	6.0 (15.1)	5.6 (5.4)	3.8 (9.0)
*State Excluding Big Five**									
Mean (Median)	2,349 (1,571)	18.1 (3.8)	93.7 (95.1)	2,371 (1,593)	320 (210)	N/A** (13.3)	2.3 (0.3)	2.5 (1.6)	5.7 (3.3)
Statewide Statistics									
Mean (Median)	3,409 (1,696)	38.1 (4.13)	93.7 (95.1)	2,615 (1,602)	348 (212)	N/A** (13.3)	6.9 (0.3)	2.9 (1.6)	4.3 (3.2)

* This category includes 685 school districts.
** Full Time Equivalent Enrollment

Source: NY State Education Department, *New York: The State of Learning, Statistical Profiles*, Table 1 & 7. Data for 1996 - 97.

Table 4

Fiscal Characteristics of the Big Five City Districts

	Percent Free Lunch (%)	State Revenue Share (%)	Wealth Ratio	Local Tax Rate** ($)	Total Expenditure Per Pupil ($)	Regular Ed. Instructional Expeniture Per FTE Pupil ($)	Special Ed. Instructional Expenditure Per FTE pupil
Big Five Cities							
Buffalo	84.2	68.0	0.494	12.8	9,508	5,733	9,870
New York City	N/A	43.0	0.990	13.6	8,213	4,399	15,321
Rochester	90.1	55.1	0.558	21.4	10,176	5,067	13,229
Syracuse	74.7	64.0	0.483	17.2	9,571	5,475	7,987
Yonkers	70.7	34.4	1.224	17.2	10,856	6,728	14,290
Mean (Median)	81.8 (79.5)	N/A (55.1)	0.750 (0.558)	16.4 (17.2)	8,402 (9,571)	4,538 (5,475)	14,656 (13,229)
*State Excluding Big Five**							
Mean (Median)	33.5 (30.5)	N/A (46.7)	1.130 (0.755)	15.4 (15.4)	11,569 (9,093)	5,916 (5,212)	11,001 (9,678)
State Wide Statistics							
Mean (Median)	45.0 (31.8)	N/A (46.8)	1.000 (0.755)	15.4 (15.4)	N/A** (9,128)	N/A** (5,213)	N/A** (9,682)

* This category includes 685 school districts.

** Dollars per $1,000 full value of property.

Source: NY State Education Department, *New York: The State of Learning, Statistical Profiles*, Table 2 & 7.

Table 5

1998-99 Selected State Aids in Dollars per 1998 Enrolled Pupil

	Total aid p/p	Operating aid p/p	Tax Adjust. aid p/p	Transition aid p/p	ENA aid p/p	LEP aid p/p	Growth aid p/p	Operating stand aid p/p	Sel. Aid as % of total
High Minority Districts*									
Hempstead	4,970	2,218	2,057	(1,565)	544	-	162	23	69%
Uniondale	2,400	1,562	36	(436)	145	17	0	17	56%
Roosevelt	6,931	2,640	1,765	(725)	306	29	325	30	63%
Westbury	2,318	1,075	287	(659)	290	30	14	11	45%
Amityville	3,381	1,739	1,201	(1,144)	157	0	26	28	59%
Wyandanch	8,862	3,939	1,533	(1,381)	915	33	165	37	59%
Mount Vernon	3,940	1,914	1,759	(1,268)	192	27	11	21	67%
Average	4,305	2,027	1,334	(1,082)	323	23	82	22	63%
Other Big Five Districts									
Buffalo	6,018	3,061	507	-	471	32	0	37	68%
New York City	3,641	2,053	-	(27)	385	45	0	31	68%
Rochester	5,521	3,020	113	(707)	602	39	15	39	57%
Syracuse	5,356	3,178	-	(257)	323	25	0	41	62%
Yonkers	2,197	1,347	-	(649)	306	43	16	21	49%
Average	3,794	2,130	-	(67)	393	44	1	31	67%
Low Minority Districts**									
Average	2,929	1,166	811	(231)	31	3	11	15	62%
County-Wide Statisticts									
Nassau	2,231	1,015	370	(355)	59	6	21	13	51%
Suffolk	4,236	1,727	968	(422)	94	9	15	20	57%
Westchester	1,840	838	96	(264)	96	13	1	14	43%
State Total	3,876	2,025	229	(109)	231	21	10	29	1

* Districts in which 80 percent or more of pupils are non-white. ** Districts in which 20 percent or less of pupils are non-white.

Source: Based on computer data from the State Education Department Fiscal Analysis and Research Unit.

Table 6

1998-99 Selected Aids As Percent of Total State Aid

	1	2	3	4	5	6	7	8	9	10	11	
	Total aid p/p	Operating as % of total	Tax Adjust. as % of total	Transition as % of total	Excess cost as % of total	Transp. as % of total	Building as % of total	ENA*** aid p/p	LEP*** aid p/p	Growth aid p/p	Operating Standards aid p/p	Sum of cols 2 thru 11
High Minority Districts*												
Hempstead	4,970	44.63	41.39	-31.48	16.07	5.93	2.18	10.95	-	3.26	0.46	93.39
Uniondale	2,400	65.09	1.50	-18.17	16.72	10.68	5.18	6.05	0.70	0.00	0.72	88.46
Roosevelt	6,931	38.09	25.47	-10.47	5.79	5.26	2.01	4.42	0.42	4.69	0.43	76.11
Westbury	2,318	46.40	12.38	-28.43	17.31	10.20	1.28	12.50	1.29	0.60	0.49	74.02
Amityville	3,381	51.44	35.52	-33.83	11.87	10.66	2.06	4.64	0.00	0.77	0.84	83.96
Wyandanch	8,862	44.45	17.30	-15.58	4.53	7.32	3.58	10.33	0.37	1.86	0.42	74.56
Mount Vernon	3,940	48.57	44.64	-32.19	10.18	3.13	6.62	4.88	0.68	0.28	0.54	87.34
Average	4,306	47.09	30.98	-25.13	9.31	6.28	3.72	7.60	0.53	1.90	0.60	82.69
Big Five Districts												
Buffalo	6,018	50.86	8.42	-	6.67	7.98	1.38	7.83	0.54	0.00	0.62	84.30
New York City	3,641	56.39	-	-0.75	11.02	5.07	5.97	10.58	1.24	0.00	0.85	90.36
Rochester	5,521	54.70	2.05	-12.81	7.27	3.34	3.94	10.90	0.71	0.27	0.70	71.07
Syracuse	5,356	59.34	-	-4.80	7.49	3.45	4.06	6.04	0.47	0.00	0.77	76.81
Yonkers	2,197	61.31	-	-29.54	18.26	8.40	9.89	13.94	1.97	0.74	0.96	85.92
Average	3,784	56.13	-	-11.77	10.67	4.87	5.73	10.36	1.16	0.02	0.83	87.89
Low Minority Districts**												
Average	2,929	39.78	27.67	-7.90	13.61	8.30	7.42	1.04	0.09	0.37	0.51	86.99
County-Wide Statistics												
Nassau	2,231	45.50	16.58	-15.91	17.98	8.27	9.74	2.64	0.29	0.94	0.58	86.61
Suffolk	4,236	40.77	22.85	-9.96	9.47	4.36	5.13	2.22	0.21	0.35	0.47	75.88
Westchester	1,840	45.54	5.22	-14.35	21.80	10.03	11.81	5.22	0.71	0.05	0.76	86.79
Statewide Average	3,878	52.26	6.92	-2.82	15.05	6.94	7.78	5.97	0.64	0.26	0.74	92.64

* Districts in which 80 percent or more of pupils are non-white.

** Districts in which 20 percent or less of pupils are non-white.

*** ENA = Extraordinary Need Aid; LEP = Limited English Proficiency Aid.

Source: Based on computer data from the State Education Department Fiscal Analysis and Research Unit.

Table 7 **Percent Change in Enrollment 1990-91 to 1998-99**

	From 1990-91 to 1991-92	From 1991-92 to 1992-93	From 1992-93 to 1993-94	From 1993-94 to 1994-95	From 1994-95 to 1995-96	From 1995-96 to 1996-97	From 1996-97 to 1997-98*** (est. for s.a.)	From 1997-98 to 1998-99*** (est. for s.a.)
High Minority Districts*								
Hempstead	-1.8	4.2	1.2	6.6	-3.0	10.3	0.8	9.8
Uniondale	0.9	3.2	0.4	2.6	4.1	3.5	3.1	2.1
Roosevelt	1.2	-2.2	-0.7	-4.1	-1.7	-1.9	1.8	12.7
Westbury	7.1	0.3	3.0	2.6	-2.0	8.3	0.7	1.7
Amityville	3.8	-1.6	2.1	-1.9	-1.4	5.6	2.3	1.9
Wyandanch	-1.9	5.4	-0.1	3.0	-1.6	3.0	-3.2	4.6
Mount Vernon	2.5	1.5	-0.6	2.2	-0.1	0.7	-0.4	1.1
Average	1.6	1.7	0.5	2.4	-0.5	4.0	0.8	4.4
Big Five Districts								
Buffalo	2.1	0.3	-0.4	-1.4	2.4	-0.8	-1.8	-1.3
New York CITY	2.0	2.2	2.2	1.7	2.3	1.7	0.7	0.2
Rochester	3.1	3.5	1.0	0.5	2.6	3.0	0.4	1.0
Syracuse	2.2	1.9	0.1	0.5	0.5	0.7	0	0.1
Yonkers	4.3	4.1	5.1	2.3	4.2	4.0	1.2	1.7
Average	2.1	2.2	2.1	1.5	2.3	1.6	0.6	0.2
Low Minority Districts**								
Average	1.0	0.9	1.2	1.9	2.1	1.9	2.2	0.8
County-Wide Averages								
Nassau	1.6	1.5	1.7	1.9	1.9	2.1	1.6	1.6
Suffolk	0.4	0.5	0.7	1.0	1.6	1.7	1.6	-0.3
Westchester	2.9	2.3	3.4	3.0	3.1	3.2	2.7	1.9
Statewide Average	1.8	1.9	1.7	1.4	1.8	1.3	0.7	0.2

* Districts in which 80 percent or more of pupils are non-white. ** Districts in which less than 20 percent of the pupils are non-white.

*** The last two columns are a count of enrollment that includes BOCES pupils and a few other pupil groups counted for state aid.

Source: Based on computer data from the State Education Department Fiscal Analysis and Research Unit.

Table 8

Staff and Course Offerings in High Minority Suburban Districts

					Graduates	
	Pupil / Teacher Ratio (%)	Median Teacher Salary ($)	Percent Permanent Certificate (%)	Median Years of Experience	Percent Regent Diploma (%)	Percent College Bound (%)
High Minority Districts*						
Hempstead (Nassau)	18	N/A	79	17	6.0	68.1
Uniondale (Nassau)	14	69,040	91	17	22.0	81.1
Roosevelt (Nassau)	15	49,460	74	13	0.0	88.9
Westbury (Nassau)	14	N/A	73	15	18.0	72.9
Amityville (Suffolk)	14	64,375	87	20	20.0	65.8
Wyandanch (Suffolk)	15	52,629	76	14	6.0	60.8
Mount Vernon (West.)	15	66,071	88	17	20.0	73.3
Mean (Median)	15 (15)	60,315 (64,375)	N/A (79)	16.1 (17)	N/A (18.0)	N/A (72.9)
*Low Minority Districts***						
Mean (Median)	13 (13)	65,535 (66,476)	N/A (81)	17.1 (17)	N/A (64.0)	N/A (91.7)
County-wide Statistics	Average	Median	Average	Median		
Nassau	13	65,938	81	15	56.3	90.6
Suffolk	14	65,589	83	19	51.5	84.8
Westchester	13	67,233	81	18	35.2	86.2

* Districts in which 80 percent or more of pupils are non-white

** Districts in which 20 percent or less of pupils are non-white

Source: NY State Education Department, *New York: The State of Learning, Statistical Profiles*, Table 2 & 3.

Table 9

Percent of Pupils Tested and Percent Passing
Selected Regents' Examinations in High Minority Suburban Districts

	Comprehensive English		U.S. History		Sequential Math I		Biology	
	% Tested	% Passing	% Tested	% Passing	% Tested	% Passing	% Tested	% Passing
High Minority Districts*								
Hempstead (Nassau)	14	11	21	14	75	17	27	13
Uniondale (Nassau)	72	50	44	32	80	43	50	35
Roosevelt (Nassau)	68	45	62	26	126#	3	135#	15
Westbury (Nassau)	61	23	31	19	63	31	39	28
Amityville (Suffolk)	59	52	49	42	63	36	21	18
Wyandanch (Suffolk)	32	18	27	7	76	3	103#	14
Mount Vernon (West.)	48	43	39	33	57	42	40	28
Mean (Median)	N/A (59)	N/A (43)	N/A (39)	N/A (26)	N/A (69)	N/A (69)	N/A (69)	N/A (69)
*Low Minority Districts***								
Mean (Median)	N/A (80)	N/A (75)	N/A (78)	N/A (64)	N/A (93)	N/A (78)	N/A (81)	N/A (73)
County-Wide Statistics								
Nassau	78.0	71.0	77.0	63.0	91.0	73.0	77.0	66.0
Suffolk	77.0	70.0	74.0	60.0	89.0	71.0	73.0	62.0
Westchester	58.0	53.0	57.0	46.0	85.0	66.0	66.0	55.0

* Districts in which 80 percent or more of pupils are non-white.

** Districts in which 20 percent or less of pupils are non-white.

Tests were given to more students than registered at grade level.

Source: NY State Education Department, *New York: The State of Learning, Statistical Profiles*, Table 4, 5 & 6.

Table 10

Staff Characteristics and Course Offerings In the Big Five Cities

	Staff				Graduates	
	Pupil / Teacher Ratio	Median Teacher Salary	Percent Permanent Certificate	Median Years of Experience	Percent Regent Diploma	Percent College Bound
Big Five Cities						
Buffalo	14.3	N/A	77.3	19	23	73.9
New York City	15.0	45,965	66.0	13	20	83.3
Rochester	13.3	N/A	65.8	15	18	57.9
Syracuse	12.7	38,666	75.5	16	30	80.0
Yonkers	15.6	67,110	79.2	18	16	71.5
Mean (Median)	14.2 (14.3)	50,580 (45,965)	N/A (75.5)	16 (16)	N/A (20)	N/A (73.9)
*State Excluding Big Five**						
Mean (Median)	13.3 (13.6)	49,559 (45,798)	N/A (81.8)	17 (17)	N/A (49)	N/A (79.0)
State Wide Statistics						
Mean (Median)	12.8 (13.5)	49,319 (45,859)	N/A (81.4)	17 (17)	N/A (49)	N/A (79)

* This category includes 685 school districts.

Source: NY State Education Department, *New York: The State of Learning, Statistical Profiles*, Table 1 & 2.

Table 11

Percent of Pupils Tested and Percent Passing Selected Regents' Examinations in the Big Five Cities

	Comprehensive English		U.S. History		Sequential Math I		Biology	
	% Tested	% Passing	% Tested	% Passing	% Tested	% Passing	% Tested	% Passing
Big Five Cities								
Buffalo	45	39	38	30	25	16	54	31
New York City	58	39	57	32	87	39	41	18
Rochester	32	18	37	19	69	30	18	6
Syracuse	74	51	72	36	79	44	57	39
Yonkers	32	27	31	17	80	35	49	23
Mean (Median)	N/A (45)	N/A (39)	N/A (38)	N/A (30)	N/A(79)	N/A(35)	N/A (49)	N/A (23)
*State Excluding Big Five**								
Mean (Median)	N/A (77)	N/A (68)	N/A (74)	N/A (68)	N/A (90)	N/A (71)	N/A (71)	N/A (62)
State Wide Statistics								
Mean (Median)	N/A (77)	N/A (68)	N/A (73)	N/A (67)	N/A (90)	N/A (71)	N/A (71)	N/A (62)

* This category includes 685 school districts.

Source: NY State Education Department, *New York: The State of Learning, Statistical Profiles*, Table 4, 5, & 6.

Introduction

You are on an airplane, stacked in a holding pattern above New York City. As the plane circles the metropolitan area, you look down on treetops and gardens, ribbons of highway, commercial strips glowing with neon, development houses clustered on curving streets and many swimming pools. In the distance the towers of Manhattan rise. The ocean laps along the southern shore and bridges crossing the waters of Long Island Sound link Manhattan and Westchester county to Brooklyn, Queens and the Long Island counties of Nassau and Suffolk. You do not see the checkerboard map that describes the diverse populations of school districts in the suburban region below. You do not see the invisible borders that carve out the 162 separate school districts that are defined by state law and designated by maps. (See Figure 1)

Close as they are to one another, there seems little physically to distinguish one school district from another. Similar as they appear, they differ in ways that are of prime importance to the children they educate and their parents. Although within the same geographic region and sometimes contiguous, suburban school districts frequently serve very different pupil populations, tax property at differential rates and, indeed, may offer the children within their invisible borders very different levels of schooling depending on the types of children enrolled. The attached maps of school districts in Westchester, Nassau and Suffolk counties identify school districts according to their minority representations. This report focuses on those districts on our map that serve a very high proportion of minority pupils.

New York has become the most segregated of all the states in the nation, both for black and for Latino students. Using three measures of segregation, 1996-97 national data published by the National Center for Education Statistics reported that New York ranked lowest among all states in both the percentage of black students enrolled in majority-white schools and white students in majority-black schools. The same rankings held true for Latino students.[5] In 1976, minority students constituted 29.3 percent of all public school pupils in New York State, compared to 43.5 percent in 1996, indicating that minority groups represent an increasing share of the public school enrollment.[6] More and more, students in New York State attend either schools with very low or very concentrated minority representation.[7] In 1996-97, 76 percent of all the state's white students attended schools in which 80 percent or more of the pupils were white, while 64.4 percent of all the minority students in the state attended schools in which 80 percent or more pupils were non-white, facts that confirm the growing tendency towards segregation in New York state.

Although over 79 percent of minority students in the state is enrolled in the Big Five City school districts, a significant number now attend school in suburban areas surrounding large cities.

---

[5]*Education Daily*, June 16, 1999.
[6]*New York: The State of Learning, Statewide Profile*, April. 1998. p.119.
[7]*Ibid.*. p.122.

With their sharply contrasting pupil populations, differing levels of income, varied racial enrollments and disparate access to local revenues, the downstate metropolitan counties offer a microcosm of New York State. They provide a ready laboratory for studying the impact of state aid on diverse communities that share a common market and are minimally affected by the upstate-downstate cost differentials that so strongly color statewide school data. The downstate metropolitan area includes a number of school districts with the highest concentrations of minority pupils in the state, reflecting patterns of residential segregation that characterize the region. High minority school districts in the downstate region must confront the same high regional costs and the same tight labor markets as their affluent neighbors. With limited access to local wealth and less to spend on their public schools, these districts face a fiscal squeeze. A study of how state school aid programs affect high-minority school districts located in downstate suburban counties should help us evaluate the equity and adequacy of the entire state aid distribution.

The report addresses some of the questions now before the legislature:

- Do current state aid programs provide adequately for the extra academic needs of schools districts serving primarily minority students?
- Do the complex state aid formulas now in place increase resource inequities?
- Do political or economic exigencies distort the original objectives of New York State's system of funding public education?

To answer these questions we compared the demographic and fiscal characteristics of high minority school districts within the downstate metropolitan area (those school districts in which minority pupils constitute more than 80 percent of enrollment)[8] with low minority school districts within the same area (those in which fewer than 20 percent of enrolled pupils are minority). We then examined the impact of selected state aid provisions on the two groups of school districts to determine whether state policies are fairly meeting the needs of both.

State school aid is distributed to school *districts*, not individual school sites. Because we are interested in the impact of state policy on those districts in which minority pupils are educated, our analysis is concerned with school districts rather than individual school sites.
The report will:

- Present comparative demographic and fiscal profiles for high and low minority school districts in the downstate suburbs as well for each of the Big Five school districts as compared to the rest of the state *excluding the big cities.*
- Describe the current state aid system and examine the impact of major state aid formulas that were expected to support low-wealth, high minority school districts in the downstate metropolitan counties of Westchester Nassau and Suffolk and the Big Five City school districts.

---

[8]Definition of "High" and "Low" Minority from the State Education Department's report to the legislature, *New York: The State of Learning, Statewide Profile of the Educational System April, 1998. p. 119.*

- Identify those programs within the state school aid system that counter the equalizing intent of such formulas.
- Review the impact of caps on aid and save harmless guarantees and identify possible causes for the disequalizing effect of the Transition Adjustment included in the state aid formula.

Conclude with a discussion of the political and economic pressures on state aid distribution and their effect on the equity and adequacy of state support for public schools.

Section I. Profile of High Minority School Districts in the Downstate Suburbs

When the school districts in New York State are ranked on the basis of minority enrollment, we see that the nine districts with the highest concentrations of minority pupils (those with minority enrollments of 80 percent or greater) are either among the Big Five cities (Rochester and New York) or are located in the downstate metropolitan area. In New York City, 83.9 percent of the public school enrollment is non-white. Among all the districts ranked in the highest minority category, only Rochester, where 80.4 percent of enrollment is non-white, is outside the downstate area. It must be noted that in the year 1996-97, according to school district data published by the State Education Department in 1998, *the nine districts in which minority pupils constituted 80 percent or more of total enrollment together enrolled more than half of all the students enrolled in New York State public schools.*

As popular understanding goes, the suburban counties ringing New York City are ethnically white, generally well-to-do bedroom communities. A closer look shows that Nassau, Suffolk and Westchester, the three downstate counties in which suburban high-minority school districts are located, are far from universally white and indeed they are growing more ethnically diverse. All are populous areas; Westchester had a population of 893,412 in 1996, Nassau 1,303,389 and Suffolk 1,356,896. The northern section of Westchester and eastern Suffolk still have an agricultural flavor, with lower population density and lower costs. The lower expenditures and lower teacher costs in the rural/suburban sections of northern Westchester and eastern Suffolk are reflected in the county averages for Suffolk and Westchester.

Together the three counties enrolled about 20 percent of the state's pupils in public schools. The average county minority population ranged from 20 percent in Westchester, about 15 percent in Nassau to 10 percent in Suffolk. For the most part, minority populations in the downstate suburbs are confined to isolated sections, often adjacent to largely white centers. As the map shows, high-minority Mt. Vernon abuts affluent Bronxville (95 percent white) and Wyandanch, also high-minority, is bordered by Half Hollow Hills and Deer Park, both over 75 percent white.

The attached tables identify those suburban school districts in which total enrollment is 80 percent or more non-white. They compare data on the high minority school districts to county averages and to the group of districts defined by the State Education Department as low-minority districts.[9] As Table 1 shows, the seven downstate school districts outside the Big Five cities with the highest minority enrollment together enrolled 32,672 pupils while the 98 downstate school districts that meet the State Education Department's criterion for low-minority districts together enrolled close to 298,500 pupils. For these two groups, we compare data on demographic and fiscal characteristics and on pupil performance on state tests.

---

[9] *New York: the State of Learning, April, 1998.* p119.

Table 1 lists the high minority school districts within the downstate metropolitan area and the percentage of total enrollment in the district that is minority. Enrollments in five suburban high minority school districts, Roosevelt, Wyandanch, Hempstead, Westbury and Uniondale are between 95 and 99 percent minority. Four of the high minority school districts are in Nassau county; Wyandanch and Amityville are in Suffolk county. The only city among the high minority suburban school districts is Mt. Vernon, in Westchester county. Two of the Big Five cities, New York City and Rochester are high minority school districts, the percentage of minority school enrollment in these cities dwarfs the percentage of minorities in the population of the cities as a whole.

Table 1 displays the demographic characteristics of the independent[10] school districts which have the highest minority enrollments in the downstate counties compared to the low minority school districts in the same area. As stated in the Glossary of the State Education Department report, state data on pupil counts refers to pupil information for the 1996-97 school year. Enrollment data include students in grades K-12 as well as those in ungraded classes for students with disabilities.[11]

Attendance rate is defined as "the average daily attendance divided by the possible average daily attendance."[12] Table 1 shows lower attendance rates for the high minority suburban school districts than for the low minority school suburban districts -a median of 91.3 for the high minority districts compares to 95.1 for the low minority school districts. The state uses attendance data in its count of pupils eligible for state aid. The fact that attendance is lower in high minority school districts means that they are entitled to less aid than they would receive were aid computed using an enrollment-only pupil count.

Table 1 includes data for downstate suburban districts on enrollment in the regular school program, using a pupil count defined as FTE or "full time equivalent" which accounts for part time enrollments. This is useful in comparing participation in special education to enrollments in the regular education program. The figures are significant because the proportion of total enrollment occupied by special education may account for wide differences among school districts in expenditure and need for resources. The table shows some marked discrepancies between total enrollment and FTE enrollment in regular education, so all the FTE data reported here must be viewed with caution. Total Enrollment as shown in the first column of Table1 is defined as "the number of students enrolled in kindergarten through grade 12 plus those in ungraded classes for children with disabilities"[13] The FTE enrollments listed in the fifth column of the table is differently defined; it is based on average daily membership and includes pupils for whom the

---

[10]New York State law permits school districts outside the Big Five cities to levy property taxes on their own residents to support their school programs. They are called *independent* school districts. The five largest city school systems must rely on budget allocations from municipal governments for all their local funds; they are called *dependent* school districts.

[11] *Statistical Profiles*, Glossary p.v.

[12]Ibid. Attendance rate data refers to the school year 1995-96.

[13]Ibid., Glossary p.v.

districts pays tuition in another school district. FTE enrollment for special education is the sum of all reported full time equivalent K-12 special education pupils.[14]

To highlight the proportion of the student body served in the regular education program as compared to the special education programs in the downstate suburbs, Table 1 (column 7) gives the percentage of total enrollment assigned to special education. For the high minority group of school districts shown here, the proportion of pupils assigned to special education is high in Roosevelt and appears to be especially high in the case of Wyandanch. In the remaining high minority school districts, the percentage of pupils enrolled in special education is similar to that in other downstate school districts and to averages for the surrounding county areas.

Table 1 reflects the fact that, by definition, the proportion of pupils with limited English proficiency (LEP) is considerably higher in the high minority suburban school districts with a median of 6.4 compared to 1.3, the median percentage for low minority suburban districts. Hispanic students and other recent arrivals constitute significant portions of the enrollment in the downstate counties, especially in Hempstead and Westbury.

Dropout and suspension rates[15] were significantly higher among suburban school districts with the highest percentages of minority students as compared to suburban school districts with the lowest percentages of minority pupils. The median dropout rate was 1.8 compared to a median dropout rate for the low minority school districts of 0.4. students. The median suspension rates[16] in the high minority school districts was 9.2 percent compared to a median of 2.2 percent for the low minority school district group.

In the downstate metropolitan counties, despite the widespread ambiance of affluence, many children qualify for free or reduced-price lunch.[17] The presence of poverty is perhaps the fiscal characteristic that most distinguishes high as compared to low minority school districts in the suburban downstate metropolitan area. Table 2 shows plainly that the high minority school districts serve a population of poor children and the low minority school districts do not. In two school districts, Wyandanch and Hempstead, percentages of children participating in the free or reduced-price lunch programs exceeded 100 percent, an indication that the district is serving more than one meal - perhaps breakfast as well as lunch, to its students.[18] *The median percent of*

---

[14]*Statistical Profiles, Table* 7, p.116.

[15]*Statistical Profiles*, Glossary p.v. Defined as the number of dropouts, between 7/1/95 and 6/30/96, divided by the grades 9-12 enrollment including the portion of ungraded secondary enrollment in grades 9-12, expressed as a percentage.

[16]*Statistical Profiles*, Glossary p.v. Defined as the number of students in grades K-12 who were suspended from school for at least one day during the 1995-96 school year divided by the total district K-12 enrollment, expressed as a percentage.

[17]The percent of enrolled children within the district who participate in the free or reduced-price lunch program is widely used as a proxy for the level of poverty within a school district.

[18]*Statistical Profiles Glossary,* pp. v-vi Defined as the number of students K-6 participating in the

enrollment participating in the free or reduced-price lunch program in the downstate high minority districts was 73.1 compared to 5.2 percent in the low-minority downstate school districts. County averages for the percentages of enrollment participating in school lunch were 17.4 for Nassau, 23.9 for Suffolk and 29.6 for Westchester.

Table 2 presents data on the relative property and income wealth of each high minority downstate suburban school district in the form of a "combined wealth ratio" or (CWR), a ratio which compares a district's income and property wealth to that of the state as a whole. Together, their CWR's range from 0.396 in Wyandanch to 1.320 in Westbury (where the district's income and property wealth is disproportionately affected by a small high income neighborhood, Old Westbury). Four of the downstate high minority school districts were below the state average in property and income wealth; Westbury, Uniondale and Amityville all had property and income resources close to, or slightly above 1.000, the average for New York State. *The median CWR for the high minority suburban districts was 0.90, compared to the median of low minority districts of 1.660, reflecting the disparate wealth of the two types of district.*

Instead of data on dollar allocations of state aid for each school district, the State Education Department's 1998 report to the legislature offers a variable called "State Revenue Share" defined as the percentage of total revenues that is shared by the state. Total revenues include the local tax levy contribution, federal aid, locally earned revenues and gifts to the school district. Table 2 shows that the state shared a greater portion of total school expenditures in the high minority districts than in the low. The state's equalizing formulas require the state to contribute more to low-wealth school districts than to high-wealth districts. Because the high minority suburban school districts are relatively low in wealth, the state formulas provide more for them than for more affluent school districts and one would expect a higher State Revenue Share in the poorer, high minority school districts than in the more affluent low minority districts. The state share of total revenues is not perfectly consistent with the local CWR because total revenues are composed of both local and federal funds and the local contribution in the form of property taxes varies. For example, the state shares the same portion of expenditures in Roosevelt and Wyandanch (61 percent of total expenditures) although their CWR's are not equivalent. Variation in local tax effort, federal aid and the type of state aid allocated to the district account for this discrepancy. Additional factors which tend to inhibit the equalizing components of state aid are discussed below.

Tax rates and expenditures for the two groups, high minority and low minority school districts in the downstate suburbs differ substantially. Unlike high need school districts in the rest of the state, where regional costs are lower, the high minority school districts in the downstate counties make a relatively high tax effort so that, with their limited resources, they can spend about as much per pupil as their wealthy neighbors, as the column on Total Expenditure per pupil shows.[19] Despite somewhat higher levels of state support, the high-minority school districts in

---

free and reduced-price lunch program divided by the total enrollment in those grades as reported in October, 1996, expressed as a percentage.

[19] *Statistical Profiles Glossary, p.vii*

the downstate area had to tax themselves more heavily than the low-minority school districts to support their schools. Unlike high need school districts in upstate areas, high minority school districts in the downstate area typically taxed themselves at rates of $21.00 to $31.20 per $1,000 full value of property, while the low-minority school districts taxed themselves at lower rates; the median was $16.40 per $1,000.

Table 2 shows that, compared to the low minority suburban school districts, the high minority suburban districts report similar *total* expenditures per pupil, but lower *instructional* expenditures per pupil.[20] They had markedly higher special education instructional costs per pupil. The median expenditure per special education pupil in suburban high minority was $16,330 compared to $13,767 in low minority districts.[21] In other words, *the high minority districts in the downstate suburbs, with lower income and property values, had to stretch to compete with neighboring school districts in which per pupil spending was relatively high. While holding down instructional spending (possibly at the expense of pupil outcomes) they could meet market costs of special education and non-instructional services.*

---

[20]*Statistical Profiles Glossary, p. ix.* The table highlights the difference between "Total Expenditure" (which includes all general and non-instructional expenses such as transportation, administration, debt service and building maintenance and expenditures for disabled pupils educated within and outside the district) and "Instructional Expenditures for Regular Education" (which are defined as K-12 expenses of classroom instruction *excluding* special education except for those pupils served in regular classroom settings, plus a portion of administrative and instructional support costs)

[21]Data are from 1995-96.

Section II. Profile of the Big Five City School Districts

The state's five largest cities, Buffalo, New York, Rochester, Syracuse and Yonkers together enroll 42 percent of all the state's pupils and 79 percent of the state's minority pupils. Many of these students are in school buildings that are themselves more than 80 percent minority, although their schools may lie within districts that do not meet the state's criterion for high minority. Most pupils in the Big Five cities live and learn in a segregated environment. To compare available data on conditions in high minority schools in our largest cities with conditions elsewhere in the state we must look at statewide data *exclusive* of the Big Five cities, rather than at statewide averages, which include and are influenced by the city data.[22]

In Table 3, the contrast between size of enrollment in the large cities and in school districts outside of the city is highlighted. All the Big Five cities enroll 23,000 or more pupils and, by law, are dependent school districts that are not empowered to levy their own taxes, but rather, are funded by the municipal government. The cities vary in scale. New York City, with more than a million students, is more than twenty times as large as the next largest city, Buffalo, with its enrollment of 46,069. Yonkers and New York City are in the high cost downstate region while the other three cities are in upstate areas where the cost of living is substantially lower. Minority enrollment in the Big Five City school districts ranged from 50 percent in Syracuse to 84 percent in New York City, while in the rest of the state (R.O.S.) the median percent of enrollment that was minority was 3.8 percent. In the Big Five city school districts the percentage of pupils with limited English proficiency (as expressed by LEP rates) was 15 percent, considerably above the median LEP rate in the rest of the state which was less than 1 percent. The disparity in LEP rates reflects the concentration of immigrants and non-English speaking children in large cities, particularly in New York and Rochester.

Table 3 shows that the Big Five City school districts differ markedly from the rest of the state, not only in terms of size, but in the problems they face in maintaining attendance and discipline, serving pupils with limited English proficiency, and retaining pupils in school. Table 3. shows that

- Attendance rates in the Big Five districts were much lower than those elsewhere in the state, ranging from 87 percent in New York City to 91 percent in Buffalo and Syracuse. Outside the cities, in the rest of the state, the median attendance rate was 95.1.
- Dropout rates in the Big Five cities ranged from 2.1 percent in Buffalo to 7 percent in Rochester. Outside the cities, in the rest of the state, the dropout rate

[22]As a base for comparison, median values rather than averages are compared because many of the benchmarks reported are expressed as rates or averages and averages of averages are best avoided

was only 1.6 percent. Suspension rates ranged from 3.2 in New York City to 14 in Syracuse, while in the rest of the state the median percentage was 3.3.

- In the Big Five City districts, the percentage of pupils enrolled in special education ranged from 11 percent in New York City to 20 percent in Syracuse, compared to 13.3 percent, the median percent of enrollment that was enrolled in special education in the rest of the state.

Table 4 demonstrates that the fiscal characteristics of the Big Five City school districts differ sharply from those that are typical in the rest of the state. The large cities all have participation rates in the free or reduced-price lunch program of 70 percent or more, while the median percentage for participation in the lunch program outside the Big Five cities is 30.5 percent. The cities are now relatively poor in combined income and property wealth. Only one, Yonkers, has a CWR wealth ratio of over 1.000 (the state average). Because much of state aid is not fully equalized and contributions from city and federal sources vary with regional costs, the state's share of each city's total revenues varies, ranging from 34 percent in Yonkers to 68 percent in Buffalo. The state's revenue share for New York City, with a local wealth ratio that was slightly *below* the state average, was 43 percent. In the rest of the state, the median state revenue share was 46.7 percent.

Maintaining tax effort in the Big Five has been an on-going issue throughout the last decade. Each year, municipal budgets must be passed determining the local share of support for public schools. Municipalities receive state school aid in the form of budget revenues. To date, there has been no reliable mechanism to assure that the funds received by the Big Five cities as state aid will be fully applied to the school systems, or that the funds will be assigned to the targeted programs or pupil groups for which they were intended. Since by law, the Big Five cities do not levy their own taxes for schools, "local tax rates" reported for the Big Five cities are simply computed figures derived by expressing budgeted funds for schools as a percentage of available property values. These implied rates were lowest in Buffalo and New York City, $12.77 per thousand dollars of total property value, and $13.59 per thousand dollars of total property value, respectively. Rochester showed the highest imputed tax rate, $21.39 per thousand, with Syracuse and Yonkers both at $17.20 per thousand. Implied tax rates in the Big Five cities rates are relatively low compared to the median full value tax rate for the rest of the state of $15.38 per thousand dollars of property value. Comparisons would be much more meaningful if corrected for regional differentials in cost.

Even without a correction for regional cost differentials, it is clear from Table 4 that New York City spent considerably less in total expenditures per pupil, $8,213 per enrolled pupil, than the average district in the rest of the state, $11,569 per enrolled pupil. Total expenditures per pupil were $10,856 in Yonkers, and between $9,508 and $10,176 in the other cities. In instructional expenditures for regular education per FTE pupil, expenditures in the Big Five cities ranged less widely, from $4,399 in New York City to $6,728 in Yonkers, and were close to the average for the rest of the state, $5,916. The important distinction in expenditure patterns between the Big Five and the rest of the state is in the area of special education. Special education expenditures per pupil were especially high in New York, Yonkers and Rochester, $ 15,321, $14,290 and $13,229 respectively, well above the $11,000 average for the rest of the state.

Section III. New York's State Aid For Education

Background

The New York State constitution requires the state to "maintain a system of common schools wherein all children may be educated." firmly establishing the state's responsibility for public education. At the start of the century, the state encouraged the development of public schools by distributing small amounts of money to supplement the local contributions that supported the then mostly rural local schools. Aid was based on per-teacher quotas and varied according to the way the district was classified.[23] Later, state policy encouraged the formation of local education centers, the building of high schools and the consolidation of small local school districts. By the 1920's, interest shifted to the creation of a statewide system for distributing school funds. A search began for criteria that would distribute school funds fairly and free school funding from political bias.

The approach now underlying the distribution of school aid in New York state was adopted from a British concept and put forward in a report prepared for the Educational Finance Inquiry Commission (1921-1924) by George D.Strayer and Robert M. Haig. They proposed a tax equalization formula for allocating funds based on the principal of "equalization of educational opportunity."[24]The authors explained that funds should be inversely related to each school district's capacity to raise local revenues, and commensurate with the extent of the district's education task. At the same time, they were concerned with equalization of tax burden:

> "The state should insure equal educational facilities to every child within its borders at a uniform effort throughout the state in terms of the burden of taxation; the tax burden of education which would, throughout the state be uniform in relation to taxpaying ability, and the provision of the schools should be uniform in relation to the educable population desiring education."

To measure fiscal capacity, the Strayer-Haig formula related the dollar value of the local tax base to that of the state as a whole and to measure educational task, it counted the district's enrolled pupils. The state assured that all districts, no matter their wealth, would receive at least a minimum, flat grant. Professor Paul Mort of Columbia College helped to implement this proposal, which took shape as the Cole-Rice laws of the 1920's. Despite a series of adjustments, the plan soon fell short of its basic goals, equalization of expenditures and tax effort.

---

[23]The Fleischmann Report on the *Quality, Cost, and Financing of Elementary and Secondary Education in New York State,* vol.I., Appendix 2C, p.143-144. The Viking Press, New York.1973.

[24]Ibid., p.144.

In 1962, the state aid formula was again modified, following recommendations made by the Diefendorf Commission. Aid was distributed on the basis of an aid ratio relating each district's taxing capacity to that of the state as a whole. The state committed itself to share in local expenses *up to* a dollar per pupil "ceiling," with not only a maximum but a minimum guarantee. These concepts persist today in the basic state aid program, Operating Aid. The "ceiling" still represents a hypothetical expenditure per pupil. The state "shares" part of the locality's expenses, permitting the local school district to determine its own budget and levy property taxes to support that budget. At first, the state committed to share 49 percent of the total expenses of the average local school district; later in 1968-69, it reduced this commitment to 46 percent. The percentage representing the state's share was again reduced to 36 percent when the ceiling was raised in 1974 and remains in today's basic formula for Operating Aid as the share factor used in computing aid for a district of average wealth.[25]Additional aid programs such as Transportation Aid and Excess Cost Aids for children with disabilities were soon added to the basic formula. The package of aids that make up the current "system" grew to unwieldy proportions, as will be described below.

School revenues from state sources went from $4 billion in 1980 to $9 billion in 1990 and total expenditures doubled, increasing from almost $10 billion in 1980 to $20 billion in 1990.[26]The operating aid ceiling and flat grant were raised. At the same time, most school districts were experiencing a marked decline in enrollment. On a per pupil basis, enrollment decline resulted in increased aid. With the notable exception of large cities like New York City, it meant smaller classes at the school level, and reduced teacher pupil ratios. The decline in enrollment was such that, by 1982-83, over a third of the state's school districts, 263 districts, were receiving aid on a save-harmless basis. Several were receiving aid based on a save-harmless figure that dated back to 1965, almost twenty years earlier.[27] The fact that so many districts were receiving aid on a save harmless basis in 1982 clearly demonstrated that the formula then in place was not working. Political and judicial pressure to reform the system mounted in that year, as the court case, *Levittown v. Nyquist* moved to the highest court.[28]

State aid to local school districts becomes the focus each year of a political drama. Efforts to meet new needs, to help schools keep pace with rising costs, to consolidate aid programs, simplify and reform the system of distributing aid - all must be fought out on the stage of the budget battle. In the legislature, annual priorities often center on cost control. Partisan, as well as personal, political ambitions frequently play a decisive role. As a result, the emerging "system" of funding schools contains many contradictions. While it sometimes reflects reform intentions, the

---

[25]Currently, the state sharing ratio for districts within the range of wealth close to the state average is expressed in the operating aid formula as 1.00 -(.640*CWR) which translates as .36*CWR (The "one, minus" format assures that the formula results will be not yield a negative number).

[26]State Education Department, Fiscal Analysis and Research Unit, *Analysis of School Finances in NY State School Districts, 1996-97*. pp.1-3.

[27]Ibid., p.v.

[28]Lower courts in *Levittown v. Nyquist* upheld the plaintiffs' claim that the state funding system was unconstitutional, but the Court of Appeals ruled the system constitutional.

bottom line is often disappointing. The state gives with one hand, takes away with the other. A review of how these conflicting tendencies have affected school districts in the last ten years will illustrate this point.

Deficit Reduction

The percent of total state expenditures appropriated as school aid reached its high point in 1989-90, then fell sharply as the state faced up to its $6 billion budget deficit. To reduce its overload of debt, the state began to cut back funds for education, beginning with a "restructuring" of its Teacher Retirement System (TRS), which reduced aid by the amount that would have been paid to TRS on behalf of school districts and required a $67 million cutback in school aid. In 1990, the legislature passed an unprecedented mid-year "Deficit Reduction Assessment" in the form of a $190 million "give-back" by local school districts[29] The restructuring disrupted payment schedules and required many local districts to borrow funds to meet on-going needs.[30] Overall, state aid dropped by $500 million between 1990-91 and 1991-92. In 1993-94, the save harmless guarantee that was previously included in Operating Aid assuring no reduction in total dollars over the aid received in the previous year, along with new restraints on allowable increases in aid, were incorporated into one program, "Transition Aid." Transition "Aid" is now more properly referred to as the "Transition Adjustment."

The Package of Aids

The impact of state aid on school districts of various types in New York State must be viewed as a total package.[31] The Governor's Executive budget for 1999-00 lists 19 formula-based aids, and about 30 other aid categories and grants.[32]State aid has mirrored legislative efforts to solve specific problems, such as rapidly rising property values that produce loss of state aid in affluent suburbs or meet the needs of certain constituencies such as pupils with limited English. New aid programs are frequently added to what has become an accretion of programs and policies. However, many are underfunded. While each separate aid program or formula contributes revenues for school districts in varying amounts, it is important to understand that the state does not attempt to monitor the budget policies of localities in a way that would assure that the funds generated in each aid program are actually spent for the purposes described by the formula. In effect, formula aids are pooled, and in their lobbying efforts, school districts have learned to focus on the bottom line - the total state aid allocation.

Looking at the package of 1998-99 aids for the state as a whole, we see that about 95 percent of state aid distributed is currently distributed in six major categories, as shown in the attached pie graph. (Figure 2) Operating Aid accounts for 52.3 percent of all state funds.

---

[29]State Education Department, Primer on State Aid, p.4.

[30]New York City has an independent teacher retirement system and was not affected by the TRS deductions.

[31]Information on current state aid is from the State Department publication, Formula Aids for Major Districts, 1998-99.

[32]New York State Division of the Budget, *Description of 1999-00 New York State Executive Budget Recommendations for Elementary and Secondary Education,* January 27, 1999 p.28.

Programs to serve special education students (Excess Cost Aids) now account for 15 percent of total state aid. Transportation and Building aids, both based on district expenditures, together account for 6.9 and 7.8 percent respectively. Extraordinary Needs Aid receives 6 percent of the total and Tax Effort and Tax Equalization aid together account for 6.9 percent of the total. The sum of all "Other Aids" constitutes only 5 percent of the total state aid package.

Table 5 shows amounts of aid per pupil received in major state aid categories in1998-99 by the high minority school districts, and each Big Five city district along with the average low minority school district and the average for each downstate county and for the state as a whole.

Operating Aid

New York State's system of funding education combines both state aid and locally generated funds. It was based on the concept that state aid should supplement the local contribution and compensate for disparities in local ability to pay and for local differences in need. Operating Aid has been the engine for accomplishing these objectives and remains the state's chief vehicle for equalizing state aid entitlements. It was designed to help defray the on-going operational costs of every public school district Originally, it *was* the state aid formula - the mechanism that was expected to equalize aid on the basis of objective, measurable criteria. More than 80 percent of all state school aid was allocated in the form of Operating Aid, with only two or three expense-based aids supplementing the total dollar distribution. Now, many other aid programs and separate formulas add to the complexity of the state's contribution to the funding of public schools. Nevertheless, the formula for distributing Operating Aid remains the most important aid and still incorporates the basic equalizing intent of the state's funding mechanism.

Operating Aid continues to set a fixed amount of aid per pupil in the form of a "ceiling," or proxy for a dollar expenditure per pupil, and allocates a share of that amount to all public school districts. Current law fixes the ceiling at $3,900 per pupil and, while keeping the state's share at 36 percent for a district of *average* wealth, it offers four options for computing a varying state share which adjust up or down, depending on the district's property and income wealth per pupil. In other words, the option to choose among four levels of state/district sharing provides an equalizing factor by varying the share ratio according to district wealth. Operating Aid currently provides another small adjustment based on a district's actual expenditure per pupil,[33] giving a little more aid to those districts that spend under $8,000 per pupil. To smooth out the effect of enrollment growth, the formula counts aidable pupils using a ratio of the two previous years. For aids payable in 1998-99, for example, operating aid is calculated using the ratio of its 1996-97 pupil count to its 1997-98 pupil count.[34] The program continues an especially non-equalizing

---

[33] An amount equal to 7.5 percent of the district's 1996-97 per pupil Approved Operating Expenses is added to the ceiling if expenses are between $3,900 and $8,000.

[34] Most of the aid formulas distribute funds to local districts using the district's "Total Aidable Pupil Unit" (TAPU), a pupil count that is based on attendance and includes some, but not all, pupil weights. Pupil counts must be audited and are frequently amended. Therefore, the state uses counts that are two and sometimes three years old. For this study, we have computed per pupil aid using estimated enrollment for the most recent available year (1998-99) because it is a simpler

feature: every school district, however wealthy, is guaranteed at least a minimum of aid in the form of a flat grant of $400 per pupil.

Operating Aid remains the most important component of the total aid received by all high minority school districts as Table 6 shows. Bear in mind the previous findings; suburban high minority school districts are poorer in property wealth and income wealth than low minority school districts and other neighboring districts, a fact reflected in the county averages. Therefore, the state state's share of total revenues was higher in high minority school districts than in low. The state contributed 61 percent of all revenues in two of the suburban high minority school districts, 41 percent in two others and between 23 and 15 percent in the other three (Table 2). The state contributed less, an average of 15 percent, of all revenues in the low minority school districts. As a percent of total *aid* (not the total *revenues*, which include federal aid as well as locally raised revenues) Operating Aid for the suburban high minority school districts varied in 1998-99 from 38 percent in Roosevelt to 65 percent in Uniondale. The range in variation is not surprising, as the districts differ in local property wealth and income as well as in their pupil counts and attendance ratios, all of which largely determine the amount payable as Operating Aid. They differ, too, in the mix of other aid programs that comprise their total state aid entitlements. Operating Aid for low minority school districts comprised, on the average, 40 percent of total aid. Among the three downstate counties, the percentage of total aid represented by Operating Aid was 41 percent in Suffolk and 46 percent in both Nassau and Westchester (Table 6).

Extraordinary Needs Aids

Extraordinary Needs Aid has become one of the largest categories of aid, distributing 6 percent of total aid distributed by the state. It was initiated in 1993-94 when the Board of Regents recognized that the extra high needs of urban school districts and sparsely populated rural districts were not being met. The formula for ENA reflects this concern. 1) It counts as eligible for ENA aid the number of pupils receiving special aid for limited English proficiency; 2) and the percent of pupils participating in free and reduced price lunch programs.3) The ENA formula adds a factor to measure geographic sparsity in rural school districts, and 4) gives extra aid to districts with *a concentration of* poor pupils in excess of 78.6 percent. The formula, like Operating Aid, is wealth adjusted, but uses a special sharing ratio based only on relative *income per pupil*, not property wealth. When first established, ENA aid was largely ineffective because it was included in the Transition Adjustment's capping provisions then in effect. To free the program from these restraints, it was excluded from the list of aids covered by the Transition caps in 1996 and now contributes more effectively to the large cities for which it was designed. A specific save-harmless clause now assures districts of at least as much ENA as they received in the previous year.

School districts outside the big cities in the non-rural metropolitan suburbs do not benefit significantly from the program. In only three districts among the eight high minority school districts outside New York did the district's percentage of total aid represented by ENA reach double digit levels. (This was true for 1998-99 aid, which exempts ENA from the Transition Adjustment and also provides a separate save harmless provision to ensure no loss of ENA funds

---

count and gives a better picture of the aid available to the pupils currently enrolled.

over the previous year's entitlement.) Low minority districts outside the big cities receive even less ENA, an average of only 1 percent. For the counties, the average percentage of total aid represented by ENA varied between 2 and 5 percent. The Big Five cities all received significant percentages of their total aid in the form of Extraordinary Needs Aid.

Tax Effort and Tax Equalization Aids

Measures to alleviate local property taxes where the burden is especially high have been included in the package of state aids since the early 1980's. Formulas relating the districts' expenditures (tax levy) to its available property tax base were devised to target aid to districts where property values were rising rapidly. From its inception, New York City was excluded from this aid program, known in its original incarnation as High Tax Aid. It chiefly benefited the surrounding suburban school districts where rising property taxes were the major political issue.

Under the 1998-99 law, there were two tax adjustment aids: Tax Equalization Aid and Tax Effort Aid. Tax Equalization Aid provides aid "for school districts and their taxpayers burdened with exceptionally high tax rates."[35] Tax Effort Aid provides aid to districts in which the property tax on residential property exceeds three percent of the district residents' adjusted gross income. It is defined as a rate of $19.50 per $1,000 of full value needed to fund the district's approved operating expenses if less than $8,000 per pupil. It is not available to property-rich districts with a full value property value ratio of more than 2.00. Together, the tax adjustment aids provide relief for districts that have relatively high tax rates in terms of the relationship between taxable property and expenditures and those districts in which the tax levy is relatively high in relation to income. Both adjustments channel aid to high minority school districts in high cost areas like the downstate metropolitan region.

Two high minority districts, Hempstead and Mt. Vernon receive a major portion of their aid (45 percent in Mt Vernon and 41 percent in Hempstead) in the form of Tax Effort and Tax Equalization aids. Because these aid programs are still subject to caps under the current Transition Adjustment, Mt. Vernon and Hempstead, both high need, high minority school districts, were effectively prevented from realizing the full amounts that the tax adjustment aids would otherwise have contributed.

In response to Governor Pataki's initiative, the legislature enacted the STAR (State TAx Relief) program in 1997, giving tax relief on residential property to all taxpayers in the form of property tax exemptions directly payable to the taxpayer. Senior citizens with limited incomes will receive payment in the current year. The state will reimburse school districts for the resulting loss. The program attempts no adjustment for wealth or pupil needs. Its effect is regressive because the higher the property value, the larger the reimbursement and most highly valued properties are owned by wealthy taxpayers. The program is not a school aid program, but rather a vehicle for

---

[35]Ibid., p.5.Tax rates in this study are defined as "full value" rates, that is the rates after the assessed valuation of local real property have been adjusted by the State Office of Real Property Services to make them comparable throughout the state. A school district's full value ratio relates its adjusted property holdings to the average full valuation of real property in the state as a whole.

tax relief. It provides affluent taxpayrs direct and grossly unequalized tax relief with state funds that might otherwise have supported school programs.

Excess Cost Aids

Aid for pupils with disabilities, called Excess Cost Aid, is an important component of the total aid package. Statewide, pupils served in special education programs are given extra weights in the district's wealth measure and in computing district expenditure per pupil, but not in total aidable pupil units (or TAPU), the pupil count used to distribute most aids. Excess Cost Aid is provided according to the hours that are required for each type of disability. Those served by the district in full time programs receive additional aid. High Cost Aid is provided for more severely disabled pupils who are placed in full time, private residential programs. Excess Cost services for both types of pupil have greatly expanded over the years and so have Excess cost aids. They now account for 15 percent of the total state aid distributed. In the high minority school districts, Excess Cost Aids play a slightly more important role than in the low minority school districts, accounting for 20 or more percent of total aid in five of the high minority districts, 14 percent of total aid, on the average, in downstate low minority school districts and between 18 and 22 percent of the total aid received for the three downstate counties.

Additional Aids

The total aid package includes many aid programs, some with a long history like Transportation Aid and Building Aid, each of which represents about 7 percent of total aid statewide. Aid is provided for the purchase of library books, and for both computer hardware and software; for pupils with limited English proficiency (LEP); for the gifted and talented; extra support to keep pupils in regular, rather than special education programs (Educationally Related Support Services called ERRSA). While these "other" aids demonstrate that the state has acknowledged some important needs, together they account for only 5 percent - a relatively small portion of the total aid received by high minority school districts.

Among the many programs that were added to the state aid package to meet the needs of specific pupil groups, programs like (LEP); ERSSA for mainstreaming special education pupils, and recently, Operating Standards Aid to help pupils meet the new rigorous academic standards imposed by the Board of Regents, were intended to benefit high need and high minority school districts. A brief account of some targeted aids that affect high need school districts follows.

Operating Standards Aid

Of particular interest in the current year is Operating Standards Aid. The Board of Regents in 1997 approved a comprehensive plan requiring students to meet higher learning standards. Students in the past have been able to take the less demanding Regents' competency tests for graduation and many pupils with limited English proficiency or other limitations were not required to take the more challenging exams. Beginning in June, all high school students were required to take a six-hour, rigorous Regents' examination in English and in the following year, will be required to achieve a passing grade of 55 on the test in order to graduate. Freshmen in the entering class of 2001 will be required to score at least 65 on the test. They will be expected to take more rigorous courses in math and science.

Recent pre-tests found that throughout the state, 27 percent of those tested failed to meet the passing grade in English[36]. In New York City the percentage was 37 percent. Reports from teachers and administrators throughout the state have indicated that thousands of students will have difficulty meeting the new requirements. A program to help students prepare for the tests and to support activities and programs to train teachers and improve educational practices was designed by the Board of Regents. It provides aid on the basis of a formula which takes into account, not only a district's wealth and level of spending, but adjusts the pupil count in recognition of extraordinary pupil needs. For the year 1998-99, only an estimated $81.96 million was allocated statewide for Operating Standards Aid[37]- hardly enough for the thousands of students who urgently need help. Schools must now focus on ways to bolster learning practices, to provide tutoring, teacher training and summer school support if the Regents' leap to new, higher state standards is to succeed. New funds must be found to support their efforts.

Growth Aid

Growth Aid was designed to compensate school districts with marked increases in enrollment relative to the state as a whole. In theory, increased enrollment should be reflected in greater aid because aid is distributed on the basis of pupils. As data on pupil attendance rates show, attendance rates in large cities are well below attendance rates elsewhere. In 1998-99, attendance in 1996-97 is the basis of computing operating aid. It is multiplied by the ratio of 1996-97 enrollment to 1997-98 enrollment to provide an adjustment for growth.[38]Basing growth rates on attendance in large cities substantially reduces support for the growth in enrollment that they are experiencing. A supplement to basic operating aid is available in the form of Growth Aid. A district with enrollment growth in excess of 0.4 percent in the base year is eligible for a percentage increase in operating aid based on the extent to which the district's growth exceeds 0.4 percent. The aid was funded at $58.4 million statewide, providing only nominal amounts of aid to qualifying districts.

---

[36]The NY Times, Realistic *School Standards*, editorial. March 19,1999.
[37]Ibid., p.10.
[38]State Education Department, *General Formula Aids for Major Districts* p.4.

Section IV. The Impact of State Aid on High Minority School Districts

Table 5 reports aid per pupil amounts in the most important state aid categories for the suburban high and low minority school districts, each of the Big Five school districts, the downstate counties and for the state as a whole.[39] *The table shows that the downstate big cities of Yonkers and New York receive considerably less in total aid per pupil than the state average. This is especially striking in the case of New York City, because New York City is not wealthy, as defined by the aids formula; its CWR is 0.990, slightly below the state average (Table 4). Despite its less-than-average wealth and despite its very high pupil needs, New York City receives $3,641 per enrolled pupil - less than $3,878, the state average of total aid per enrolled pupil.*

Tables 6 shows the relative importance of component aid programs within the total aid package. It makes clear the importance of Tax Effort and Tax Equalization Aids for suburban high minority school districts. High minority Big City school districts received more Extraordinary Needs Aid (ENA) than other districts as the legislation intended. As Table 6 shows, ENA did not supply a significant percentage of the total aid in high minority districts outside the Big Five. Unlike the downstate Big Five cities of Yonkers and New York, the suburban high minority school districts receive considerably more state school aid per enrolled pupil than their neighbors in the downstate area. Part of their advantage derives from their Operating Aid entitlements, which are determined by the relative wealth of the district and comprise a large percentage of total aid for most of the suburban high minority districts, as Table 6 confirms.

The Transition Adjustment

The most striking spread in per pupil aid between high and low minority districts shows up in the Transition Adjustment. The Transition Adjustment clearly reflects the tension between administrative efforts to ameliorate conditions in high need school districts and political pressures to restrict overall state expenditures. *As Table 5 shows, four of the state's eight downstate high minority districts lost more than one thousand dollars per enrolled pupil in 1998. Per pupil losses in the other four high minority districts were each at least twice as high as the average loss through the Transition Adjustment in each of the downstate counties and the average for the low minority districts in the downstate area.*

The Transition Adjustment contains two contradictory factors: a guarantee of aid to districts that stand to lose aid through formula changes, increased wealth or falling enrollment and restraints on districts that would otherwise be entitled to increased aid. As a result, many legislative initiatives intended to bolster aid in high need districts or serve a specific category of districts or pupils have not had full effect. For example, ENA (Extraordinary Needs Aid), aid to

---

[39]To make district aid allocations intelligible, total dollars received by each district have been divided by current estimated 1998-99 enrollment data to produce figures on aid per pupil. These estimates will differ from data on state aid per TAPU, a different pupil count based on earlier years.

districts making extra tax efforts, and aid to support minimally disabled pupils in the regular education program, ERSSA (Educationally Related Support Services) were designed to produce substantial increases in the total of formula aids for high need school districts. At its start, these programs were included in the formula aids that were subjected to the Transition Adjustment, with the result that their intended impact was substantially thwarted. Although the list of aid programs subjected to the Transition Adjustment has been pared down every year until now only three aid programs are subject to the Transition Adjustment, the overall limitations on allowable increases in state aid continue to distort the equalizing impact of the total state aid program.

For aid in 1993-94, the Transition Adjustment imposed a 3 percent cap on total aid allocations for all districts *except* New York City which was allowed not more than a 1.55 percent increase.[40] Since that year, the Transition Adjustment has continued, but with annual adjustments that change not only the list of aids subject to the Transition Adjustment, but the permissible increases in specified formula aids and the limits imposed on total state aid. The law for 1998-99 sets a maximum (or "cap") of 5 percent over Operating and Tax Adjustment Aids received in the previous (base) year.[41] It continues a 17.6 percent limit on the *increase* permitted in the total of basic Operating aid and Tax Adjustment Aids due in the current year compared to the sum of those aids in the previous (base) year.

The 1998-99 law provides for a positive, save harmless adjustment (a minimum of 1.8 percent times the base - the total aid received the previous year)[42] *Thus, districts that would otherwise lose aid were held harmless and, in fact, are assured of an overall increase in aid, while those high need districts that stand to gain aid are restricted by caps.*

*A*ll downstate groups, both high and low minority districts lost aid in caps applied by the Transition Adjustment, but losses in high minority districts were much greater than in others. The caps that applied to high minority school districts deprived them of some of the aid that was coming to them in the three aid programs subject to the Transition Adjustment, Operating Aid, Tax Effort Aid and Tax Equalization Aid. As Table 6 indicates, the three aids that are capped are important components of the total aid packages of suburban high minority school districts, accounting for more than half of their total aid entitlements, even after caps were applied. In the language of the State Education Department, in all but one high minority school district, Roosevelt, the loss resulting from the Transition Adjustment in the current year was attributed to the limitation "Maximum Change @ 17.6 percent" over the base year, that is, the limitation on the allowable increase in aids covered by the Transition Adjustment over those paid in the previous year.

Figure 3 shows all the state's school districts ranked according to the per pupil aid attributable to the Transition Adjustment. The list of winners ranks districts in order of save

---

[40]Data from The State Education Department, School Finance Unit.
[41]On computer runs this adjustment is indicated as TD MAX @ 1.0500
[42]On computer runs this adjustment is indicated as ADJMN @ 1.0180. The adjustment is wealth adjusted.

harmless aid gained per enrolled pupil. Most winners are upstate districts, many are affluent and small, vulnerable to annual loss of enrollment. In contrast, losers received cuts applied in the form of caps. They are concentrated in cities like Yonkers and Mt. Vernon and other high minority school districts in the downstate area where Tax Effort and Tax Equalization Aids, enrollment growth and/or new pupil needs would have produced increases in state aid. (Figure 4).

Why is it that the high minority school districts are capped when the kinds of pupil they must educate and the limited resources available to them should entitle them to a larger share of state aid than they actually receive? Can we identify the components of this punitive program -certainly not an "aid" - which appear to reduce aid entitlements disproportionately in the high minority school districts? There are several explanations for the contrary and anti-equalizing impact of the Transition Adjustment:

Save Harmless Guarantees

Save harmless guarantees have traditionally protected districts against loss of enrollment by guaranteeing that districts would receive no reduction in total aid year after year. In the 1970's save harmless assurances first guaranteed school districts no less aid than the total dollar sum of formula aids received in the previous year, *or* aid received on a per pupil basis in the previous year. The per pupil save harmless option was dropped when most districts in the state entered a decade of falling enrollment in public schools and budget constraints at the state level. To further mitigate the loss in aid that many districts would sustain as enrollment declined, districts were offered the options of computing state operating and other aids based on the number of weighted pupils in the previous year, *or* an average of the number of weighted pupils in the two years preceding the year in which aid was paid. Over time, guarantees of no loss in *total* aid prevailed, but *per pupil* save harmless guarantees were eliminated, masking the shrinking task of schools, especially in suburban areas, where, over the years, the same amount of school aid was applied to fewer and fewer pupils, permitting smaller and smaller classes.

Save harmless guarantees still determine aid for a large number of suburban school districts in which aid entitlements continue, from year to year, without correction for enrollment loss or wealth appreciation. According to a report prepared for the Board of Regents, "only one in eight districts receives State operating aids as determined by formula without adjustment."[43] In 1997-98, 319 school districts, or 46.8 percent of the total number of districts, received aid on a save harmless basis, 40.5 percent had their formula entitlements capped and only 12.8 percent of districts statewide were subject to no adjustments. The report estimated that:

> "... $514.1 million was *withheld* from school districts in 1997-98 to prevent aid increases that *would* occur if the formula were permitted to operate. In effect, these districts are treated as *if* they had to serve 202,000 less pupils than they actually do.

---

[43]New York Board of Regents, Office of the Deputy Commissioner, memo. *Approval of 1999-2000 Conceptual Proposal on State Aid to School Districts.* Nov.4,1998. p.11

> Another estimated $136.4 million was *paid* in save-harmless aid to ensure that no losses are incurred, even though the formula would reduce aid. In effect, these districts are treated as *if* they served roughly 140,000 additional students.'[44]

For 1998-99 the same pattern of save harmless aid paid and cuts imposed continued. Statewide, $ 453.7 million was withheld from school districts in 1998-99. At the same time, $141.8 million was returned to school districts in the form of save harmless aid. The three downstate suburban counties together lost $248 million in the form of caps - aid that would otherwise have supported programs in the less affluent districts. The same counties gained $50 million in save harmless aid, a net loss of 197 million for the three counties. *The nine high minority districts (including Rochester and New York City) together lost $94.3 million in aid that they would have earned had the aid formulas been given full rein. Their losses comprised 30 percent of the statewide total* Transition Adjustment. Principal losers among the high minority and Big City school districts are shown in Figure 4.

Enrollment

Since most state aid is distributed on the basis of a pupil count, change in district enrollment is a crucial in determining a school district's revenues. Enrollments began to increase when the baby-boomers reached school age in the 50's, then to level off and, in the 70's, to decline. In urban centers, and especially in New York City, the decline in enrollments was less marked than the decline elsewhere in the state. Enrollment in the cities began to increase in the 80's and to rise rapidly in the last decade, a shift that should have resulted in a greater portion of all state aid flowing to New York City. But increases in aid that were produced by higher enrollments have not been realized; they have been partially cancelled out by caps imposed through the Transition Adjustment. The Transition Adjustment measures the difference in total dollars of aid received in the year in which aid is paid and the previous or base year. It does not take into account differences in the number of pupils enrolled. When considered on a per pupil basis, the failure to account for enrollment change can mean a considerable loss in actual aid available for each additional pupil that the district must serve.

Table 7 illustrates enrollment trends in high minority school districts for the years between 1990 and 1998 for different groups of districts. It shows more rapid growth of "Enrollment Register for Regular Education"[45] in high minority districts compared to the average enrollment change in the same definition of enrollment for each of the downstate counties. Especially in recent years, enrollment growth was high in Hempstead (an increase of an estimated 9.8 percent in aid estimated for state aid purposes between 1997-98 1998-99) in Roosevelt (an increase of 12.7 percent in aid estimated for state aid purposes between 1997-98 and 1998-99) and in

---

[44]Ibid., p.12.

[45]A count of pupils in the regular daytime education program taken on one specified day in the Fall (BEDS day) and reported by all school districts to the State Basic Education Data System(BEDS). The two last enrollment columns in Table 13, 1997 and 1998 show " *estimated enrollments for state aid purposes*" a pupil count that includes students educated in BOCES and a few other programs.

Wyandanch (increases of 4.6 in aid estimated for state aid purposes between 1997-98 and 1998-99). Although these data represent estimates, jumps in enrollment of this magnitude were not echoed in county averages for the same pupil counts in the same years, which were consistently below 2 percent.

In 1993-94, the percentages for caps and save harmless guarantees took into account changes in enrollment in the form of a growth adjustment applied to computed Transition Adjustment. Subsequently,[46] no such growth allowance for enrollment change has been included in the Transition Adjustment. Although now released from Transition Adjustments, Growth Aid is not sufficiently funded to compensate for losses sustained in the Transition Adjustment, as Table 5 shows. It does however, confirm the relatively higher growth rates in three of the highest minority districts. Because it is based on a comparison of total aid only, and no longer adjusts for pupil growth, the Transition Adjustment does not fully account for changes in enrollment.

Remembering the data in Table 1 on attendance rates, we note that the high minority districts, even outside the large cities, had poorer attendance rates that the low minority school districts. As a result they lose aid because the state system counts pupils on the basis of attendance, rather than enrollment. Furthermore, the count of pupils used for state aid purposes is based on data from two and three years prior to the year in which aid is paid, making it even harder for districts to cope with more recent influxes of pupils.

School District Wealth

New York State determines much of all aid distributed to school districts on the basis of district wealth, a statistic that combines the aggregate full value of real property per pupil in the district and its aggregate personal income per pupil, and compares each district's combined wealth to that of the state as a whole in the form of a ratio called the combined wealth ratio, or CWR . A look at the trends in combined wealth ratios over the decade[47] suggests that the wealth ratios in suburban areas grew faster than in more urbanized districts and in segregated sections of suburban counties. In response, the legislature provided a limit on the extent to which increased property value could affect the computation of district wealth, thus adding to the list of guarantees and protections that reduced the equalizing impact of the aid formula.[48] Because data on full value property wealth often lags well behind current year economic conditions, New York City, in the early nineties looked wealthier than it was and received relatively less in state aid. As it became entitled to more in operating aid, new limitations on aid for "cities with a population of over a

---

[46]The reason given for discontinuing growth aid as a component of the transition adjustment is that school districts found it too difficult to send the state timely and reliable data on projected enrollments.

[47]State Education Department, Fiscal Analysis and Research Unit, *Analysis of School Finances in New York State School Districts*, annual reports for the years 1990-1997.

[48]NY State Division of the Budget, Education Unit, September, 1989 reports "a district's growth in full value will be capped at 117 percent of the two-year average used in the base year to further mitigate the impact of large increases in full value."p.1. The cap on recognized growth in property value was discontinued in 1997-98.

million" were devised. The state aid equalizing formulas would have shifted more funds from districts with growing wealth to the high need districts, had it not been for the save-harmless component of the aid formulas.

Types of Pupils

Changes in types of pupils may also influence the aid entitlements of school districts. As recent arrivals to America and minority groups formerly housed in the inner city found new homes in the areas ringing the urban centers, school districts throughout the downstate metropolitan area began to change. In a few localities, over a period of ten years, the school district moved from a school clientele that was entirely low minority to one that was 80 percent or more high minority; but in most suburban high minority districts, minority representation in total school enrollment increased gradually. The change brought new challenges to many districts that had once served only a white, middle-class population. More services were required to meet the needs of pupils with limited English skills, pupils eligible for free or reduced price lunch, pupils requiring social services and extra academic support. Special aid programs designed to meet the needs of poor or recently arrived students entitled such school districts to more state aid.

Selection of Aids

Changes in the selection of aids subject to the Transition Adjustment have affected the distribution of school aid among types of school districts within the state. In addition to annual adjustments in the size of the caps, from year to year, the state legislature has altered the impact of the Transition Adjustment by redefining the list of aids that are subject to the program. In 1992-93, the law listed eleven separate aid programs that were then compared to the previous year to determine save harmless guarantees. When Transition Adjustments began, the list of aids subject to adjustment in what was called, in the previous year, a "Deficit Reduction" was reduced to nine. It included aids that typically brought increases to high need school districts, such as aid for pupils with limited English proficiency (LEP); aid for districts with large concentrations of poverty (Extraordinary Needs Aid or ENA) and districts working to better serve special education pupils in regular classrooms (ERSSA). At first, caps were growth adjusted to account for changes in enrollment, but difficulties in collecting timely and reliable data on projected growth doomed this measure, and Growth Aid has been allocated in a separate program, minimally funded. The number of aid programs subject to caps through the Transition Adjustment has been gradually reduced; and many aids specifically targeted to meet the needs of high need districts have been removed and are no longer subject to caps. In 1998-99, only three aid programs, Operating Aid, Tax Effort aid and Tax Equalization aid are subject to the Transition Adjustment. This means that, in 1998-99, Transition limitations *adversely affect* the Operating Aid entitlements of high minority school districts and the aid earned by those high minority school districts that receive significant amounts of Tax Effort or Tax Equalization aids. At the same time, Transition Adjustments *benefit* many high wealth, influential low minority districts in Long Island and Westchester county because they are typically among the districts that depend on save harmless guarantees, suggesting that regional political interests supported the inclusion of Tax aids in the Transition Adjustment.

Multiple Regression Model

A multiple regression model was constructed to examine the effect of the factors discussed above on dollars received by each of the state's districts in form of the Transition Adjustment. The model confirms our analysis (Figure 5). The model uses dollars of Transition Adjustment as the dependent variable and as independent variables, Tax Effort Aid and Tax Equalization Aid; three variables for percentage change in enrollment (1995 through 1998); three for change in personal income (1993 through 1996); three for change in property value (1993 through 1996) and status as a Big Five or suburban high minority school district. Together, these variables account for almost half of the variation found statewide in the cuts and save harmless awards applied through the Transition Adjustment (the R square value was .48). The model showed that the Taxation aids account for a significant portion of the variation; that for every one dollar increase in Tax aid, a district stood to lose $.56 in the Transition Adjustment. Change in enrollment was also found to be a statistically significant factor. For example, for every one percent increase in 1996 enrollment over 1995, a district would be cut $11 in the Transition Adjustment and for every one percent increase in 1997 over 1996, the cuts in the Transition Adjustment would be $12[49] The analysis shows that both the suburban high minority school districts and the Big cities received a bigger share of the cuts in the Transition Adjustment than other school districts in the state. In this model, the high minority school districts were penalized, on average, $343 more in cuts than school districts the rest of the state and the Big Five were penalized an average of $459 more in Transition cuts than districts in the rest of the state.

[49]The variable for increase in enrollment between 1997 and 1998 was not found to be significant probably because state aid for the current year uses earlier pupil counts.

Section V. Student Outcomes

In its 1998 report to the legislature, the State Education Department found that on Regents' exams in English, Mathematics, Biology and U.S. History given in the Spring of 1997, results were strongly related to the needs and available resources of the school district:

> As the student need in a district decreased in relation to its capacity to raise resources, the percentage of average grade enrollment (A.G.E) participating in, passing, and performing with distinction on these Regents' examinations increased.[50]

Outcomes in Suburban Districts

The issue of how best to measure student outcomes and student achievement is far from resolved. Although many techniques for improving teaching and learning have been developed, scholars are far from agreement on what kind of data best captures the effectiveness of schooling.[51] In this paper, we have used test data from the State Education Department's 1998 report to the legislature to describe pupil outcomes because it was these data that were made available to state policy makers as they faced the challenge of distributing school aid for the year 2000.

Table 8, based on the State Education Department's data for staff and course offerings shows how high minority suburban school districts in the downstate suburbs compare to low minority suburban districts in staffing and course offerings. Pupil/teacher ratios in the high minority school districts exceeded those in the low minority school districts. Fifteen was the median for high minority districts and 13 was the median for the low minority school districts.[52] Reported figures on median teacher salary for the two groups seem markedly similar, indicating that, indeed, the two groups of suburban school districts share the same downstate labor market. Median salaries in the high minority district were lower than those in the low minority group.There was a greater staffing disparity in certification. In high minority school districts, a median of 79 percent of the teachers had permanent certification, while in the low minority school districts the median was 81 percent. The median number of years of experience reported for both groups was 17 years.

---

[50] *Ibid.*.

[51] cf. David H. Monk and Jennifer King Rice, *Modern Education Productivity Research: Emerging Implications for the Financing of Education,* Selected Papers in School Finance, 1997 - 99, U.S. Department of Education, Washington, DC.

[52] The State Education Department report defines the pupil/teacher ratio as the number of classroom teachers to enrolled pupils, so the ratio is an approximate estimate of relative class size. However, the ratio can include paraprofessional staff and therefore is not as good as actual class size data as a measure of differences in instructional resources.

High and low minority school districts in the downstate suburban districts differed in terms of school offerings. In high minority school districts, fewer graduating pupils received Regents-endorsed local diplomas and fewer reported plans to enter a four-year, two-year or other post-secondary institution than did graduates from low minority districts. The percentage of total enrollment graduating with a Regents' diploma in the 1996-1997 year in the high minority school districts varied from 0 in Roosevelt to 22 in Uniondale, compared to a median of 54 percent in the low minority school districts.[53] Similarly, the number of pupils who were planning to go to college showed a wide difference between the high and low minority school districts in the suburbs. In the high minority school districts, percentages of those headed for college ranged from 60.8 in Wyandanch to 88.9 in Roosevelt, with a median of 72.9 for the group as a whole, as compared to a median of 90.7 for the low minority suburban school districts.

Table 9 shows the relationship between 1996-97 test participation and results in high minority suburban school districts and the low minority suburban school districts on subject matter tests given at the high school level. Table 9 reports not scores but 1) the percent of average grade enrollment (A.G.E.) tested and 2) the percent of average grade enrollment passing the test for four subjects, Comprehensive English, U.S. History, the first year of Mathematics (Sequential Math I) and one laboratory science, Biology.

These factors tell us more about the school district's willingness and ability to serve its students than about the actual performance of individual pupils. *In high minority school districts in the downstate suburbs, the percentage of pupils tested in all the subjects was consistently low as compared to the percentage in low minority school districts. The percentage of total enrollment passing the tests fell far below percentages reported for pupils in low minority suburban districts.*

Correlations for Data on the Downstate Suburbs

The relationship between two sets of variables, such as the percentage of minority pupils in a school district and the percentage of pupils enrolled in special education, can be described as a correlation - a measure of the match between the two equally-sized sets of variables.[54]The correlation tells us something about the degree to which the two ranges are associated; it does not imply any causal relationship. Correlations can be useful in comparing conditions in two kinds of school districts and in analyzing the effect of state policies on different kinds of school districts. The matrix in Figure 6 arrays some of the variables that were referred to in Tables 1-9. The data are for all the downstate suburban districts in Nassau, Suffolk and Westchester counties. Each variable is listed across the horizontal and down the vertical axis. The coefficient of correlation for

---

[53]Several affluent low minority school districts offered no Regents examinations in the past. because their students instead took College Boards. Data on Regents for this group of districts especially those in Westchester County reflect these exemptions.

[54] The Pearson coefficient of correlation is represented by the symbol "r". If large values in one set of data are associated with large values in the other, the correlation is positive; if large values in one set are associated with small values in the other, the correlation is negative. A perfect, completely regular association between the two ranges would yield a correlation of 1.00

the relationship between any two variables can be read at the point where the variables coincide within the matrix. Asterisks signify that the relationships between two of the variables in the matrix is statistically significant.

Looking at the relationships that are most significant, we find a strong positive correlation, r = .843** between the percent of minority pupils in a district and the percent of pupils in free or reduced priced lunch programs. The data also tells us that the percent of pupils going to college varies inversely with the percent of minority pupils in the district, r = -.615**. There is a positive relationship between the percentage of minority pupils in the district and state revenue share, r = .288.** State aid is higher for low wealth districts and lower for affluent districts because property and income wealth is relatively low in high minority districts, as reflected in the negative correlation between high minority districts and CWR, r = -171.* The correlations reported in Figure 6 confirm and strengthen our findings that high minority school districts in the downstate suburbs are relatively low in wealth and high in pupil need and that students in the downstate high minority school districts are less likely than their more affluent peers in low minority school districts to graduate with a Regents' diploma or to be given or pass more rigorous Regents' examinations.

Outcomes in the Big Five Cities

Table 10 compares staff characteristics and course offerings in the Big Five cities and the rest of the state. Pupil-teacher ratios were higher in New York and Yonkers, 15 and 16 respectively, than they were in the rest of the state where the median ratio was 13.6. The median salary throughout the state was $48,000, but comparative data for the big cities are incomplete. (It should be noted that the median salary reported for New York City, $45,965, was below the $49,559 average for the rest of the state).

Conclusive differences showed up in the status of professional staff: in the big cities: In two districts, New York and Rochester, only 66 percent of the staff was permanently certified, while the other big cities reported that between 75 and 79 percent of the staff had permanent certification. In the rest of the state, the median percent of certified staff was 81.8. As to years of experience, staff in the Big Five cities ranged from 13 years of experience in New York to 19 years in Buffalo, compared to 17 years of experience, the median for the rest of the state. Looking at the percent of pupils in the Big Five cities receiving Regents' diplomas in 1996-97, we note a striking difference in the percentage of pupils graduating with Regents' diplomas in the Big Five City districts as compared to the rest of the state. In the big cities, the percentage varied from 16 percent in Yonkers to 30 percent in Syracuse, while, in the rest of the state, the median percentage was 49. The number of pupils reported as college bound in 1995-96 ranged, in the Big Five cities, from 57.8 in Rochester to 80 in Syracuse, compared to 79 percent, the median percentage in the rest of the state.

Table 11 reports the percentage of students tested and scores on high school Regents' tests given in 1996-97 in the Big Five districts and the rest of the state. It reveals the marked contrast between the Big Five cities and the rest of the state in local testing policy, as measured by the percentage of total enrollment tested in 1996-97 in major Regents' subject areas and in pupil performance, as measured by the percentage of total enrollment passing these examinations. On

all the 1996-97 Regents' exams shown, the median percentage of Big Five pupils *tested* in Comprehensive English was 45 percent, well below the percentage of pupils *tested* in the rest of the state, except for Syracuse, where the percentage, 74 percent, was comparable to the statewide median, 78 percent. On Regents' examinations in Comprehensive English, the percentage of pupils *passing* the test in the big cities ranged from 18 percent in Rochester to 51 percent in Syracuse, compared to the median for districts in the rest of the state, which was 68 percent. In four of the big cities, the percent of pupils tested in the U.S. History Regents examination was even lower, ranging from 31 percent in Yonkers to 57 in New York City; in one, Syracuse, 72 percent of the pupils were tested. The median percent tested in the rest of the state was 74 percent. The percent passing the test was low in the cities, 17 percent in Yonkers, 19 percent in Rochester and near 30 percent in the other three cities, while in the rest of the state, the median percent passing was 58 percent.

In the 1996-97 Sequential Math I exam, which covers essential skills, a broader range of children were tested. In the Big Five cities, the percentage of pupils tested ranged from 25 percent in Buffalo (which received a variance from the state) to 87 percent in New York City. The median percentage for pupils tested in the rest of the state was 90 percent. The percentage of pupils passing Sequential Math I was disappointing. In the large cities, between 16 and 44 percent of the pupils passed, compared to a median of 71 for pupils passing Sequential Math I in the rest of the state. On the Regents' examination in Biology, 49 percent of pupils tested in the Big Five cities were tested as compared to the median for the rest of the state which was 71 percent. Twenty-three percent of the pupils passed the Biology test in the Big Five city school districts, compared to 62 percent, the median percentage of pupils passing Biology in the rest of the state.

The findings of wide disparity between the number of pupils given Regents' exams in 1996-97 in the big cities and the number tested in the rest of the state underscores the fact that pupils in the large cities were not being offered courses that met state standards. Similar findings on the low percent of pupils actually passing the examinations in large cities compared to passing levels in the rest of the state should have sounded an alarm for policy makers at the state level. These demonstrated pupil outcomes emphasized the need for extra resources to help students in the Big Five cities and other districts with high minority enrollments meet newly mandated requirements for graduation.

The state has recently required all high school students to pass five Regents' exams in specific subjects in order to graduate. In January, 1999, PEP tests were replaced by revised reading and writing tests for elementary grades. The new academic standards have been universally applied and many school districts where participation in Regents' courses had been limited have had to revise curriculums and practices and scramble for additional resources to enable *all their students* to meet the new standards. On the fourth-grade English tests given in January,1999, more than half of the pupils in the state failed to meet the minimum standard. An estimated 41 percent of the state's students will need extra help and 11 percent will need extensive tutoring to meet state standards.[55] Results on the exam confirm the enormous gap

---

[55]*The Journal News*, May 26,1999. A Gannet Newspaper for Westchester County. p.1A.

throughout the state in pupil performance when high minority school districts are compared to other school districts.[56] Early warning signals failed to jar state policy makers out of old patterns of aid distribution. The new aid program "Operating Standards Aid" was funded at a pitifully low level. In the state's biggest cities and in minority districts surrounding them, the resources available to meet the new academic demands have not kept pace with mounting needs. State aid for minority school districts is simply insufficient to bridge existing gaps in pupil achievement.

[56]Westchester's *The Journal News*, May 9, 1999 which reported that seven local districts with high need pupils performed poorly even when compared to "similar schools."

Section VI. The Politics of State Aid

Contradictory effects persist within the system because the distribution of state aid is a political process. It is subjected to the rigors of political negotiation each year. Hovering over the annual budget negotiation is a regional struggle which attempts to apportion state school aid according to "shares." Because the system has grown increasingly complex, it relies more and more on computer estimations and the staff of a few legislators and specialists who are experts in the arcane language of state aid formulas. In the absence of public participation in the distribution debate, a shorthand political process has taken over in which overall aid is doled out according to "shares." After a negotiated dollar figure for school aid is agreed upon by the legislature, technicians juggle the formulas so that New York City receives about 34 percent of the total,(sometimes expressed as 38 percent of the proposed *increase* in school aid). The Long Island suburbs are assigned 11 percent and the remainder is reserved for the rest of the state. The percentage of total state aid allocated to New York City has increased very slightly each year, permitting politicians to claim some improvement for the City. But New York City's allotment of state aid remains far below the percentage of total state aid that would be realized if the City were awarded its aid on the same formula basis as other school districts without special restriction. Regional shares make a mockery of attempts to distribute aid on the basis of objective and fair criteria.

The story of state funding for schools in New York City offers a prime example of the way state school aid is tailored each year to fit the share of state school aid designated for New York City by political consensus. During the decades of the 1970's and 1980's, property values outside Manhattan were falling and the overall property wealth of the City declined.[57]With its reduced wealth per pupil, its increased enrollment and growing pupil need, New York City was entitled to a greater and greater share of total state aid throughout the 1980's and 1990's. Concurrently, the growing political influence of suburbia in the state legislature was brought to bear to protect downstate independent school districts from aid reductions. There was no comparable drive to realize the increase in resources that should have accrued to districts with increasing enrollments.

Transparent attempts to reduce the share of aid flowing to New York City serve to illustrate the result of these pressures: Each year after a dollar allocation of aid had been agreed upon, some mechanism was found to contain the percentage of aid due New York City under the aid formulas. In 1988, rather than permit New York City to receive aid on the basis of each borough's property value, as required by the 1967 decentralization law, 60 percent of

---

[57]To establish comparable property values throughout the state, the state uses local surveys of real property values for translating the assessed values of real property into full value equivalents. Unfortunately, the survey procedure during these decades often took as many as seven years to complete. As a result, during the 1970's and early '80's, the apparent wealth of the City was poorly synchronized with the real economic climate.

Manhattan's property value was arbitrarily assigned to the other boroughs.[58] Manhattan continued to receive aid on a flat grant basis, as made necessary by its high property wealth, but the other boroughs appeared richer under the formula than they really were and they therefore generated less aid, reducing the overall total for the city. In 1988, the legislature declared that each New York City pupil in average daily attendance would be counted as 94 percent of a pupil, an action so far-fetched that it was soon abandoned. In 1993, the cap on allowable aid increases was set at 3 percent for all districts except for those districts "with a population of more than 1,000,000"[59] where the allowable increase was held to1.55 percent. More recently, Growth Aid for New York City has been restricted by its inclusion in the Transition Adjustment, which became the principal technical tool for restraining increases for New York City in aid earned under the formulas.

Complexity and annual tinkering conspire against a rational effort to revise the system by refining and adjusting the components of existing formulas. Unlike most other states, New York State's system of school support is reconsidered each year by the state legislature. Not only the overall appropriation of school aid, but each and every component of the aid program is subjected every year to a political process that responds to political pressures and local voting coalitions. As a result, we have now a convoluted system of funding public schools that reflects this politicized process. The state aid "system" has become an accretion of programs, many designed to meet localized needs, especially those in suburban areas where local property taxes have been high and voter interest in school aid is intense. Overall equity has lost out in the battle. In high need areas such as those school districts serving a high proportion of minority children, not enough aid is provided to support the level of academic achievement that the state now expects of all children. New programs to answer current needs have proved almost useless because they were both underfunded and overwhelmed by restrictive caps on state funding increases. A fundamental change is needed to wipe away the policy of regional shares and introduce an open, stabilizing legislative process. Only then can we return to the basic principles of equity and adequacy in funding public schools.

---

[58]State Division of the Budget, Education Unit, September 28,1989. This amount was reduced to 9 percent in 1989 and subsequently phased out.

[59]Only one such: New York City.

Conclusion

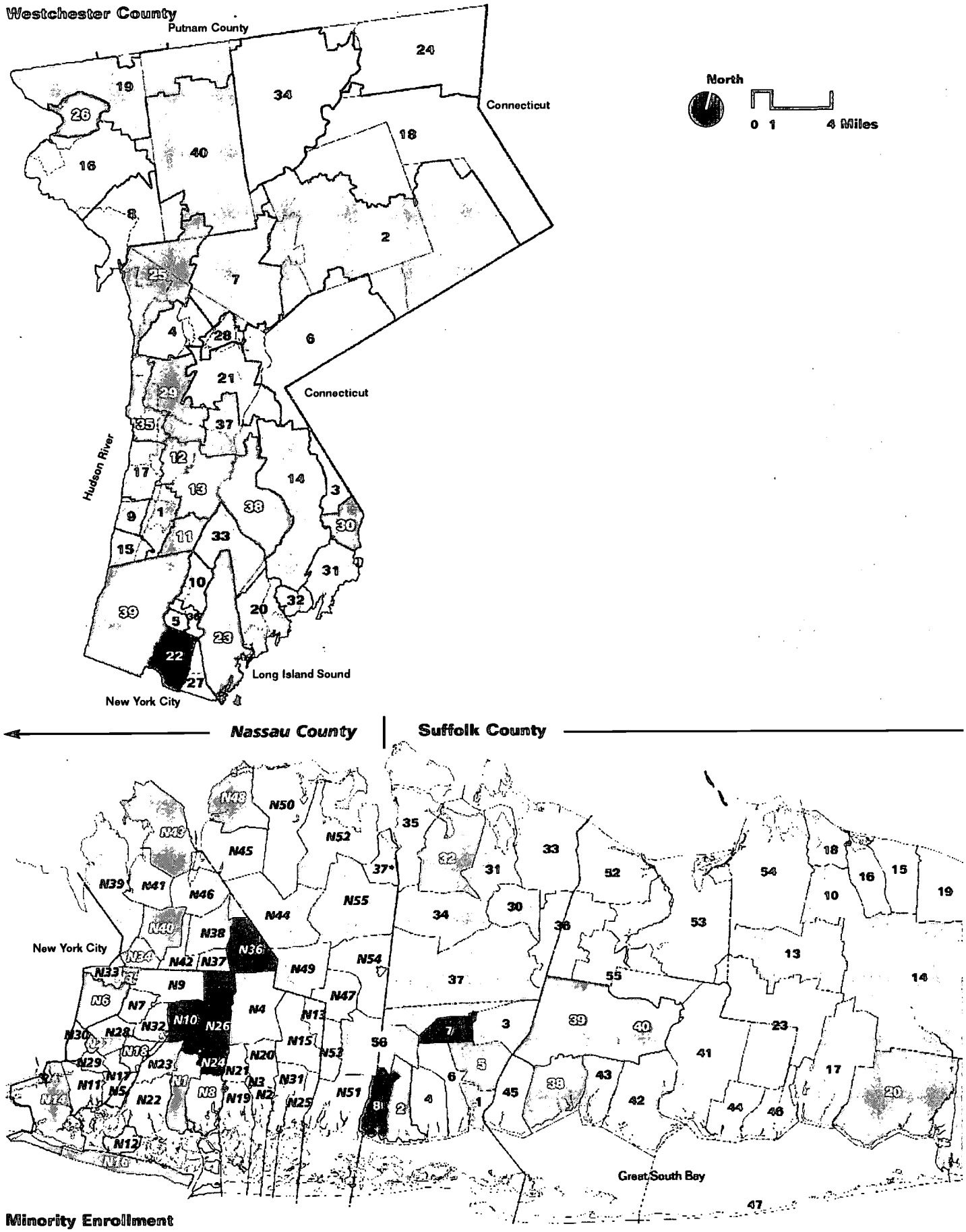
In conclusion, we found that state funds do not provide sufficient support for children in high minority school districts in either the downstate suburbs or the state's largest cities. Despite state aid, wealthy districts continue to use local funds to support enhanced educational programs while districts with limited property and income resources can provide only reduced services to children with pressing educational requirements. State aid falls far short of filling the gap in educational offerings. State funds are insufficient to provide most high minority school districts with the resources they need to measure up to the new more demanding state requirements. Caps and save harmless adjustments applied after the formulas have been computed as "Transition Adjustments" erase part of the initiatives that were designed especially to support high need and high minority school districts. They counter the original objective of the state aid formulas because they provide unearned support for high wealth school districts while unduly penalizing those with high needs.

To answer the questions raised as we entered this study:

- **Do current state aid programs provide adequately for the extra academic needs of school districts serving primarily minority students?** The answer must be "no." State school aid does not provide sufficient help to enable high minority students to meet the state's new more rigorous academic standards. Limited programs to help pay for extra services such as Computer Aid, Operating Standards Aid and ERRSA are welcomed by high need school districts but have accounted for a relatively small percentage of the aid they need. Extraordinary Needs Aid, while very significant for large urban districts, provides only a few dollars per pupil outside the large cities. Tax Effort Aid and Tax Equalization Aid are targeted for the high-tax districts in the metropolitan suburbs and channel significant amounts as designed, but are ineffective in high need districts because of their inclusion in the Transition Adjustment.
- **Do the complex aid formulas now in place increase resource inequities?** Many of the aids that now make up total state aid do not incorporate equalizing factors. By combining save harmless provisions and caps in one computational strategy, the Transition Adjustment exacerbated inequities for many high need and high minority school districts. The overriding impact of saving all districts harmless despite falling enrollment or growing wealth increases inequities. Caps on aid that would otherwise be earned have a disproportionate effect on high minority and low resource school districts. The Transition Adjustment runs counter to the expressed goals of the state aid plan.
- **Do political considerations distort the original objectives of the original objectives of New York States program of funding public education?** Of course they do. Politics intervenes when decisions are taken as to how much the legislature will spend on public school funding each year and how the funds will be apportioned among the major claimants of aid. As we have seen in examining the Transition Adjustment, strong political support on behalf of one region (Long

Island) may have preserved save harmless aid at the expense of high minority school districts within the same area.

There is no magic solution to the problem - one that can be visualized by moving pieces about on the checkerboard map of our downstate counties where so many minority students live. The application of caps and the use of save harmless guarantees are only instruments of a highly politicized state practice that continues to tolerate egregious inequities in the availability of funds for public education. We recommend a fresh political alliance that rejects negotiated shares, seeks to close the gap between school spending in the wealthiest as compared to the poorest school districts and demands a greater flow of resources to high need school districts.



U.S. DEPARTMENT OF EDUCATION
Office of Educational Research and Improvement (OERI)
Educational Resources Information Center (ERIC)

NOTICE

REPRODUCTION BASIS

☒ This document is covered by a signed "Reproduction Release (Blanket)" form (on file within the ERIC system), encompassing all or classes of documents from its source organization and, therefore, does not require a "Specific Document" Release form.

☐ This document is Federally-funded, or carries its own permission to reproduce, or is otherwise in the public domain and, therefore, may be reproduced by ERIC without a signed Reproduction Release form (either "Specific Document" or "Blanket").