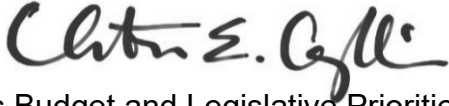





**TO:** The Honorable Members of the Board of Regents  
**FROM:** Christina Coughlin   
**SUBJECT:** 2025-2026 Regents Budget and Legislative Priorities  
**DATE:** November 27, 2024  
**AUTHORIZATION(S):** 

### **SUMMARY**

#### **Issue for Decision**

Should the Board of Regents approve the 2025-2026 budget proposal reflecting the Regents' budget and legislative priorities?

#### **Reason(s) for Consideration**

Review of Policy.

#### **Proposed Handling**

This issue will come before the Full Board for action at its December 2024 meeting.

#### **Procedural History**

Each year, the Board of Regents, through its State Aid subcommittee, develops a proposal outlining its budget and legislative priorities to support education, higher education, the professions, cultural education, and adult education programs as well as services/supports for individuals with disabilities. The 2025-2026 conceptual proposal was discussed by the Board at the October and November State Aid Subcommittee meetings. The 2025-2026 Regents State Aid and Budget Proposal (Attachment A) is attached.

#### **Background Information**

For the budget development cycle for the 2025-2026 State Fiscal Year, the Board of Regents, the policymakers for New York's P-12 schools, colleges and universities, proprietary schools, libraries, adult education, and vocational rehabilitation programs for adults with disabilities has identified several critical needs that must be addressed. At their September 2024 meeting, the Board began the budget development process with discussions about the emerging needs of students, schools, libraries, and individuals with

disabilities across New York. At that meeting, a high-level conversation occurred about key priorities for education across the state.

In the October and November 2024 Regents meetings, the State Aid subcommittee of the Board of Regents, with the Co-Chairs of the other committees, discussed emerging needs and the potential budget and legislative initiatives in more detail. Board members considered various approaches to achieving their goal of creating an educational system that prioritizes diversity, equity, and inclusion for all. The Board has developed a streamlined proposal to expand opportunities to learn and work for all New Yorkers.

### **Related Regent's Items**

This proposal reflects discussions held by the Board's Subcommittee on State Aid at the September, October, and November 2024 meetings of the Board of Regents. Presentation materials for those discussions are linked below:

#### **[September 2024: Rockefeller Study on Foundation Aid-Update and 2024-2025 Budget and Legislative Initiatives](https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Rockefeller%20Study%20on%20Foundation%20Aid%20Update%20and%20the%20Process%20for%20the%20Regents%20Budget%20and%20Legislative%20Priorities%20for%202025-2026.pdf)**

(<https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Rockefeller%20Study%20on%20Foundation%20Aid%20Update%20and%20the%20Process%20for%20the%20Regents%20Budget%20and%20Legislative%20Priorities%20for%202025-2026.pdf>)

#### **[October 2024: 2025-2026 Budget and Legislative Initiatives](https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Budget%20%26%20Legislative%20Priorities%20Framework%20Discussion.pdf)**

(<https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Budget%20%26%20Legislative%20Priorities%20Framework%20Discussion.pdf>)

#### **[November 2024: 2025-2026 State Aid Budget and Legislative Initiatives](https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Budget%20and%20Legislative%20Priorities.pdf)**

(<https://www.regents.nysed.gov/sites/regents/files/SA%20-%20Budget%20and%20Legislative%20Priorities.pdf>)

### **Recommendation**

It is recommended that the Board of Regents take the following action:

VOTED: That the Board of Regents adopt the attached as their 2025-2026 State Aid and Budget Proposal.

### **Timetable for Implementation**

The Regents State Aid Proposal is effective immediately. The Regents State Aid Proposal is a recommendation to the Governor and the Legislature. The Governor will issue budget recommendations in January and ask the Legislature to approve a State budget by April 1.

**State Fiscal Outlook**

Board members will recall that last year’s enacted budget provided an additional \$1.3 billion in aid to public schools on a school year basis. This was the first year with Foundation Aid fully phased-in, so it reflected normal growth under the Foundation Aid formula under current law. For the coming year, the Division of Budget expects an increase of \$0.99 billion for school aid.

SCHOOL AID - SCHOOL YEAR BASIS (JULY 1 - JUNE 30) <sup>1</sup>									
(millions of dollars)									
	SY 2024	SY 2025	Change	SY 2026	Change	SY 2027	Change	SY 2028	Change
Total	34,484	35,889	1,405	36,883	994	37,698	815	38,489	791
			4.1%		2.8%		2.2%		2.1%

<sup>1</sup> SY 2024 does not reflect a significant amount of Federal ARP Act funding that was distributed to school districts over multiple school years, including prekindergarten expansion grants initially supported by this funding that appear on the School Aid run. These prekindergarten expansion grants will be State-funded beginning in SY 2025 and are included in the table for SY 2025 and thereafter.

The Division of Budget projects revenues and expenditures, statewide, for the five upcoming years and publishes a Financial Plan that estimates the state’s fiscal situation over those five years. Because they are focused on the state’s own revenues, these estimates do not reflect potential changes in federal funding streams that are key to supporting services provided across state government, as well as services in schools. In addition, estimates of the cost impact of any of the Rockefeller Institute’s foundation aid recommendations are not yet available. If significant changes are made to the Foundation Aid formula in response to the Rockefeller recommendations, they will impact the state budget process as well.

Due to these factors, elected Executive and Legislature officials will face challenges as they develop the budget for the coming fiscal year. With these fiscal conditions in mind, as the members of the Board of Regents reviewed the scope of their policy responsibilities, they prioritized initiatives to move toward their goal of achieving equity of opportunity.

## Budget and Legislative Priorities

<b>Program</b>	<b>Funding Request (in millions)</b>
<b>Agency-Wide Priorities</b>	
Education Building	\$34.1
Cultural Education Center	\$5.5
State Owned School Buildings	\$192
Supporting Next Phase of Data Infrastructure and Operational Effectiveness Plans	\$4.8
<b>Prekindergarten through College and Career Program Priorities</b>	
Funding to Implement the Changes Recommended by the Blue Ribbon Commission on Graduation Measures	\$2.3
College in the High School Opportunities	\$14
Juvenile Justice: Hybrid High School Planning	\$1.5
Future Teacher Academy	\$2
CPI Tuition Rate Growth: Approved Special Education Programs	TBD
Bilingual Education Aid Annual Increase	\$1.0
Climate Change Education Materials and Staff	\$0.5
Extended Learning Time Grant: Legislative Amendments	No Cost
Arts Education Study and NYSSSA	\$0.3
<b>Adult Career and Continuing Education Services (ACCES)</b>	
Staffing for increased oversight of proprietary schools	\$0.2 or transfer
VR Case Services appropriation language update	No Cost
<b>Higher Education</b>	
Increases for access and opportunity programs	\$16.9
Enhanced Supports and Services for Students with Disabilities	\$2.0
Sustaining Teach.org	\$1.2
Background checks/clearance for Private Schools for Students with Disabilities	\$0.1
<b>Office of Cultural Education</b>	
Revenue Stabilization (Increase fee by \$10/ per transaction or provide equivalent GF appropriation of \$12 million)	\$12 or fee
Preservation of Archival Audio-Visual Recordings	\$1.5
New York State Summer School for the Arts & Scholarship	\$2.0
Library Construction Aid	\$6
<b>Office of Professions</b>	
Increase Appropriation/Cash Spending Authority	\$1.6
<i>Note: Funds above are a mix of capital, state operations, and local assistance funds.</i>	

## Agency-Wide Priorities

### **Capital Needs**

The Board of Regents emphasizes the critical importance of preserving educational institutions through strategic investment in capital needs. These efforts focus on essential properties such as the historic Education Building, the Cultural Education Center, and various state-owned school buildings. Maintenance and modernization of these facilities are vital to ensure safe, effective learning environments that align with contemporary educational standards and structural requirements.

***Education Building and Annex (\$34.1 million):*** Education Building/Education Building Annex (estimate \$34,120,000) The Education Building was completed in 1912, and it was entered into the National Historic Register in March 1971 – after a nomination by the New York State Historic Trust and approval by then-Governor Nelson Rockefeller’s Advisory Committee.

The Education Building is the nation’s first building built specifically for the administration of education. It has a glorious rotunda, and the 36 Corinthian columns that face Washington Avenue form the longest colonnade in the United States. This building is a grand part of Albany’s streetscape and the state’s architectural heritage. Structures such as this require regular maintenance to retain their integrity and beauty for centuries, and deferred maintenance only worsens the damage and increases the scope and cost of future repairs. The time has come to invest in this historic structure.

Water, the great enemy of buildings, is intruding into the colonnade, the surface coatings (terra cotta, marble, and other stone) and the interior of the building. With freeze thaw cycles, the damage has begun to accelerate with each year. Unfortunately, projects in ornate, historic public buildings like this are expensive and lengthy – and delays in starting only make them more so – often on a trajectory that exceeds even what one might expect from ordinary construction cost escalation.

We have noted these needs in previous call letters, but because we prioritized the needs at the State-owned school buildings, these were not emphasized. We must address this now before the damage to the State Education Building expands further. Towards that end, we asked our colleagues at the Office of General Services (OGS) to obtain estimates (some official, some preliminary) for the most critical work. However, there may be additional damage not yet visible to which the estimates did not apply. We also note that structuring these as a single project would likely be the most cost-effective approach. This would reduce set up and coordination costs.

- Repair Marble Columns and the Terra Cotta Façade of The Education Building and Annex (\$10,300,000)
- Replace Skylights (\$7,320,000)
- Roof Seam and Gutter Repairs (Unofficial OGS estimate \$14,000,000)
- Replace the #10 Elevator in the Education Building (No official OGS estimate yet, but \$2,000,000 is the unofficial expectation)
- Essential Building Maintenance Contracts (\$500,000)

**Cultural Education Center (\$5.5 million):** The Cultural Education Center (CEC) is currently undergoing external repairs, conducted by OGS. In addition, a gallery renovation project for the State Museum is in its planning stages, with significant progress made in recent months. These are critical projects. However, the CEC also struggles with the impact of deferred maintenance and the operational challenges that accompany its funding structure. As a result, the building needs significant internal updates to both its spaces and for equipment which is essential to its mission of preserving the heritage of New York State and making it available to both present and future generations of New Yorkers. The CEC itself should return to its role as a major cultural center for Albany – with fully operating and up-to-date facilities for theater, document preservation and customer comfort.

- Clark Theater Equipment Updates (\$150,000)
- Museum Lighting Upgrades: (\$450,000)
- Museum Gallery Carpeting: (\$400,000 in each of three phases for a total of \$1,320,000)
- Visitor Counting Equipment: (\$100,000)
- Huxley Theater Video Extension (\$30,000)
- Sixth Floor Network Infrastructure (\$83,000)
- Digitization Equipment for Manuscripts and Special Collections: (40,000)
- Lobby Video Wall Replacement, Small Lobby Upgrades, Additional Gallery Renewal Materials: (\$340,000)
- Library, Archives and Museum Storage Shelving: (\$304,000) HVAC Optimization for Preservation; OCE Data Loggers and Vault HVAC: (\$1,100,000, with \$100,000 in first year for immediate installation of the data logger)
- Direct to Substrate Printer: (\$125,000)
- Seventh Floor Restrooms (\$1,400,000)
- Museum Lab Conservation Infrastructure: (\$87,000)

**State Owned School Buildings (\$192 million):** Before the Hochul administration, these five state-owned school buildings suffered from deferred maintenance and neglect. Investments made by the Hochul administration have resulted in significant improvements in the condition of the campuses – but more work remains, some of it urgent.

- New York State School for the Blind at Batavia (\$16,243,000)
  - Replace chiller and air conditioning system (\$11,143,000).
  - HVAC Operating System Replacement (\$1,000,000)
  - MR-BTV-0049 (Parking Lot Rehab) & MR-BTV-0048 Park Lewis Hall Grounds Repair/Rehabilitation (\$2,000,000)
  - Park Lewis roof replacement – request metal roof for longevity (\$1,000,000)
  - Playground Surface Replacement (\$500,000)
  - Dorm Kitchen Upgrade (\$250,000)
  - Schoolwide Flooring Upgrade (\$250,000)
  - Annual School Equipment/Maintenance Budget (\$100,000)

- New York State School for the Deaf at Rome (\$8,800,000)
  - Sewer & Gas Project (\$400,000 to cover a cost increase on an already approved project: Rom 0023 18-19)
  - Electrical Panel Upgrade (\$200,000)
  - Dormitory (Building 16) HVAC & Boiler Room Improvements (\$250,000)
  - Indoor Pool (Building 11B) Roof Repair/Replacement (\$500,000)
  - Sidewalks and Concrete Repair/Replacement (\$500,000)
  - Electric Vehicle Infrastructure (\$250,000)
  - Window Replacement and Treatments (\$500,000)
  - Indoor Pool (Building 11B) Revitalization (\$300,000)
  - Building 15 (Classrooms, café, etc.) HVAC Replacement (\$5,500,000: source informal OGS estimate)
  - Security Fencing: (\$300,000)
  - Annual School Equipment/Maintenance Budget (\$100,000)
- Tuscarora Nation School (\$8,171,979 estimate + 30% OGS Design = \$10,624,000)
- St. Regis Mohawk Nation School (\$130 million – less approximately \$20 million remaining from prior years' appropriations)
- Onondaga Nation School (\$46,362,000)

### **Supporting Next Phase of Data Infrastructure and Operational Effectiveness**

**Plans (\$4.8 million):** In parallel, the agency prioritizes advancing its data infrastructure and operational efficiency initiatives. Building on previous technological and operational improvements, the next phase aims to enhance data integration, security, and analytics to support decision-making and resource allocation across the educational system. This initiative will enable more effective oversight, improved service delivery, and increased adaptability in the face of evolving educational demands. The Department's response to the Budget Director's call letter emphasized the need for additional staff to support the second phase of the transformation of the Department's information technology functions, as well as an investment in HR/Financial systems that will modernize our staff management and financial analytical capabilities. Our request included support for additional staff and expanded general fund support for software licensing and other ongoing needs. The call letter also requested the next phase of support for the Statewide Longitudinal Data System, which will provide the regional and system-level outcomes data needed for future policymaking activities.

### **Prekindergarten through College and Career Program Priorities**

Within the Office of P-20, strategic initiatives are being advanced to enhance student outcomes and educational quality. Priorities include expanding access to early childhood education, addressing disparities in school funding, and promoting policies that support safe, inclusive learning environments. By focusing on these areas, the Office of P-20 aims to close achievement gaps, reduce dropout rates, and prepare students for success in higher education and the workforce.

**Funding to Implement Blue Ribbon Commission on Graduation Measures Changes (\$2.3 million):** As the Board finalizes the changes to the Graduation

Standards that have emerged from the years of work with educators, employers, and experts from other states, the Department must prepare to implement the changes. For the first stage of this work, the Department must build its own internal capacity. The Department will need a project coordinator to organize the many training opportunities and other engagements with educators and the public that will occur. The Department will also engage experts in the development of standards to do the focused work necessary to align standards through the grade levels. Finally, the Department will need two new permanent staff to support the field as they incorporate the new, more flexible requirements into their districts' curriculum.

**College in High School Opportunities (\$14.0 million):** Dual Enrollment programs provide high school students with the opportunity to take college courses, enabling them to save time and money in college. Dual enrollment also positively impacts high school and college outcomes on average, such as high school graduation, college enrollment, college success, and college completion. The state funds three dual enrollment programs now, but only a small percentage of New York high school students (less than 2%) participate in the existing programs: Smart Scholars Early College High School (ECHS), Smart Transfer ECHS, and New York State P-TECH. The development of a new "College in High School Opportunity Fund" would significantly expand dual enrollment programs across the state. Under one umbrella, the fund would continue to support the three existing programs as well as new "College in High School Programs" that would allow for locally designed innovative dual enrollment models. As a condition of approval for funding, new College in High School Programs would be partnerships between school districts and higher education institutions that provide students with the opportunity to enroll in at least 12 college credits that are aligned to college degrees and careers, include high-quality academic support, and receive funding for initial start-up costs and allocations based on the number of college credits completed by economically disadvantaged students.

**Juvenile Justice Hybrid Programming Planning and Development (\$1.5 million for year 1; \$3.0 million for year 2):** The Board recognizes that there are significant weaknesses in the current educational programming provided for young people in juvenile justice settings. It proposes creating a statewide hybrid high school with OCFS for these students. To promote equity between program sites, this new school would be state-funded and will budget to provide support for onsite staff and the costs of providing other coursework online. Operating costs would be covered in a manner that parallels current funding mechanisms for school districts. As a first step, the Board recommends the allocation of funding that would support some initial hires for the school (a superintendent, an instructional lead, and a finance/operational lead) and an engagement of a consultant with expertise in this space who would support the program design. We anticipate building the school program in future school years, so that the school would expect to be operational at the beginning of the 2027-2028 school year.

**Future Teacher Academy: (\$2 million):** New York State has a shortage of teachers in certain certification areas and regions of the state. To address this targeted need, the Board of Regents recommends the creation of Teacher Academies in high schools across the state. These Academies would be funded through a seed money grant available to K-12 and higher education partnerships. These grants would prioritize



equitable participation of large city school districts (NYC and one of the Big Four) and BOCES in a rural/small city setting.

This “Grow Your Own” program would provide initial funding for the creation of a CTE pathway in high schools, as well as an introduction to teaching as a career in middle schools, that is designed to help students learn about, and be inspired to pursue, the teaching profession by taking education courses and working with children and youth (e.g., tutoring). As part of the application, participating entities would describe their plans to encourage participation by students that are traditionally underrepresented in the teaching profession.

The education courses in the pathway could be developed and offered by the high school as part of their high school curriculum and/or could be dual enrollment courses offered by an institution of higher education with registered teacher preparation programs and/or community colleges with articulation agreements with registered teacher preparation programs. The education courses would provide students with the opportunity to explore courses in teaching broadly and teacher shortage areas specifically, such as special education, career and technical education, and science.

**Tuition Rate Growth for Approved Special Education Programs (the net impact of this inflation-adjusted cost factor is unknown at this time.)**

Last year’s enacted budget provided additional funding and time to review the rate setting methodology for private special education providers and special act school districts. This is critical work, and the Governor and Legislature have been very supportive. This work will take some time to complete. Until then, these schools must have a tuition rate growth factor that reflects the year-to-year increases in costs (staff salaries and benefits, etc.) to be able to maintain current levels of services. Enacting this in statute will give providers the predictability that they need to create staffing and budget plans for the upcoming year and make mid-year adjustments if needed.

The Board proposes a statutory mechanism that updates rates annually by the Consumer Price Index (CPI) until a new rate setting methodology is adopted by the Governor and legislature after the study. The CPI for 2024 is preliminarily estimated at 3.1% and will be finalized after the end of the calendar year.

**Bilingual Education Aid Annual Increase (\$1 million):** The bilingual appropriation funds Regional Bilingual Education Resource Networks (RBERN), which provide professional development and technical assistance to districts and schools; Puerto Rican/Hispanic Youth Leadership Institute (PR/HYLI), which provides Hispanic students experiential learning in leadership development, civic engagement, and democracy; and Clinically Rich-Intensive Teacher Institutes (CR-ITI), which serve to increase the number of certified teachers of ELLs. This funding has not been increased in 5 years. A \$1 million increase each year for the next five years would help address the expanding need for bilingual instruction and support in New York State. At present, the number of CR-ITI programs has declined from 18 to 11 with almost 150 fewer teachers receiving this training annually.

**Climate Change Education Materials and Staff (\$536,500):** In recognition of the impact of climate change on the world our students will inhabit, the Board recommends a two-pronged approach to improving both our students' knowledge and our schools' preparedness. The Board requests funding that would support a staffer dedicated to improving districts' sustainability. This staffer would support transitions to more energy efficient transportation and facilities. On the instructional side, the Board recommends that a focused investment be made in the development of classroom materials that build on existing state standards to facilitate teaching the importance of sustainability and preparedness for a climate-change impacted future. The amount requested above would support both a one-time contract for expert materials development and the first-year cost of the new, permanent employee.

**Extended Learning Time Grant Legislative Amendments (no cost):** In recognition of the importance of the opportunities provided by the Extended Learning Time Grant, and the challenges posed to the participating districts under the requirements of the current appropriation, we request some no-cost language changes to the appropriation which would both modernize the program and provide additional flexibility at the local level to make this program more workable. The five districts that currently participate in the program are Beekmantown, East Ramapo, Syracuse, Yonkers, and the New York City Public Schools.

**Understanding the Gaps in Arts Education (\$300,000):** The Board of Regents has recognized that high-quality arts instruction is a powerful student engagement tool, as well as an excellent foundation that can develop creative thinking and problem solving across a broad range of endeavors. Despite the importance of the arts, opportunities to participate in arts programs at school are not spread evenly across the state. The Board is concerned that there are significant gaps in access, but the exact nature and distribution of the gaps is unknown. The Board therefore recommends that \$300,000 be allocated for an engagement with a consultant who can survey and analyze the gaps in access to arts programming – and recommend solutions.

### **Adult Career and Continuing Education Services (ACCES)**

**Improved Monitoring of Proprietary Schools to Prevent Closures that Disrupt Students' Lives: (Two Options: Option 1- Two General Fund Supported FTEs- \$181,268; or Option 2- Funding Transfer from Tuition Reimbursement Account – which would support up to 7 FTEs)**

In 2021, an audit by the Office of the State Comptroller identified weaknesses in the Bureau of Proprietary School Services' (BPSS) financial monitoring of proprietary schools. In response, the Department implemented new regulations regarding financial reporting. These new regulations were intended to provide the Bureau with the ability to identify schools that are in danger of closing due to financial deficit and/or schools that perform poorly in placing graduates in the workforce, since these are the two situations that create the most risk of school closures that lead to claims on the Tuition Reimbursement Account. Even when students whose proprietary schools close are reimbursed for their lost tuition, they cannot be reimbursed for their lost time and the disruption to their career plans. These closures still cause them harm. Thus, the Department seeks to prevent the closures with earlier intervention.

In addition, there has been a sharp increase in schools seeking licensure for programs in the Allied Health fields that train future employees to work with the public in direct healthcare settings. The NYS Department of Health writes the programs' requirements, and then BPSS is tasked with overseeing their compliance with the requirements. Programs providing healthcare training significantly impact public health and safety, requiring more frequent monitoring and additional requirements beyond the standard licensed private career school regulations. Despite the need for enhanced oversight, no additional staff have been provided to ensure the quality and compliance of direct healthcare training. BPSS has absorbed a nearly 50% increase in monitoring these schools amongst its existing staff.

BPSS has closed poorly performing and/or fraudulent schools offering these programs, which exploit low-income students, offer substandard training, and put public safety at risk. However, adequate monitoring, aligned with the expectations of the Office of the State Comptroller and the Department of Health, requires sufficient staffing to do this important work.

***Presented as an Alternative:***

**Transfer of Funds From the Tuition Reimbursement Account to the BPSS**

**Supervision Account: (Zero Cost):** As the preferred alternative to additional state general fund support, ACCES is requesting authorization to transfer funding from the Tuition Reimbursement Account (TRA) to the Bureau of Proprietary School Supervision (BPSS) account, at a maximum of \$750,000 within a State Fiscal Year, and only if the TRA funds exceed \$2.5 million. The BPSS appropriation and cash level would also need to be increased to allow for the associated spending outlined below. The TRA account is funded by revenue from school fees and fines associated with proprietary school licensing. Currently \$6.1 million exists in the TRA account and it continues to accumulate each year.

For example, \$769,833.93 in revenue has been received in this account in the past 12 months while only \$38,512.86 has been expended. At present, this funding is restricted to reimbursing students for lost tuition when impacted by a school closure and expenses related to scanning student records. This is important. However, over the past 10 years, the combined total expended from this account for tuition reimbursement is \$1.3 million. The highest amount expended in a single year was \$315,592.65. Our proposal would allow us to improve our monitoring and closure prevention activities, to reduce or eliminate closures in the first place. We understand that tuition repayments are an important safety measure for students. However, we believe that eliminating the disruptions in studies and in life that closures cause is the preferred way to protect the student consumer. If the transfer were approved, BPSS could fill up to seven positions. This would improve the level of oversight that could be provided relative to the two general fund-supported positions requested above at no cost to the state.

**Appropriation Language Request (no cost):** Adult Career and Continuing Education Services- Vocational Rehabilitation (ACCES-VR) is requesting to update 2024-25 appropriation and 2023-24 and 2022-23 reappropriation language for State Case Services and Federal Section 110 Local Assistance to allow grants to colleges for vocational rehabilitation (VR) services to be exempt from Section 112 of State Finance Law.

Section 112 of State Finance Law requires state agencies to receive prior approval from the Office of the State Comptroller (OSC) when contracting for services that exceed discretionary spending thresholds. ACCES-VR has encountered various challenges when attempting to contract with colleges. Approximately 100 of the 325 colleges have declined to complete the required paperwork, citing the contracting requirements to be too onerous or finding specific terms unagreeable. In the past, to comply with Section 112, ACCES-VR blocked the authorization of services to these colleges that were not on contract and directed services to other colleges that were on contract. However, this policy is contrary to the federally mandated provision of rehabilitation services and the requirement to make the informed choice of the service recipient available to the recipient. This creates a legal and financial risk for the agency. Under Section 112, the current practice requires us to contract with colleges prior to paying for tuition, books, fees, and room and board. This creates an undue hardship for ACCES-VR customers since they must wait through the lengthy contract development and approval process before beginning their program. Exempting college payments from Section 112 of the State Finance Law would ensure that individuals with disabilities receive the college services they need to achieve their employment goals – and that they can do so in a manner that does not require them to wait months to begin their studies. Per Federal and State regulations, ACCES-VR must provide training at colleges/universities as one of its vocational rehabilitation services. In addition, ACCES-VR customers must have the ability to make fully informed choices about the services they receive. As it specifically relates to college services, individuals with disabilities must have the same options and choices as their nondisabled peers. Additionally, federal regulations encourage State Vocational Rehabilitation Agencies to develop and implement “flexible procurement policies and methods that facilitate the provision of vocational rehabilitation services and that afford recipients of services meaningful choices,” per 34 CFR § 361.52. The practice of contracting with colleges becomes problematic when a college refuses to sign a contract with ACCES-VR. As a result, there are delays in the start of classes and payment of tuition, books, fees, and room and board. This is detrimental to the ACCES-VR customer who is unable to pursue their post-secondary and career goals.

Requiring ACCES-VR to contract with colleges is unnecessary because ACCES-VR has sufficient internal controls in place to ensure that all payments are appropriate, even without contracts. Authorizations for all services including colleges are issued with a specific itemized list of what is covered by the payment. The itemized list is based on the employment goal identified in the ACCES-VR customer’s Individualized Plan for Employment (IPE). Colleges can only request payment after comparable benefits have been applied, such as TAP, Pell, or other scholarships. Authorizations are made for one year at a time at most, and students must provide transcripts to demonstrate they are meeting expected outcomes.

When ACCES-VR is unable to authorize services to a specific college, it eliminates choices for our customers. A delay in establishing college contracts can cause a college to go after the student with disabilities for payment and interrupt their education and career goals. Advocacy groups such as Disability Rights New York (DRNY) have represented ACCES-VR customers in impartial hearings contending that college contracting delays are harmful and impede the delivery of vocational rehabilitation

services. In addition to the legal risk, Federal funds could be withheld by the Rehabilitation Services Administration (RSA) if it is determined that ACCES-VR is out of compliance with Federal requirements relating to informed choice. In August 2024, the U S Department of Education-Rehabilitation Services Administration (RSA) monitored ACCES-VR and raised concerns about the practice of requiring contracts for training at colleges and universities, as it impedes ACCES-VR's ability to meet the Federal requirements of the program.

## **Higher Education**

The state's investments in supporting millions to higher education and aid for disabled students in higher education settings have demonstrated positive returns. The Board of Regents supports additional investments in these programs as follows:

### **Increases for higher education access and opportunity programs (increase of \$16.9 million)**

Opportunity programs, such as the Science and Technology Entry program (STEP) at the high school level, and the Collegiate Science and Technology Entry Program (CSTEP) opportunity programs, are designed to increase the number of historically underrepresented and economically disadvantaged students who are prepared to enter college and to improve their participation rate in mathematics, science, technology, health-related fields and other licensed professions. Liberty Partnerships Program (LPP) offers comprehensive pre-collegiate and dropout prevention programs and services to youth in Urban, Rural, and Suburban communities across NYS. The Higher Education Opportunity Program (HEOP) supports students who would otherwise be unable to attend a postsecondary educational institution due to their educational and economic circumstances. These students are provided with sufficient academic support services, tuition assistance, supplemental financial assistance, and full need packaging to enable them to successfully complete the institutional components required for graduation. Additional funding means reaching more of these students.

- **HEOP:** An additional **\$7.3 million** to support and enhance current programs. Currently this program serves 4,450 students. In addition to serving approximately 100 more students, these additional supports and enhancements include: securing or retaining qualified personnel to support students with rigorous academic demands, expanding access to tutoring and counseling services, and providing essential resources such as laptops, textbooks, and instructional materials. Additionally, there is a critical need to improve access to mental health services and implement targeted programming that equips students with the skills, strategies, and resilience necessary to navigate personal and academic challenges effectively.
- **STEP:** An additional **\$3.3 million** to better support projects (who took on additional students in the last cycle) and provide greater participation in STEM-based research, internships, or exploratory career opportunities at facilities such as Brookhaven National Laboratory and regional STEM-hubs. This program serves approximately 14,000 students annually.

- **CSTEP**: An additional **\$2.5 million** to better support projects (who took on additional students in the last cycle) and provide greater participation in STEM-based research, internships, or exploratory career opportunities at facilities such as Brookhaven National Laboratory and regional STEM-hubs. This program serves approximately 9,000 students annually.
- **Liberty Partnership Program**: An additional **\$3.8 million** to better support projects (who took on additional students in the last cycle) to enhance services and opportunities for current projects such as mentoring, college access to NYS Opportunity Programs, summer programs and family/alumni engagement, and promote student participation and LPP staff retention. Additionally, there is a need to expand access to mental health services and implement programming focused on developing the knowledge, skills, and dispositions necessary for students to overcome barriers to their academic success. This program serves approximately 17,000 students annually.

**Enhanced supports and services for students with disabilities for postsecondary success (increase of \$2.0 million)**

Students with disabilities enrolled in degree-granting colleges and universities may need support like what they received in high school to be successful. This is an investment in creating employment opportunities for these individuals. Additional funds would allow postsecondary schools to enhance the supports and services they provide to their enrolled students with disabilities including:

- Supplement and expand existing supports and accommodations of SWDs (Students with Disabilities);
- Create college prep programs to assist incoming SWDs in transitioning to college and prepare them to navigate the campus facilities and systems;
- Provide full and part-time faculty and staff at SUNY, CUNY and other Private and Independent degree granting institutions of higher education (IHE) with training in how to better serve students with disabilities; and/or
- Improve the identification process of SWDs and enhance data collection capabilities at SUNY, CUNY, and other private and independent degree granting institutions of higher education.

**Sustaining Teach.org (\$1.2 million):** Teach.org’s mission is to help aspiring teachers understand everything they need to know. In furtherance of this mission, Teach.org provides teacher certification guides, information about teacher preparation programs, 1-on-1 coaching with expert teachers, teacher stories, information about financial aid, salaries, and benefits. Users are provided a personalized application checklist. This service has reached thousands of New Yorkers just in the first year. To maintain this service, the state must provide a recurring allocation of \$1,251,450 for Teach.org beginning in FY25 and increasing 3% each year thereafter. If the legislature does not establish a recurring allocation for Teach.org, NYSED will struggle to pay for the New York version of Teach.org and may need to stop offering this critical tool for addressing the teacher shortage.

**Background Checks/Clearance for Private Schools for Students with Disabilities (Two FTEs requested: 2 Education Program Assistants- \$129,124):** NYSED's Office of School Personnel Review and Accountability (OSPRA) implements the criminal history background check required under the SAVE law, in addition to the work of the Teacher Moral Character Unit and the Teacher Tenure Hearing Unit. Although public school teachers and staff are required to undergo background checks before employment, this requirement does not extend to the staff of nonpublic schools. While doing so for all nonpublic schools would create significant backlogs for the public school reviews (which has its own inherent risk, since staff are often employed at schools while their background checks are pending), NYSED would like to require that personnel in the approved special education providers (853s), the state supported schools for the blind and deaf (4201s), and the clinic based preschool programs be required to undergo these checks. We seek to expand the background checks to these programs, because they serve our most vulnerable students. In addition, since they serve students sent by committees on special education, they are an essential element of the public schools' work and their fulfillment of the duty to provide a free and appropriate (and safe) public education to their students with disabilities. To avoid the potentially dangerous delays in background checks referred to above, we request two additional FTEs to support this work. We encourage the inclusion of language that ensures that this does not create duplicative requirements in cases where the staffer needs a background check under the regulations of another agency: a single check should occur for all relevant staff.

### **Office of Cultural Education Program**

**Revenue Stabilization (Increase fee by \$10/ per transaction or provide equivalent General Fund appropriation of \$12 million):** The Office of Cultural Education receives some federal funding to support public libraries around the state. However, operational funding for the State Museum, State Library, and the State Archives comes primarily through the Cultural Education (CE) Revenue Account and Local Government Records Management Improvement Fund (LGRMIF). These program funds receive their revenues from a fee charged for the recording of deeds. These accounts supply most of the operational funding for the State Museum, a substantial portion of funding for the State Archives, and the State Library, all funding for the Office of Public Broadcasting and Educational Television, and, until recently, all funding for the New York State Summer School for the Arts. The dollar amount of the fee has not changed in over 20 years, despite inflation of approximately 40% during that time. The funding available also depends on the number of eligible real estate transactions, which makes the revenue stream highly variable, since the number of real estate transactions depends on macroeconomic conditions. The Museum, Library, and Archives need consistent conditions to protect the state's historical artifacts, so a variable funding stream is problematic over the long term. Since inflation continues to eat away at the value of the fee, this situation is not sustainable. Either a reliable base State general fund appropriation of \$12 million or a \$10 fee increase is essential to ensure the Museum, Library, and Archives' ability to safeguard our state's heritage.

**Preservation of Archival Audio-Visual Recordings (\$1.5 million):** The State Archives holds nearly 40,000 audio visual items in a variety of obsolete formats that require conversion to digital formats to enable their long-term preservation and access. The film media on which these recordings are kept is degrading rapidly. Based on the

projections of the global audiovisual archival community and an initial assessment of our holdings, most of our audiovisual holdings will be inaccessible by 2028 and some as early as 2025, without completing significant digitization projects. Thus, we must digitize them before 2028, or the materials will be lost forever. The variety of video, audio, and film formats, some of which date from the 1930's, are actively decaying. The recordings are critically unstable and given their age, have reached high risk for content loss. In addition, the equipment required to access and digitize the obsolete recordings is no longer manufactured and is increasingly difficult to access.

The State Archives has a limited window of opportunity to digitize these records before content is unrecoverable. Conversion of these recordings to digital format for preservation and access requires specialized equipment and skills to move the film from formats including 8mm film, U-Matic tape, open reel audio tape, quadruplex tape, Betamax tape, and VHS tape. We propose to contract with a specialist vendor who has experience converting recordings for the cultural and education sector. For context, these films and audio recordings offer a valuable resource for researchers on topics such as agriculture, public safety, transportation, and education. Included in the collection are films of the construction of the New York State Thruway, audio recordings of public hearings of the State Commission on Investigation, videotapes of public presentations by Governors Carey and Cuomo, and audio recordings of hearings of the Knapp Commission.

This accelerating deterioration makes it important that we act now.

**New York State Summer School for the Arts & Scholarships (\$800,000 increase to \$2 million):** The New York State Summer School for the Arts (NYSSSA) will provide residential programming (2025) and scholarships (2024), to New York State students interested in the arts. The additional funding will permit us to reintroduce and expand artistic disciplines that were previously offered, providing students with a broader array of creative opportunities to explore. We would also plan to provide more financial aid and scholarships to ensure that more students can participate, regardless of their economic background. With expanded funding, more students from diverse backgrounds would have the chance to participate, ensuring the program nurtures the widest possible range of young artistic talent. Or increase the geographic reach of the program by hosting sessions in additional regions, particularly underserved and remote areas, to make the program more accessible for all students.

**Library Construction Aid (\$6 million increase):** This request for \$50 million in capital funds would be a \$6 million increase from \$44 million provided in the 2024-25 Enacted State Budget. The State Aid for Library Construction program stretches local investment, ensuring that even libraries serving economically disadvantaged communities can access capital funding for critical library improvements. Although \$50 million just scratches the surface of our libraries' significant construction needs, this request would be a step forward and consistent with last year's request.



## **Office of Professions**

**Increase Spending Authority (\$1.6 million):** The Office of Professions is funded through a special revenue fund that is generated through the fees paid by professionals as they apply for licensure and renewals. The fees generate more revenue than the Office is permitted to use for its operations every year. A portion of the funds that were generated from the fee has been used as a capital fund to support the ongoing licensure modernization project. However, as that project moves toward completion, certain costs will no longer be considered capital investments, they will be basic operational expenditures (e.g., licenses for software used in the system or IT staff that keep the system updated). To address these new operational needs, we request that the annual spending authority of the Office of Professions be increased by \$1.6 million, with cash support, to allow the Department to continue to improve its services to professionals in our state.

## School Aid Recommendations

School Aid Program	2024-2025 School Year (in millions)	Regents 2025- 2026 Request (in millions)	Year-to-year Change (in millions)
<b>General Purpose Aid</b>	<b>26,299.84</b>	<b>28,144.84</b>	<b>1,845.00</b>
Foundation Aid	24,926.67	26,594.95	1,668.29
Prekindergarten Grants	1,067.98	1,235.99	168.01
Other General Purpose Aid	305.19	313.90	8.71
<b>Support for Students with Disabilities</b>	<b>1,109.70</b>	<b>1,181.31</b>	<b>71.60</b>
Private Excess Cost Aid	475.91	536.13	60.22
Public Excess Cost Aid	629.48	640.86	11.38
Supplemental Excess Cost Aid	4.31	4.31	0.00
<b>BOCES and Special Services</b>	<b>1,554.74</b>	<b>1,662.32</b>	<b>107.58</b>
BOCES Aid	1,312.78	1,367.11	54.33
Special Services Aid	241.96	295.20	53.24
<b>Instructional Materials Aids</b>	<b>255.09</b>	<b>260.68</b>	<b>5.58</b>
<b>Building and Transportation Aids</b>	<b>5,988.38</b>	<b>6,011.72</b>	<b>23.35</b>
<b>Other GSPS</b>	<b>319.11</b>	<b>312.96</b>	<b>-6.15</b>
<b>Total GSPS</b>	<b>35,526.87</b>	<b>37,573.82</b>	<b>2,046.95</b>
FAPE 22 Outside of GSPS	0	18.0	18.0

Under current law, with no changes to the formula, districts are projected to receive a \$1.4 billion increase in foundation aid and a \$1.7 billion overall year-to-year change. This is driven by enrollment growth in certain districts, growing student needs, and shifting income and property values. The Regents proposal includes a limited number of enhancements to these formulas, recognizing the very large increase projected under current law. These changes prioritize goals the Regents have articulated for years: equitable access to education in New York State. Foundation aid formula changes would be the first step to modernizing the formula. Changes to BOCES and special services aids would enhance access to Career and Technical Education. A new prekindergarten grant would allow a greater portion of our four-year old students to be served in full-day settings. Current year aid for districts with growing enrollment will put pieces in place to support districts when future growth occurs and the Free Appropriate Public Education (FAPE) proposal would support districts serving students with disabilities as long as districts provide services.

### School Aid Enhancements to Support Priorities

**Foundation Aid (additional \$208.4 million):** While the Rockefeller Institute study is anticipated to be released December 1, it is not available as of this document. In prior years, the Regents proposed a substantive, but not comprehensive, slate of changes to improve equity in Foundation Aid. This year is no different. The proposed changes include:

1. Update the Regional Cost Index from 2006 to a new 2024 calculation. Preserve the 9-region configuration currently in use, except that Westchester County is included in a new “New York City Metro” region that also includes New York City and Long Island to better reflect its economic conditions. The new Hudson Valley region is made up of the Dutchess, Orange, Putnam, Rockland, Sullivan, and Ulster counties.
2. Replace the 2000 Census Poverty measure to a three-year average of the three most recent years of Small Area Income Poverty Estimates (SAIPE) as produced by the Federal Census Bureau. This measure is intended to recognize the additional supports that students living in poverty need from schools. Although the SAIPE rates do not differentiate between publicly enrolled students and all children aged 5-17, the rate reflects current students in poverty, and it can be updated annually. Alternative measures bear further consideration.
3. Replace the 3-year-average K-6 free- and reduced-price meal (FRPL) rate with a 3-year-average of the K-12 economically disadvantaged rate. The field has explained that the FRPL rates have become increasingly problematic as the Federal Community Eligibility Provision has expanded. While economically disadvantaged rates are not a perfect measure of student need, the broader nature of these counts will improve some of the undercounting currently in FRPL.
4. Eliminate the income wealth index minimum, changing from 0.65 to 0.0. This minimum artificially overestimates the ability of the poorest communities to contribute to education, limiting state support in those areas. This minimum should be eliminated.

As with last year, the Regents called for a set of changes that would broadly improve the targeting of aid to districts and are well understood. This is not a comprehensive set of changes, and more work must be done to address weights to address specific needs, the suitability of alternative measures of student need, the core foundation amount, and more. The Rockefeller Report may identify research supporting concrete changes to these elements and additional improvements worthy of consideration.

It is also important to note the timing of this change. Under current law, Foundation Aid is expected to rise by \$1.44 billion in the 2025-26 school year, or 5.8%. Under this suite of proposals and with the FAPE22 proposal, foundation aid would rise \$1.67 billion, or 6.6%. This is a very substantial increase, but the incremental cost of these proposals is relatively modest this year, given the scope of the changes, because the current law increase is so large this year. In other years, the incremental cost from these changes would likely be much higher.

**Expanding Access to Career and Technical Education (CTE) through BOCES (\$53.8 million):** The cap on the BOCES salaries expenses that generate state aid has been at \$30,000 for decades. This flat reimbursement amount has not kept pace with inflation. The Regents recommend increasing the salary limit for BOCES aid to encourage program expansion. Based on data from the New York State Department of Labor, the median salary for a secondary teacher in New York State was \$84,066 as of the latest data available. Ultimately, BOCES salary cap should be linked to this number and updated annually. However, given the large discrepancy that currently exists between \$30,000 to \$84,066, a three-year approach will allow districts and BOCES to

adjust. The Regents propose raising the salary cap to \$50,000 for aid in the 2025-2026 school year, \$70,000 in the 2026-2027 school year, and finally to median income for secondary teachers in New York State thereafter.

**Expanding Access to CTE in Other Districts (\$49.2 million):** Districts that do not participate in a BOCES program also need additional support to expand support for students in career, technical, occupational, and business education. These districts include the Big Five City school districts and four others. This year, the Regents propose making career education services to students in the ninth grade eligible for career education and academic improvement aid. In subsequent years, the core reimbursement amount in all three special services aids should be increased to ensure students in districts that do not participate in a BOCES program receive equitable aid.

**Expanding Access to Universal Prekindergarten (\$25 million):** Last year, the Governor and legislature made it easier to use state prekindergarten funds. This year, the Regents recommend a \$25 million expansion of funding to districts that wish to provide additional services and have students who remain unserved under the existing funding streams. The funding approach would be the greater of the statutory universal prekindergarten (UPK) amount per pupil or \$10,000. After year one, this funding would roll into UPK to avoid multiplying programs. The \$25 million amount is sufficient to meaningfully expand access and ensure the entire amount is utilized.

In the past, districts have raised concerns about burdens to applying for competitive processes. This proposal is to use a competitive process that makes awards based on fixed factors that do not require district to generate narratives. Limiting the process to state minimum requirements will minimize the amount of information collected and make the application feel more like completing a brief form with basic information and attestations.

Applicants would need to attest they would utilize the funds in the following school year, meet specific quality indicators, and verify availability of adequate program space. Grants would be awarded to districts based on the percentage of English Language Learners (ELLs) in grades K-2, student poverty measures within the district, and the proportion of eligible pre-k-aged students currently served in district pre-k programs.

The Regents have also identified expansion of prekindergarten inclusion as a priority. The Department will begin a review of relevant regulations and practices and bring a recommendation to the Board in the following year.

**Current year aid for large enrollment growth (\$19.1 million in 2023-24):** School districts across the state have seen enrollment influxes driven, in part, by asylum seekers. These newcomers arrive after district budgets are established. Districts are expected to educate all the school age children within their boundaries without delay, but current funding formulas do not support the cost of implementing this expectation, especially in districts that do not have the staff and resources already in place to serve the specialized needs of these students. Foundation Aid, the major form of operating support for many districts, is calculated on a per pupil basis, using the pupil count from the prior year. For districts undergoing rapid enrollment growth, or rapid growth in the number of students with a particular set of needs, such as English Language Learners,

aid based on enrollment from the prior year is insufficient to meet the needs of the students who have arrived.

One response is to provide current year aid for these students with a standalone “Growth Aid” formula at the Foundation Aid per pupil level. Growth aid in the 2025-2026 school year will be based on enrollment growth in the 2025-2026 school year and paid in the next state fiscal year after SIRS enrollment counts are finalized. If adopted, districts will be entitled to growth aid if either (1) enrollment grew more than four percent and 25 students, or (2) English language learner students grew by 15 percent and 25 students. Each additional student over these thresholds would be entitled to an amount equal to the district’s selected foundation aid per pupil. In the following year, foundation aid pupil counts will reflect these students.

The Department does not have projected enrollment growth for the coming year. However, if this proposal were in place in the last school year for which the Department has final counts, the 2023-24 school year, it would have generated \$19.1 million across 49 districts. The amount for the 2025-2026 school year is unknown and not included in the table above.

**Providing a Free and Appropriate Education (FAPE) to Students with Disabilities until Age 22 (\$65.4 million):** The Second Circuit Court of Appeals’ decision in *A.R. v. Connecticut Board of Education* requires that public schools in New York provide special education and related services to resident students with disabilities until twenty-two, or the day before the student’s 22nd birthday, unless they have obtained a high school diploma. New York State Law provides state funding to students only through the school year in which the student turns twenty-one. Aligning state law to this court decision's requirements is critical to supporting districts as they serve students with disabilities until age 22. The fiscal estimate includes increased reimbursement for public excess cost aid, private excess cost aid, and foundation aid.

The aid impact of this change is estimated to be \$20.6 million in Foundation Aid before other changes proposed above, \$9.5 million in public excess cost aid, \$17.4 million in private excess cost aid, and \$18.0 million in funding programs that fall outside general support for public schools. The impact on Foundation Aid and excess cost aids are included in the table above. The other programs include summer special education programs (4408), state supported and operated schools for the blind and deaf, the education of homeless children, and certain programs operated by the Office for People with Developmental Disabilities (OPWDD).