

# Funding Problems for City Schools

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For the next two years, New York's City's public schools will receive an infusion of new funding. A large tranche of federal COVID relief funds will help city schools try to mitigate the learning losses imposed by the pandemic. A three-year agreement by the Governor and legislature to fully implement the state's 2007 Foundation Aid Formula will increase state education funding as well. That agreement fulfills state courts' mandates in the Campaign for Fiscal Equity's (CFE)'s epic lawsuit, some twenty years after the decision to increase state funding to NYC schools was first handed down. Though that funding has been sorely needed for years, many advocates argue that the state's 2007 Foundation Aid formula that drives the new funding, initially enacted to meet the court's CFE mandate, has become both outdated and inadequate.

One of those advocates is Michael Rebell, one of the founders of the Campaign for Fiscal Equity, the campaign's Executive Director and lead lawyer through the many years of court battles, and currently the head of the Teachers College Center for Educational Equity. In a recent post, Rebell calls for the establishment of a state commission to develop a new state aid formula. (New York State provides approximately half the funding to the state's public schools; local tax-levy funds and federal programs such as Title 1 provide the rest.)

Rebell contends that the current formula does not consider critical needs such as support for students in temporary housing, pandemic learning losses and technology gaps. He argues that how the formula calculates students living in poverty, as well as how it assesses regional cost of living indices, is inappropriate and outdated. "In the 16 years since the current formula was adopted," Rebell argues, "New York has seen many changes in demographics, school policies, and state education mandates, creating many new resource inequities and inadequacies. These must be remedied to ensure all schools are fairly and adequately funded and students' constitutional right to a sound basic education are honored in 2024 and the years to come." The independent commission Rebell proposes would calculate the cost of providing all the state's students the opportunity for a sound



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basic education and propose a funding formula to provide adequate resources for accomplishing that goal.

Several recent decisions by the Adams administration also complicate the city's education funding situation. The city's new pre-K for three-year-olds (3-K) program, currently operating at about half its capacity, was scheduled to expand this year. But the city's Department of Education (DOE) recently announced it will use the funds necessary for 3-K expansion to meet other education needs, as a hedge against future budget deficits. (According to the City Comptroller's office, some half-billion dollars in COVID relief funds allocated to the DOE are currently unexpended.)

The decision to postpone the expansion of the current 3-K program is severely shortsighted. The DOE argues that it needs to defray a sizable portion of the COVID relief funds to allay future deficits, and that the current partial 3-K program is meeting demand for seats. But much experience suggests that such incremental expansion is not an effective way to develop consequential new programs. The implementation of both universal full-day kindergarten, under then, NYC School's Chancellor Anthony Alvarado in 1987, and universal full-day pre-K for 4-year-olds, under former Mayor Bill de Blasio in 2013, benefitted from a full-scale development that maximized citywide recruitment of students and staff, deployed innovative problem-solving and developed new program infrastructures. When several of us urged then-Chancellor Alvarado to stage full-day kindergarten in yearly increments rather than all at once, he responded that universal implementation would result in a tumultuous initial year as the kinks and problems were worked out, but in the ensuing years fewer users would remember that the universal program had not always existed.

For working New Yorkers, especially those in low-income jobs, the Adams' administration's decision to postpone full implementation of 3-K is particularly unfortunate. High quality free full-day early childcare represents an essential support for most working families. Expanding the currently limited program would also enlarge the childcare workforce, create new jobs, increase family income, and expand the city's tax base. Moreover, combining a universal 3-K program with the current universal pre-K-4 effort would hasten the city's development of free universal early childcare. Several bills working their way through the state legislature would, if passed, establish birth to three programs, and give NYC the capacity to offer universal free early childcare from birth to kindergarten. No single reform would prove more beneficial to the city's working families.

Postponing a universal 3-K program is not the only blow the Adams administration has dealt to working New Yorkers. The DOE has failed to timely reimburse the city's childcare agencies for hundreds of millions of dollars of past invoices for services. This short-funding forced these small neighborhood-based providers, many owned and staffed by people of color, to subsist on borrowed funding or completely shutter their childcare services. This blunder harmed not only the owner-operators and staff of these local providers, but also jeopardized the futures of the multitudes of families who depend on neighborhood-based childcare to enable them to work fulltime.

This year was also the first year that the DOE was scheduled to fully fund its Fair Student Funding (FSF) formula, which allocates some 67% of all city education funding, based on student need, to every public school. Since 2007, when the FSF was first implemented, the DOE has never provided all the funds the formula assigns to individual schools. The system's newer small schools, implemented under the Bloomberg administration, tend to be fully funded while larger schools, many of which serve predominantly low-income students of color, are underfunded. Former mayor Bill DeBlasio pledged, before he left office, to end this deeply inequitable shortfall. But the DOE's recent decision not to fully fund the FSF formula forces many of the city's public schools to get less funding, and for several hundred schools, far less funding than they are entitled to receive.

The FSF was implemented in 2007 and had not been revised until this year. That revision was set in motion by the refusal of the Panel for Education Policy (PEP) in late April, 2022, to approve the FSF's budget for the following school year. The PEP subsequently reversed its rejection after Schools Chancellor Banks promised to revisit the FSF's student need weightings and consider several necessary revisions. The Chancellor appointed a Budget Working Group which recently issued a report and recommendations, including several that advocates had long sought, inclusive of the following:

- adding weights for students in temporary housing and for students living in poverty
- new weights for schools with concentrations of high needs students,
- as well as increasing the basic administrative allocation for all schools
- and eliminating portfolio funding for specialized academic high schools.

These changes are necessary and welcome. But the Working Group did not take the opportunity to expand the scope of the FSF formula. The equity principle underlying the FSF is that school funding from all sources should be driven by student need. Yet some 33% of funds allotted to the city's schools are disbursed not according to school-based need, but through allocations that include substantial inequities. The DOE's Working Group could have expanded the FSF to encompass a much higher percentage of all the funds city schools receive, thereby moving closer to full funding equity. Instead, the Budget Working Group made necessary and welcome adjustments to the formula, but accepted inequities that advantage some schools and disadvantage others. An administration committed to affording an equitable opportunity to learn for all students should have done more.

The Adams administration is just beginning its second year, but its school funding decisions thus far do not engender confidence that the education needs of our city's public school students and their families are being effectively and equitably considered. Hopefully the next three years will see more of the necessary improvements.