



State Aid: Definitions of Key Terms

School state aid: Revenue provided to school districts by the state to help offset expenses. State aid amounts are proposed by the governor and determined by the legislature. Funds are then distributed to individual school districts using a very complicated formula according to variety of factors including poverty rates, and enrollment.

There are two kinds of school aid:

- 1. Expense-based aid:** This aid is restricted and is generated by expenditures in certain and specific categories and for mostly non-instructional purposes like bussing, construction, transportation and BOCES. In most cases this money is used to fund the program or service which generated the aid.
- 2. Foundation Aid:** General unrestricted revenue that school districts can use for salaries, supplies, etc. This type of aid is intended to provide adequate funding to school districts based on need so they can provide a “sound, basic education” However, the formula for distribution of this aid is flawed often leaving poorer school districts with less while providing wealthy school districts with more. It’s important to note that foundation aid to schools was frozen in 2008-09 and remains frozen. Schools are forced to recoup that lost aid through revenue and taxes.

Gap Elimination Adjustment: The Gap Elimination Adjustment (GEA) was a school aid “take-back” program implemented by former Governor Patterson and continued in Governor Cuomo’s first term to help the state close the budget deficit. Using the GEA, the legislature has held back billions of dollars in aid to schools over the past three years. The Governor’s proposed budget reduces the amount of money taken away from schools in the coming school year by a small amount – but the take-back program will still reduce aid to school by billions again this coming fiscal year.

Fiscal Stabilization Aid: A one-time aid proposed for 2013-14 which districts can use to offset the rising costs of expenses such as pensions. The governor has not provided any details of when and how these funds will be distributed.

Competitive Grants: These grants were initiated by Gov. Cuomo for the first time as part of the state’s 2012-13 budget. Their intent is to reward school districts that implement innovative reforms to improve student achievement and manage efficiency. It is not clear what impact these grants have when the majority of school districts are either not eligible to apply because of grant criteria, or they don’t have the resources —staff dedicated to the project, or the funds to hire someone — to complete the grant application.