

AN ACT to amend the education law, to implement the Schools for New York’s Future Act in relation to the calculation and payment of sound basic education (SBE) state aid, and providing for accountability in the context of the public education system; to implement the building requires immediate capital for kids (BRICKS) initiative; to amend the public authorities law, in relation to public school districts and dormitory authority financing of eligible school district projects; and repealing certain provisions of the education law relating to the calculation and payment of various aid programs to be replaced by sound basic education aid

The People of the State of New York, represented in the Senate and Assembly, do enact as follows:

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Section 1. Legislative findings. The legislature hereby finds and declares that the education of every child in this state is a core function of government at all levels, which requires the determination of the actual costs of a sound basic education, the availability and distribution to every school of fiscal resources necessary to provide the opportunity for such an education, and a system of accountability to measure whether such reforms actually provide the opportunity for a sound basic education in a manner consistent with N.Y. Const. Art. XI, and the decision of the court of appeals in Campaign for Fiscal Equity v. State, 100 N.Y. 2d 893 (2003). This act may be cited as the Schools for New York’s Future Act.

§ 2. Section 305 of the education law is amended, by adding two new subdivisions 35 and 36 to read as follows:

35. School district facilities adequacy studies. Not later than July first two thousand nine, and every fifth year thereafter, the commissioner shall report to the governor, and members of the legislature, the results of systematic data collection and analysis of the adequacy of school district facilities to assure that all students attending the public schools of the state shall have an opportunity for a sound basic education that is not impeded by facilities-related deficiencies. Such studies shall address the following five primary areas of deficiencies: (i) overcrowding of school buildings serving students in excess of full capacity, (ii) inappropriate class sizes, including consideration of enrollment growth projections as approved by the commissioner, necessitated by a lack of school facilities (iii) lack of specialized spaces, such as libraries, laboratories, and auditoriums, (iv) facilities in such grave condition that they may be unsafe or rendered unusable within five years, as determined by structural inspections and reported on a building condition survey submitted in an approved format, and (v) lack of access to instructional computer technology, technology equipment and the internet. The commissioner shall promulgate regulations with respect to the timing, scope and format of required reporting by school districts to effectuate the purposes of this subdivision. Such report shall also be available to all interested parties through publication on the state education department website. School district facilities adequacy studies may be cited as the: building requires immediate capital for kids (BRICKS) initiative.

36. Cost of education studies. Not later than October first two thousand eight and every fourth year thereafter, the commissioner shall publish the results of a quadrennial costing-out

1 study conducted by recognized experts in such field selected by the commissioner and
2 working in consultation with an advisory council on costing-out which shall represent the
3 parties in Campaign for Fiscal Equity v. State. Such costing-out studies shall utilize multiple
4 methodologies, including, but not limited to, iterative analysis and synthesis of professional
5 judgment panel costing-out recommendations, analysis of the costs of providing a sound
6 basic education among successful schools in the state based on regents criteria, and/or
7 alternative methodologies as deemed appropriate. Such costing out studies shall estimate (i)
8 an updated geographic cost of education index for each school district and (ii) the cost of
9 providing a sound basic education in each school district. Such costing-out studies shall also
10 make recommendations as to the statewide-unweighted sound basic education cost per pupil
11 and the synchronous values of representing the additional costs of educating students from
12 economically disadvantaged backgrounds, students with limited English proficiency and
13 students with disabilities.

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16 § 3. The education law is amended by adding a new article 25 to read as follows:

17 ARTICLE 25

18 EDUCATIONAL ACCOUNTABILITY

19 Section 1300. Adequate resources

20 1301. Master plan

21 1302. Comprehensive sound basic education plan

22 1303. Effective use of resources

23 1304. Annual sound basic education report by the regents.

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25 § 1300. Adequate resources. The state education finance system shall provide sufficient
26 resources to offer all students in the state the opportunity for a sound basic education. The
27 sufficiency of funding shall be determined through an objective assessment of the actual
28 costs of providing a sound basic education that takes into account regional cost differences
29 and the additional costs of educating students from economically disadvantaged
30 backgrounds, students with limited English proficiency and students with disabilities. The
31 commissioner shall supervise such assessment, in accordance with the provisions of
32 subdivision thirty-six of section three hundred five of this chapter, every four years. The
33 results of such assessment shall be reported to the governor and members of the legislature to
34 facilitate revision of the state education finance system every four years in accordance with
35 the findings of such costing-out assessment in order to ensure that resources meet current
36 educational needs. Such results shall also be published on the website maintained by the
37 state education department.

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39 § 1301. Master plans. 1. Notwithstanding any inconsistent provisions of the education
40 law, the commissioner shall issue regulations and guidelines to supersede and/or streamline
41 all planning, programmatic reporting, and application requirements set forth in current laws
42 and regulations for all boards of education or trustees or the chancellor of the city school
43 district of the city of New York or boards of cooperative educational services and shall issue
44 regulations and guidelines to require instead, the adoption of a district master plan which sets
45 forth its instructional goals, the means for accomplishing them, and how state, local and
46 federal funds will be expended effectively to meet such instructional goals. It shall be the

1 duty of the trustees or board of education of every school district and of the chancellor in the
2 city school district of the city of New York and of every board of cooperative educational
3 services to assure that all aspects of such master plan are as fully integrated and consistent as
4 practicable, and that such plans are continuously reviewed, reflect on-going analyses of
5 current teaching and learning data, and are updated on at least an annual basis.

6 2. Notwithstanding any inconsistent provision of the education law or regulations to the
7 contrary, any programmatic reporting, planning and application requirements imposed under
8 this chapter or any regulation of the commissioner shall be deemed to be fulfilled by the
9 inclusion of such information in the master plan developed pursuant to this section.

10 Applicable federal planning, programmatic reporting, and application requirements shall be
11 included in the master plan of all school districts, to the extent permitted by federal law, or as
12 an appendix to the plan, to the extent that specific reporting formats are required by federal
13 law. The commissioner shall recommend appropriate changes in state laws to further the
14 purposes of this section.

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16 §1302. Comprehensive sound basic education plans. 1. Application. The provisions of
17 this section shall apply to any school district not meeting the successful school district
18 standard established pursuant to subdivision ten of section thirty-six hundred two of this
19 chapter, and, in the case of the city school district of the city of New York, implementation
20 standards established by the chancellor of such city school district.

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22 2. The commissioner shall adopt regulations requiring the board of education or trustees
23 or chancellor of each school district subject to the provisions of this section to develop a
24 rolling four-year comprehensive sound basic education plan, with annual updates, to improve
25 student performance, to eliminate performance gaps and to ensure the effective use of
26 resources at the school and the school district level in order to provide all students the
27 opportunity for a sound basic education.

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29 3. The first such plans shall be developed no later than April thirtieth, two thousand six,
30 provided however, that plans required pursuant to federal or state laws, or regulations of the
31 commissioner, in effect for the two thousand five—two thousand six school year shall serve
32 the purposes of this section in such school year.

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34 4. For school districts subject to the provisions of this section, the rolling multi-year
35 comprehensive sound basic education plan shall serve as the district master plan required by
36 this article. The commissioner shall also require all boards of education or trustees and
37 boards of cooperative educational services to comprehensively address in a single
38 streamlined planning document for each school all school level components of the
39 comprehensive sound basic education plan as prescribed by the commissioner.

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41 5. Regulations adopted pursuant to this article shall set forth procedures to ensure that
42 information about the comprehensive sound basic education planning process is widely
43 disseminated and that there is extensive public engagement of parents, teachers,
44 administrators and other interested groups and individuals in consulting on programs and
45 concepts being considered in the planning process, and reviewing drafts, before the school
46 district adopts such plan. Such regulations shall ensure that procedures for public

1 engagement are consistent with the role of school-based planning and shared decision
2 making teams pursuant to section 100.11 of the regulations of the Commissioner, and, in the
3 city school district of the city of New York, with the roles of the community education
4 councils, and the central board pursuant to Article fifty-two-A of this chapter. Boards of
5 education or trustees or the chancellor of the city school district of the city of New York or
6 boards of cooperative educational services shall hold one or more public hearings regarding
7 the proposed comprehensive sound basic education plan and shall present the proposed final
8 plan at a public meeting at times and places that make such meetings accessible to all such
9 interested parties, and such drafts and final plans shall be available for review on the internet,
10 and at district offices, not less than fourteen days in advance of such public meetings, to
11 facilitate public review and input into its development. Notice of such public meetings shall
12 be publicized in accordance with the requirements for meetings of boards of education or
13 trustees.

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15 6. The city school district of the city of New York shall develop a citywide
16 comprehensive sound basic education plan, and comprehensive community school district
17 and school-based plans that implement citywide priorities, as well as supplementary regional
18 and school-based goals and programs not inconsistent with the citywide policies and
19 programs and with the procedures for school-based budgeting and reporting pursuant to
20 Article fifty-two-A of this chapter. Public engagement, consistent with the role of school
21 based planning and shared decision making teams pursuant to section 100.11 of the
22 regulations of the Commissioner, and with the roles of the community education councils,
23 and the central board pursuant to Article fifty-two-A of this chapter, shall take place in regard
24 to developing the citywide, regional and the school-based comprehensive plans.

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28 7. Each district-wide rolling multi-year comprehensive sound basic education plan shall
29 set forth in a detailed, transparent manner the school system's needs relating to improving
30 teaching and learning, a coherent set of strategies for building instructional capacity and
31 meeting those needs, and a resource allocation plan to ensure that, in accordance with the
32 multi-year phase-in, each school has the resources to provide an opportunity for a sound
33 basic education to all of its students. Such plans shall specify how multi-year increased
34 funding from the state and local contributions to the sound basic education revenue
35 requirement will be spent, prioritizing the distribution of the phased-in increases in both state
36 and local funds to ensure that every school in the district will have the capacity to provide all
37 of its students the opportunity for a sound basic education, and addressing first the needs of
38 low performing and at risk students.

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40 a. The comprehensive sound basic education plan shall demonstrate how the district will
41 improve student performance and eliminate performance gaps, by, among other things,
42 addressing needs in the following sound basic education priority areas:

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44 1) the quality of teaching and instructional leadership;
45 2) appropriate class sizes;
46 3) adequacy of school facilities;

- 1 4) pre-kindergarten services;
- 2 5) an expanded platform of programs and services for at-risk students, including, but
- 3 not limited to, after school, summer and Saturday programs.
- 4 6) services for students with disabilities and English language learners;
- 5 7) instrumentalities of learning, including, but not limited to textbooks, libraries,
- 6 laboratories, and computers;
- 7 8) parental involvement and parental responsibility; and
- 8 9) a safe, orderly learning environment.

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10 The teacher quality part of the plan for the city school district of the city of New York shall,

11 at a minimum, address the following issues: (a) competitive pay scales for teachers; (b)

12 teacher recruitment; (c) teacher retention; (d) equitable distribution of experienced teachers

13 to all schools; and (e) improvements in the quality of teaching in the classroom. The plan for

14 the city school district of the city of New York shall also set forth annual goals, consistent

15 with the city’s capital plan, for creating additional building capacity to reduce overcrowding

16 and permit reductions in class sizes.

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18 b. Regulations adopted by the commissioner shall require each plan and annual update to

19 also set forth measurable annual and long-term benchmarks and indicators for assessing the

20 implementation and the outcomes of specific educational initiatives undertaken in the sound

21 basic education priority areas and for measuring the progress of all students in meeting

22 achievement goals, including but not limited to, achievement in regard to the regents learning

23 standards, lowering dropout rates, and improving rates of attendance, promotion, and

24 graduation. The plan shall also specify methods for informing students, parents and members

25 of the community of the availability of programs and services offered by the school district,

26 including, but not limited to, after-school/extended day programs.

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28 8. The commissioner shall review each comprehensive sound basic education plan to

29 ensure that it addresses appropriately each of the sound basic education priority areas, and

30 that it complies with this section and with applicable regulations. The commissioner shall

31 complete his review within sixty days of receipt of each such plan. If the commissioner

32 determines that the plan does not comply with these requirements, he or she may require the

33 board of education or trustees or chancellor to revise the plan to meet the applicable

34 requirements. The commissioner may also order a board of education or trustees or

35 chancellor that has failed to implement its comprehensive sound basic education plan to take

36 appropriate actions to implement the plan.

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38 9. Annual sound basic education report. Commencing with the close of the first year a

39 school district is required to develop a comprehensive sound basic education plan pursuant to

40 this section, it shall publish an annual sound basic education report by February fifteenth

41 following the close of the planning year that will provide the information necessary to

42 determine the extent to which the district expended funds and addressed needs in the sound

43 basic priority areas, and in other areas, and met the benchmarks and indicators set forth in the

44 plan. The annual report shall relate the benchmarks and indicators with the major

45 instructional initiatives and management reforms that the board of education or trustees or

46 chancellor undertook to improve student performance and to eliminate performance gaps

1 with the expenditure of the increased funding from the state and local contributions to the
2 sound basic education revenue requirement. Such annual report shall be made available in
3 district offices and on the internet in the same manner as the rolling multi-year
4 comprehensive sound basic education plan.

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6 §1303. Effective use of resources. 1. The comprehensive sound basic education plan shall
7 demonstrate how resources will be effectively utilized. It shall identify all serious barriers to
8 successful implementation of the plan, taking into account recommendations from the board
9 of education or trustees, or the chancellor, and from parents, teachers, administrators and
10 other interested groups and individuals who participated in the public engagement process,
11 on how such barriers should be modified or eliminated.

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13 2. The commissioner shall develop a capacity building and accountability database
14 system to increase the efficiency and effectiveness of school program planning and
15 implementation to support instruction and to improve understanding of the relationships
16 between use of resources and results. To the extent that resources are available for such
17 purposes, the system shall include but not be limited to: a) developing an individual student
18 identifier capability, and require school districts to use such system, while protecting the
19 privacy of each individual; b) consolidate all existing student databases into a single
20 automated system that collects and stores demographic, programmatic and performance data
21 on all pre-kindergarten to grade twelve students in public schools statewide; c) consolidate
22 all information regarding the yearly progress of schools in meeting state performance
23 standards into a single automated database; d) consolidate all data regarding teacher
24 qualifications into a single automated database; e) consolidate all financial reporting aspects
25 of the state aid management systems into a single system accessible at the school, district and
26 state levels; f) create an on-line collaborative system that provides professional development
27 and dissemination of best practices. Nothing contained in this subdivision shall prohibit the
28 achievement of these objectives through the development of distributed databases.

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30 §1304. Annual sound basic education report by the regents. The board of regents shall
31 prepare and submit to the governor and members of the legislature not later than January
32 first, two thousand six and by the first day of January in each year thereafter, a report on the
33 extent to which all students in the state are receiving the opportunity for a sound basic
34 education. The report shall include, but not be limited to: a. a review and assessment of the
35 state education finance system; and b. a review and assessment of the sound basic education
36 accountability system, including a report on student performance in the preceding school
37 year on required state assessments, and the identification of any major statutory or regulatory
38 provisions that create impediments to delivery of a sound basic education and
39 recommendations for repeal or modification of such provisions. The commissioner shall
40 conduct a public hearing on the proposed report and shall include a summary of the input
41 received at such hearing in the final report. The legislature shall, acting through appropriate
42 committees, and with the participation of designated representatives of the governor, convene
43 and conduct a joint public hearing within sixty days of the release of such report by the
44 regents. Such report shall also be available to all interested parties through publication on the
45 state education department website.

1 § 4. Subdivision 2 of section 215-a of the education law, as added by chapter 655 of the
2 laws of 1987, is amended to read as follows:
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4 2. The annual report shall specifically identify school districts (i) having fifteen percent
5 or more of their students in special education; or (ii) having fifty percent or more of their
6 students with disabilities [in] assigned primarily to special education programs or services
7 [sixty percent or more of the school day] in a general education building, but which exclude
8 students without disabilities; or (iii) having eight percent or more of their students with
9 disabilities in special education programs in public or private separate educational settings.
10 Such report shall also present each district's percent and the statewide percent for each such
11 measure.
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13 § 5. Subdivisions 4, 6 and paragraphs a and c of subdivision 7 of section 1608 of the
14 education law, subdivision 4 as added by chapter ??? of the laws of 1997, subdivision 6 as
15 amended by chapter ??? of the laws of ???, and paragraphs a and c of subdivision 7 as added
16 by chapter ??? of the laws of 1999, are amended to read as follows:
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18 4. Commencing with the proposed budget for the [nineteen hundred ninety-eight--ninety-
19 nine] two thousand six—two thousand seven school year, such proposed budget shall be
20 presented in [three] four components: a program component, a transportation operations
21 component, a capital component and an administrative component which shall be separately
22 delineated in accordance with regulations of the commissioner after consultation with local
23 school district officials. The administrative component shall include, but need not be limited
24 to, office and central administrative expenses, traveling expenses and salaries and benefits of
25 all certified school administrators and supervisors who spend a majority of their time
26 performing administrative or supervisory duties, any and all expenditures associated with the
27 operation of the office of trustee or board of trustees, the office of the superintendent of
28 schools, general administration, the school business office, consulting costs not directly
29 related to direct student services and programs, planning and all other administrative
30 activities. The program component shall include, but need not be limited to, all program
31 expenditures of the school district, including the salaries and benefits of teachers and any
32 school administrators or supervisors who spend a majority of their time performing teaching
33 duties[, and]. The transportation operations component shall include all transportation
34 operating expenses. The capital component shall include, but need not be limited to, all
35 transportation capital, debt service, and lease expenditures; costs resulting from judgments in
36 tax certiorari proceedings or the payment of awards from court judgments, administrative
37 orders or settled or compromised claims; and all facilities costs of the school district,
38 including facilities lease expenditures, the annual debt service and total debt for all facilities
39 financed by bonds and notes of the school district, and the costs of construction, acquisition,
40 reconstruction, rehabilitation or improvement of school buildings, provided that such budget
41 shall include a rental, operations and maintenance section that includes base rent costs, total
42 rent costs, operation and maintenance charges, cost per square foot for each facility leased by
43 the school district, and any and all expenditures associated with custodial salaries and
44 benefits, service contracts, supplies, utilities, and maintenance and repairs of school facilities.
45 For the purposes of the development of a budget for the [nineteen hundred ninety-eight--

1 ninety-nine] two thousand six—two thousand seven school year, the trustee or board of
2 trustees shall separate the district's program, transportation operations, capital and
3 administrative costs for the [nineteen hundred ninety-seven--ninety-eight] two thousand
4 five—two thousand six school year in the manner as if the budget for such year had been
5 presented in [three] four components.

6 6. Each year, the board of education shall prepare a school district report card, pursuant to
7 regulations of the commissioner, and shall make it publicly available by transmitting it to
8 local newspapers of general circulation, appending it to copies of the proposed budget made
9 publicly available as required by law, making it available for distribution at the annual
10 meeting, and otherwise disseminating it as required by the commissioner. Such report card
11 shall include measures of the academic performance of the school district, on a school by
12 school basis, and measures of the fiscal performance of the district, as prescribed by the
13 commissioner. Pursuant to regulations of the commissioner, the report card shall also
14 compare these measures to statewide averages for all public schools, and statewide averages
15 for public schools of comparable wealth and need, developed by the commissioner. Such
16 report card shall include, at a minimum, any information on the school district regarding
17 pupil performance and expenditure per pupil required to be included in the annual report by
18 the regents to the governor and the legislature pursuant to section two hundred fifteen-a of
19 this chapter, including data about the placement of the district's students with disabilities, as
20 required in subdivision two of such section; and any other information required by the
21 commissioner. [School districts (i) identified as having fifteen percent or more of their
22 students in special education, or (ii) which have fifty percent or more of their students with
23 disabilities in special education programs or services sixty percent or more of the school day
24 in a general education building, or (iii) which have eight percent or more of their students
25 with disabilities in special education programs in public or private separate educational
26 settings shall indicate on their school district report card their respective percentages as
27 defined in this subparagraph and subparagraphs (i) and (ii) of this paragraph as compared to
28 the statewide average.]

29 a. Each year, commencing with the proposed budget for the two thousand--two thousand
30 one school year, the trustee or board of trustees shall prepare a property tax report card,
31 pursuant to regulations of the commissioner, and shall make it publicly available by
32 transmitting it to local newspapers of general circulation, appending it to copies of the
33 proposed budget made publicly available as required by law, making it available for
34 distribution at the annual meeting, and otherwise disseminating it as required by the
35 commissioner. Such report card shall include: (i) the amount of total spending and total
36 estimated school tax levy that would result from adoption of the proposed budget and the
37 percentage increase or decrease in total spending and total school tax levy from the school
38 district budget for the preceding school year; and (ii) the projected enrollment growth for the
39 school year for which the budget is prepared, and the percentage change in enrollment from
40 the previous year; and (iii) the percentage increase or decrease in the consumer price index,
41 as defined in [paragraph c of this] subdivision one of section thirty-six hundred two of this
42 chapter.

43 [c. For purposes of this subdivision, "percentage increase in the consumer price index"
44 shall mean the percentage that represents the product of one hundred and the quotient of: (i)
45 the average of the national consumer price indexes determined by the United States

1 department of labor for the twelve-month period preceding January first of the current year
2 minus the average of the national consumer price indexes determined by the United States
3 department of labor for the twelve-month period preceding January first of the prior year,
4 divided by (ii) the average of the national consumer price indexes determined by the United
5 States department of labor for the twelve-month period preceding January first of the prior
6 year, with the result expressed as a decimal to two places.]
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8 § 6. Subdivisions 4, 6 and paragraphs a and c of subdivision 7 of section 1716 of the
9 education law, subdivision 4 as added by chapter ??? of the laws of 1997, subdivision 6 as
10 amended by chapter ??? of the laws of ???, and paragraphs a and c of subdivision 7 as added
11 by chapter ??? of the laws of 1999, are amended to read as follows:
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13 4. Commencing with the proposed budget for the [nineteen hundred ninety-eight--ninety-
14 nine] two thousand six—two thousand seven school year, such proposed budget shall be
15 presented in [three] four components: a program component, a transportation operations
16 component, a capital component and an administrative component which shall be separately
17 delineated in accordance with regulations of the commissioner after consultation with local
18 school district officials. The administrative component shall include, but need not be limited
19 to, office and central administrative expenses, traveling expenses and salaries and benefits of
20 all certified school administrators and supervisors who spend a majority of their time
21 performing administrative or supervisory duties, any and all expenditures associated with the
22 operation of the board of education, the office of the superintendent of schools, general
23 administration, the school business office, consulting costs not directly related to direct
24 student services and programs, planning and all other administrative activities. The program
25 component shall include, but need not be limited to, all program expenditures of the school
26 district, including the salaries and benefits of teachers and any school administrators or
27 supervisors who spend a majority of their time performing teaching duties[, and]. The
28 transportation operations component shall include all transportation operating expenses. The
29 capital component shall include, but need not be limited to, all transportation capital, debt
30 service, and lease expenditures; costs resulting from judgments in tax certiorari proceedings
31 or the payment of awards from court judgments, administrative orders or settled or
32 compromised claims; and all facilities costs of the school district, including facilities lease
33 expenditures, the annual debt service and total debt for all facilities financed by bonds and
34 notes of the school district, and the costs of construction, acquisition, reconstruction,
35 rehabilitation or improvement of school buildings, provided that such budget shall include a
36 rental, operations and maintenance section that includes base rent costs, total rent costs,
37 operation and maintenance charges, cost per square foot for each facility leased by the school
38 district, and any and all expenditures associated with custodial salaries and benefits, service
39 contracts, supplies, utilities, and maintenance and repairs of school facilities. For the
40 purposes of the development of a budget for the [nineteen hundred ninety-eight--ninety-nine]
41 two thousand six—two thousand seven school year, the board of education shall separate the
42 district's program, transportation operations, capital and administrative costs for the [nineteen
43 hundred ninety-seven--ninety-eight] two thousand five—two thousand six school year in the
44 manner as if the budget for such year had been presented in [three] four components.

45 6. Each year, the board of education shall prepare a school district report card, pursuant to
46 regulations of the commissioner, and shall make it publicly available by transmitting it to

1 local newspapers of general circulation, appending it to copies of the proposed budget made
2 publicly available as required by law, making it available for distribution at the annual
3 meeting, and otherwise disseminating it as required by the commissioner. Such report card
4 shall include measures of the academic performance of the school district, on a school by
5 school basis, and measures of the fiscal performance of the district, as prescribed by the
6 commissioner. Pursuant to regulations of the commissioner, the report card shall also
7 compare these measures to statewide averages for all public schools, and statewide averages
8 for public schools of comparable wealth and need, developed by the commissioner. Such
9 report card shall include, at a minimum, any information of the school district regarding pupil
10 performance and expenditure per pupil required to be included in the annual report by the
11 regents to the governor and the legislature pursuant to section two hundred fifteen-a of this
12 chapter, including data about the placement of the district's students with disabilities, as
13 required in subdivision two of such section; and any other information required by the
14 commissioner. [School districts (i) identified as having fifteen percent or more of their
15 students in special education, or (ii) which have fifty percent or more of their students with
16 disabilities in special education programs or services sixty percent or more of the school day
17 in a general education building, or (iii) which have eight percent or more of their students
18 with disabilities in special education programs in public or private separate educational
19 settings shall indicate on their school district report card their respective percentages as
20 defined in this paragraph and paragraphs (i) and (ii) of this subdivision as compared to the
21 statewide average.]

22 a. Each year, commencing with the proposed budget for the two thousand--two thousand
23 one school year, the board of education shall prepare a property tax report card, pursuant to
24 regulations of the commissioner, and shall make it publicly available by transmitting it to
25 local newspapers of general circulation, appending it to copies of the proposed budget made
26 publicly available as required by law, making it available for distribution at the annual
27 meeting, and otherwise disseminating it as required by the commissioner. Such report card
28 shall include: (i) the amount of total spending and total estimated school tax levy that would
29 result from adoption of the proposed budget and the percentage increase or decrease in total
30 spending and total school tax levy from the school district budget for the preceding school
31 year; and (ii) the projected enrollment growth for the school year for which the budget is
32 prepared, and the percentage change in enrollment from the previous year; and (iii) the
33 percentage increase or decrease in the consumer price index, as defined in [paragraph c of
34 this] subdivision one of section thirty-six hundred two of this chapter.

35 [c. For purposes of this subdivision, "percentage increase in the consumer price index"
36 shall mean the percentage that represents the product of one hundred and the quotient of: (i)
37 the average of the national consumer price indexes determined by the United States
38 department of labor for the twelve-month period preceding January first of the current year
39 minus the average of the national consumer price indexes determined by the United States
40 department of labor for the twelve-month period preceding January first of the prior year,
41 divided by (ii) the average of the national consumer price indexes determined by the United
42 States department of labor for the twelve-month period preceding January first of the prior
43 year, with the result expressed as a decimal to two places.]
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1 § 7. The opening paragraph and paragraph a of subdivision 2-a of section 2022 of the
2 education law, as amended by part L of chapter 405 of the laws of 1999, are amended to read
3 as follows:

4 2-a. Every common, union free, central, central high school district and city school
5 district to which this article applies shall mail a school budget notice to all qualified voters of
6 the school district after the date of the budget hearing, but no later than six days prior to the
7 annual meeting and election or special district meeting at which a school budget vote will
8 occur. The school budget notice shall compare the percentage increase or decrease in total
9 spending under the proposed budget over total spending under the school district budget
10 adopted for the current school year, with the percentage increase or decrease in the consumer
11 price index, [from January first of the prior school year to January first of the current school
12 year] as defined in subdivision one of section thirty-six hundred two of this chapter, and shall
13 also include the information required by paragraphs a and b of this subdivision. The notice
14 shall also set forth the date, time and place of the school budget vote, in the same manner as
15 in the notice of annual meeting. Such notice shall be in a form prescribed by the
16 commissioner.

17 a. Commencing with the proposed budget for the two thousand one--two thousand two
18 school year, such notice shall also include a description of how total spending and the tax
19 levy resulting from the proposed budget would compare with a projected contingency budget
20 adopted pursuant to section two thousand twenty-three of this article, assuming that such
21 contingency budget is adopted on the same day as the vote on the proposed budget. Such
22 comparison shall be in total and by component (program, transportation operations, capital
23 and administrative), and shall include a statement of the assumptions made in estimating the
24 projected contingency budget.

25
26 § 8. Section 2023 of the education law, as amended by chapter 682 of the laws of 2002,
27 is amended to read as follow:
28

29 § 2023. Levy of tax for certain purposes without vote; contingency budget. 1. If the
30 qualified voters shall neglect or refuse to vote the sum estimated necessary for teachers'
31 salaries, after applying thereto the public school moneys, and other moneys received or to be
32 received for that purpose, or if they shall neglect or refuse to vote the sum estimated
33 necessary for ordinary contingent expenses, including the purchase of library books and other
34 instructional materials associated with a library and expenses incurred for interschool
35 athletics, field trips and other extracurricular activities and the expenses for cafeteria or
36 restaurant services, the sole trustee, board of trustees, or board of education shall adopt a
37 contingency budget including such expenses and shall levy a tax for the same, in like manner
38 as if the same had been voted by the qualified voters, subject to the limitations contained in
39 subdivisions three and four of this section.

40 2. Notwithstanding the defeat of a school budget, school districts shall continue to
41 transport students to and from the regular school program in accordance with the mileage
42 limitations previously adopted by the qualified voters of the school district. Such mileage
43 limits shall change only when amended by a special proposition passed by a majority of the
44 qualified voters of the school district. In cases where the school budget is defeated by such

1 qualified voters of the school district, appropriations for transportation costs for purposes
2 other than for transportation to and from the regular school program, and transportation that
3 would constitute an ordinary contingent expense pursuant to subdivision one of this section,
4 shall be authorized in the budget only after approval by the qualified voters of the district.

5 3. The administrative component of a contingency budget shall not comprise a greater
6 percentage of the contingency budget exclusive of the capital component than the lesser of
7 (1) the percentage the administrative component had comprised in the prior year budget
8 exclusive of the capital component; or (2) the percentage the administrative component had
9 comprised in the last proposed defeated budget exclusive of the capital component.

10 4. a. The contingency budget shall not result in a percentage increase in total spending
11 over the district's total spending under the school district budget for the prior school year that
12 exceeds the lesser of: (i) the result obtained when one hundred twenty percent is multiplied
13 by the percentage increase or decrease in the consumer price index, with the result rounded to
14 two decimal places; or (ii) four percent.

15 b. The following types of expenditures shall be disregarded in determining total
16 spending:

17 (i) expenditures resulting from a tax certiorari proceeding;

18 (ii) expenditures resulting from a court order or judgment against the school district;

19 (iii) emergency expenditures that are certified by the commissioner as necessary as a
20 result of damage to, or destruction of, a school building or school equipment;

21 (iv) capital expenditures resulting from the construction, acquisition, reconstruction,
22 rehabilitation or improvement of school facilities, including debt service and lease
23 expenditures, subject to the approval of the qualified voters where required by law;

24 (v) expenditures in the contingency budget attributable to projected increases in public
25 school enrollment, which, for the purpose of this subdivision, may include increases
26 attributable to the enrollment of students attending a pre-kindergarten program established in
27 accordance with section thirty-six hundred two-e of this chapter, to be computed based upon
28 an increase in enrollment from the year prior to the base year for which the budget is being
29 adopted to the base year for which the budget is being adopted, provided that where the
30 trustees or board of education have documented evidence that a further increase in
31 enrollment will occur during the school year for which the contingency budget is prepared
32 because of new construction, inception of a pre-kindergarten program, growth or similar
33 factors, the expenditures attributable to such additional enrollment may also be disregarded;
34 [and]

35 (vi) increases in expenditures attributable to the school district sound basic education
36 revenue requirement, pursuant to subdivision twelve of section thirty-six hundred two of this
37 chapter; and

38 (vii) non-recurring expenditures in the prior year's school district budget.

39 c. The resolution of the trustee, board of trustees, or board of education adopting a
40 contingency budget shall incorporate by reference a statement specifying the projected
41 percentage increase or decrease in total spending for the school year, and explaining the

1 reasons for disregarding any portion of an increase in spending in formulating the
2 contingency budget.

3 d. Notwithstanding any other provision of law to the contrary, the trustees or board of
4 education shall not be authorized to amend or revise a final contingency budget where such
5 amendment or revision would result in total spending in excess of the spending limitation in
6 paragraph (a) of this subdivision; provided that the trustees or board of education shall be
7 authorized to add appropriations for:

8 (i) the categories of expenditures excluded from the spending limitations set forth in
9 paragraph (b) of this subdivision, subject to approval of the qualified voters where required
10 by law;

11 (ii) expenditures resulting from an actual increase in enrollment over the projected
12 enrollment used to develop the contingency budget, provided that where such actual
13 enrollment is less than such projected enrollment, it shall be the duty of the trustees or board
14 of education to use such excess funds to reduce taxes; and (iii) the expenditure of gifts, grants
15 in aid for specific purposes or for general use or insurance proceeds authorized pursuant to
16 subdivision two of [subdivision] section seventeen hundred eighteen of this chapter in
17 addition to that which has been previously budgeted.

18 e. For the purposes of this subdivision:

19 (i) "Base school year" shall mean the school year immediately preceding the school year
20 for which the contingency budget is prepared.

21 (ii) "[Consumer] Percentage increase or decrease in the consumer price index" shall
22 [mean the percentage that represents the average of the national consumer price indexes
23 determined by the United States department of labor, for the twelve month period preceding
24 January first of the current year] be as defined in subdivision one of section thirty-six
25 hundred two of this chapter.

26 (iii) "Current year" shall mean the calendar year in which the school district budget is
27 submitted for a vote of the qualified voters.

28 (iv) "Resident public school district enrollment" shall mean the resident public school
29 enrollment of the school district as defined in paragraph n of subdivision one of section
30 thirty-six hundred two of this chapter.

31 (v) "Total spending" shall mean the total amount appropriated under the school district
32 budget for the school year.

33
34 § 9. Subdivisions 3 and 7 of section 2601-a of the education law, as added by chapter
35 171 of the laws of 1996, subdivision 6 as amended by chapter ??? of the laws of ???, and
36 paragraphs a and c of subdivision 7 as added by chapter ??? of the laws of 1999, are amended
37 to read as follows:
38

39 3. The board of education shall prepare a proposed school district budget for the ensuing
40 year in accordance with the provisions of section seventeen hundred sixteen of this chapter,
41 including all provisions relating to required notices and appendices to the statement of
42 expenditures. No board of education shall incur a school district liability except as authorized

1 by the provisions of section seventeen hundred eighteen of this chapter. Such proposed
2 budget shall be presented in [three] four components: a program component, a transportation
3 operations component, a capital component and an administrative component which shall be
4 separately delineated in accordance with regulations of the commissioner after consultation
5 with local school district officials. The administrative component shall include, but need not
6 be limited to, office and central administrative expenses, traveling expenses and salaries and
7 benefits of all certified school administrators and supervisors who spend a majority of their
8 time performing administrative or supervisory duties, any and all expenditures associated
9 with the operation of the board of education, the office of the superintendent of schools,
10 general administration, the school business office, consulting costs not directly related to
11 direct student services and programs, planning and all other administrative activities. The
12 program component shall include, but need not be limited to, all program expenditures of the
13 school district, including the salaries and benefits of teachers and any school administrators
14 or supervisors who spend a majority of their time performing teaching duties[, and]. The
15 transportation operations component shall include all transportation operating expenses. The
16 capital component shall include, but need not be limited to, all transportation capital, debt
17 service, and lease expenditures; costs resulting from judgments in tax certiorari proceedings
18 or the payment of awards from court judgments, administrative orders or settled or
19 compromised claims; and all facilities costs of the school district, including facilities lease
20 expenditures, the annual debt service and total debt for all facilities financed by bonds and
21 notes of the school district, and the costs of construction, acquisition, reconstruction,
22 rehabilitation or improvement of school buildings, provided that such budget shall include a
23 rental, operations and maintenance section that includes base rent costs, total rent costs,
24 operation and maintenance charges, cost per square foot for each facility leased by the school
25 district, and any and all expenditures associated with custodial salaries and benefits, service
26 contracts, supplies, utilities, and maintenance and repairs of school facilities. For the
27 purposes of the development of a budget for the [nineteen hundred ninety-seven--ninety-
28 eight] two thousand six—two thousand seven school year, the board of education shall
29 separate its program, transportation operations, capital and administrative costs for the
30 [nineteen hundred ninety-six--ninety-seven] two thousand five—two thousand six school
31 year in the manner as if the budget for such year had been presented in [three] four
32 components. Except as provided in subdivision four of this section, nothing in this section
33 shall preclude the board, in its discretion, from submitting additional items of expenditure to
34 the voters for approval as separate propositions or the voters from submitting propositions
35 pursuant to sections two thousand eight and two thousand thirty-five of this chapter.

36 7. Each year, the board of education shall prepare a school district report card, pursuant to
37 regulations of the commissioner, and shall make it publicly available by transmitting it to
38 local newspapers of general circulation, appending it to copies of the proposed budget made
39 publicly available as required by law, making it available for distribution at the annual
40 meeting, and otherwise disseminating it as required by the commissioner. Such report card
41 shall include measures of the academic performance of the school district, on a school by
42 school basis, and measures of the fiscal performance of the district, as prescribed by the
43 commissioner. Pursuant to regulations of the commissioner, the report card shall also
44 compare these measures to statewide averages for all public schools, and statewide averages
45 for public schools of comparable wealth and need, developed by the commissioner. Such
46 report card shall include, at a minimum, any information on the school district regarding

1 pupil performance and expenditure per pupil required to be included in the annual report by
2 the regents to the governor and the legislature pursuant to section two hundred fifteen-a of
3 this chapter, including data about the placement of the district's students with disabilities, as
4 required in subdivision two of such section; and any other information required by the
5 commissioner. [School districts (i) identified as having fifteen percent or more of their
6 students in special education, or (ii) which have fifty percent or more of their students with
7 disabilities in special education programs or services sixty percent or more of the school day
8 in a general education building, or (iii) which have eight percent or more of their students
9 with disabilities in special education programs in public or private separate educational
10 settings shall indicate on their school district report card their respective percentages as
11 defined in this paragraph and paragraphs (i) and (ii) of this subdivision as compared to the
12 statewide average.]

13

14 § 9-a. Subdivision 1 of section 2856 of the education law as added by chapter ??? of the
15 laws of ??? is amended to read as follows:

16 1. The enrollment of students attending charter schools shall be included in the
17 enrollment, attendance, membership and, if applicable, count of students with disabilities,
18 limited English proficient count and eligible applicants for free and reduced price lunch
19 program of the school district in which the pupil resides. The charter school shall report all
20 such data to the school districts of residence in a timely manner. Each school district shall
21 report such enrollment, attendance and count of students with disabilities to the department.
22 The school district of residence shall pay directly to the charter school for each student
23 enrolled in the charter school who resides in the school district an amount equal to one
24 hundred percent of the amount calculated pursuant to paragraph f of subdivision one of
25 section thirty-six hundred two of this chapter for the school district for the year prior to the
26 base year increased by the percentage change in the state total approved operating expense
27 calculated pursuant to subdivision eleven of section thirty-six hundred two of this chapter
28 from two years prior to the base year to the base year. The school district shall also pay
29 directly to the charter school any federal or state aid attributable to a student with a disability
30 attending charter school in proportion to the level of services for such student with a
31 disability that the charter school provides directly or indirectly. Notwithstanding anything in
32 this section to the contrary, amounts payable pursuant to this subdivision may be reduced
33 pursuant to an agreement between the school and the charter entity set forth in the charter.
34 Payments made pursuant to this subdivision shall be made by the school district in six
35 substantially equal installments each year beginning on the first business day of July and
36 every two months thereafter. Amounts payable under this subdivision shall be determined by
37 the commissioner. Amounts payable to a charter school in its first year of operation shall be
38 based on the projections of initial-year enrollment set forth in the charter. Such projections
39 shall be reconciled with the actual enrollment at the end of the school's first year of
40 operation, and any necessary adjustments shall be made to payments during the school's
41 second year of operation.

42 § 10. Paragraph d of subdivision 1 of section 3602 of the education law as added by
43 chapter 57 of the laws of 1993, is amended to read as follows:

44

1 d. Average daily pupil counts. (1) "Average daily attendance" shall mean the total
2 number of attendance days of pupils in a public school of a school district plus the total
3 number of instruction days for such pupils receiving homebound instruction including pupils
4 receiving instruction through a two-way telephone communication system, divided by the
5 number of days the district school was in session as provided in this section. [Except for the
6 purposes of subdivision thirteen of this section, the] The attendance of pupils with disabilities
7 attending under the provisions of paragraph c of subdivision two of section forty-four
8 hundred one of this chapter shall be added to average daily attendance. Equivalent attendance
9 shall mean the quotient of the total number of student hours of instruction in programs in a
10 public school of a school district or a board of cooperative educational services leading to a
11 high school diploma or a high school equivalency diploma as defined in regulations of the
12 commissioner for pupils under the age of twenty-one not on a regular day school register of
13 the district, divided by one thousand. [Except for the purposes of subdivision thirteen of this
14 section, average] Average daily attendance shall include the equivalent attendance of the
15 school district. For the purposes of secondary school weighting, such equivalent attendance
16 shall be considered as average daily attendance in grades seven through twelve. In computing
17 such attendance, school districts may, with the commissioner's approval, exclude attendance
18 for those days on which school attendance was adversely affected because of an epidemic or
19 manmade or natural disaster or act of terrorism. In computing such attendance, the school
20 district shall: (1) determine the number of religious holidays which fall on a school day
21 within a school year according to regulations established by the commissioner, such religious
22 holidays to be duly recognized as such for purposes of this section by duly adopted resolution
23 of the board of education; (2) deduct the aggregate attendance on such religious holidays
24 from the total aggregate attendance, by grade level; (3) deduct such religious holidays from
25 the total number of days of session, by grade level; and (4) compute the average daily
26 attendance for the school year.

27 (2) "Average daily membership" shall mean the total number of enrollment days of pupils
28 in a public school of a school district plus the total number of enrollment days of preschool
29 pupils who are enrolled in a program operated by the school district for pre-kindergarten,
30 computed in accordance with regulations of the commissioner adopted for such purpose, plus
31 the total number of instruction days for such pupils receiving homebound instruction
32 including pupils receiving instruction through a two-way telephone communication system,
33 divided by the number of days the district school was in session as provided in this section.
34 The enrollment days of pupils with disabilities attending under the provisions of paragraphs
35 c, d, e, f, g, h, i and l, of subdivision two of section forty-four hundred one of this chapter,
36 shall be added to average daily membership. Equivalent attendance shall mean the quotient
37 of the total number of student hours of instruction in programs in a public school of a school
38 district or a board of cooperative educational services leading to a high school diploma or a
39 high school equivalency diploma as defined in regulations of the commissioner for pupils
40 under the age of twenty-one not on a regular day school register of the district, divided by
41 one thousand. Average daily membership shall include the equivalent attendance of the
42 school district. Enrollment days, for the purposes of this subparagraph, shall mean the
43 aggregate number of possible days of instruction in the school year occurring between the
44 first day of such student's enrollment and the last day of such student's enrollment.
45

1 § 11. Paragraphs e, q, s, t, u, v and w of subdivision 1 of section 3602 of the education
2 law are REPEALED.

3
4 § 12. Paragraphs f, g, i, k, l, p and r and subparagraph 2 of paragraph n of subdivision 1
5 of section 3602 of the education law, paragraph f as amended by chapter ??? of the laws of
6 1998, paragraphs g, i and l as added by chapter 57 of the laws of 1993, paragraph k as
7 amended by chapter ??? of the laws of 1997, paragraph p as amended by chapter ??? of the
8 laws of ???, subparagraph 2 of paragraph n as amended by chapter ??? of the laws of ???,
9 and paragraph r as amended by chapter ??? of the laws of ???, are amended to read as
10 follows:

11 f. "Expense per pupil", for aid payable in the two thousand five—two thousand six school
12 year and thereafter, shall mean approved operating expense for the year prior to the base year
13 divided by the sum, computed using year prior to the base year pupil counts, without any
14 adjustment by the enrollment index, of the total aidable pupil units [plus weighted pupils
15 with handicapping conditions] for sound basic education aid, computed pursuant to the
16 provisions of subdivision eight-a of this section. Expense per pupil for each borough in the
17 city school district of the city of New York shall be the expense per pupil of the entire city
18 school district. [For aid payable in the nineteen hundred ninety-eight--ninety-nine school
19 year, expense per pupil for the city school district of the city of Buffalo shall be five thousand
20 nine hundred eighty-five.]

21 g. "Summer session pupils" shall mean those pupils attending approved programs of
22 instruction operated by the district during the months of July and August in accordance with
23 the regulations promulgated by the commissioner. In a city school district in a city with a
24 population in excess of one million inhabitants, such approved programs shall include those
25 where students are provided summer school services for at least three hours per day by a
26 certified teacher at summer camps designated by the chancellor of such city school district.

27 i. "Pupil wealth ratio" shall mean the number computed to three decimals without
28 rounding obtained when actual valuation of a school district divided by the district's sound
29 basic education total wealth pupil units is divided by the statewide average actual valuation
30 per sound basic education total wealth pupil unit as computed by the commissioner in
31 accordance with the provisions of this section. Such statewide average actual valuation per
32 sound basic education total wealth pupil unit shall be established each year by the
33 commissioner using the latest single year actual valuation computed under paragraph c of
34 this subdivision. Such statewide average shall be transmitted to the school districts. Such
35 statewide average shall be rounded to the nearest hundred and shall include the actual
36 valuation and sound basic education total wealth pupil units of all school districts eligible for
37 aid pursuant to this section except central high school districts. For the purposes of
38 calculating such statewide average the data for the city school district of the city of New
39 York shall be citywide data. The actual valuation of a central high school district shall equal
40 the sum of the actual valuation of each of its component school districts.

41 k. [(1) For aid payable in the nineteen hundred ninety-six--ninety-seven school year,
42 "alternate pupil wealth ratio" shall mean the number computed to three decimals without
43 rounding obtained when the adjusted gross income of a school district for the calendar year
44 prior to the calendar year in which the base year began divided by the total wealth pupil units

1 of such district is divided by the statewide adjusted gross income per total wealth pupil unit.
2 Such statewide average gross income per pupil shall be established each year by the
3 commissioner and shall be transmitted to school districts by May first. For the purposes of
4 this paragraph, the income data shall be computed in accordance with regulations adopted by
5 the commissioner of taxation and finance based upon personal income tax returns for the
6 calendar year two years prior to the calendar year in which the current school year
7 commences, as reported to the commissioner in February of the base year, including the
8 results of the temporary school district address review validation and correction process or,
9 commencing with aid payable in the nineteen hundred ninety-four--ninety-five school year,
10 the results of the permanent computerized statewide school district address match and
11 income verification system. The income of the city school district of the city of New York
12 shall be the sum of the income of the boroughs of the city. Such statewide average shall be
13 rounded to the nearest hundred and shall include the adjusted gross income and total wealth
14 pupil units of all school districts eligible for aid pursuant to this section except central high
15 school districts. For the purposes of calculating such statewide average the data for the city
16 school district of the city of New York shall be citywide data. The adjusted gross income of a
17 central high school district shall equal the sum of the adjusted gross income of each of its
18 component school districts.

19 (2) For aid payable in the nineteen hundred ninety-seven--ninety-eight school year and
20 thereafter, "alternate] Alternate pupil wealth ratio" shall mean the number computed to three
21 decimals without rounding obtained when the adjusted gross income of a school district for
22 the calendar year two years prior to the calendar year in which the base year began divided
23 by the sound basic education total wealth pupil units of such district is divided by the
24 statewide adjusted gross income per sound basic education total wealth pupil unit. Such
25 statewide average gross income per pupil shall be established each year by the commissioner
26 and shall be transmitted to school districts. For the purposes of this paragraph, the income
27 data shall be computed in accordance with regulations adopted by the commissioner of
28 taxation and finance based upon personal income tax returns for the calendar year three years
29 prior to the calendar year in which the current school year commences, as reported to the
30 commissioner by September of the base year, including [the results of the temporary school
31 district address review validation and correction process or, commencing with aid payable in
32 the nineteen hundred ninety-four--ninety-five school year,] the results of the permanent
33 computerized statewide school district address match and income verification system. The
34 income of the city school district of the city of New York shall be the sum of the income of
35 the boroughs of the city. Such statewide average shall be rounded to the nearest hundred and
36 shall include the adjusted gross income and sound basic education total wealth pupil units of
37 all school districts eligible for aid pursuant to this section except central high school districts.
38 For the purposes of calculating such statewide average the data for the city school district of
39 the city of New York shall be citywide data. The adjusted gross income of a central high
40 school district shall equal the sum of the adjusted gross income of each of its component
41 school districts.

42 *l.* "[Combined] Sound basic education combined wealth ratio" shall mean the number
43 computed to three decimals without rounding obtained when fifty per centum of the pupil
44 wealth ratio is added to fifty per centum of the alternate pupil wealth ratio.

1 (2) "Public school district enrollment" shall mean the sum of: (1) the number of children
2 on a regular enrollment register of a public school district on such date; (2) the number of
3 children eligible to receive home instruction in the school district on such date; (3) the
4 number of children for whom equivalent attendance must be computed pursuant to this
5 subdivision on such date; (4) the number of children with handicapping conditions who are
6 residents of such district who are registered on such date to attend programs under the
7 provisions of paragraph c, d, e, f, g, h, i and l, of subdivision two of section forty-four
8 hundred one of this chapter; (5) the number of children eligible to receive educational
9 services on such date but not claimed for aid pursuant to subdivision seven of section thirty-
10 two hundred two of this chapter; and (6) the number of children registered on such date to
11 attend programs (i) pursuant to subdivision two of section three hundred fifty-five of this
12 chapter or (ii) pursuant to an agreement between the city school district of the city of New
13 York and Hunter College pursuant to section sixty-two hundred sixteen of this chapter.

14 p. "Percent of eligible applicants for the free and reduced price lunch program" shall
15 represent students from economically disadvantaged backgrounds and shall mean (1) for aid
16 payable through the two thousand five—two thousand six school year, the quotient of (i) the
17 number of pupils in kindergarten through grade six attending the public schools of the district
18 who have applications on file or who are listed on a direct certification letter confirming their
19 eligibility for participation in the state and federally funded free and reduced price school
20 lunch program on the date enrollment was counted in accordance with this subdivision for
21 the year prior to the base year, except that such count shall be simply as of October of the
22 year prior to the base year for aid payable in the nineteen hundred ninety-three--ninety-four
23 and nineteen hundred ninety-four--ninety-five school years, divided by (ii) the number of
24 pupils in kindergarten through grade six on a regular enrollment register of a public school
25 district on the date enrollment was counted in accordance with this subdivision for the year
26 prior to the base year, computed to four decimals without rounding, and multiplied by one
27 hundred to be expressed as a percent to two decimals.

28 (2) for aid payable commencing with the two thousand six—two thousand seven school
29 year, the quotient of (i) the number of pupils in kindergarten through grade five attending the
30 public schools of the district who have applications on file or who are listed on a direct
31 certification letter confirming their eligibility for participation in the state and federally
32 funded free and reduced price school lunch program on the date enrollment was counted in
33 accordance with this subdivision for the year prior to the base year, except that such count
34 shall be simply as of October of the year prior to the base year for aid payable in the nineteen
35 hundred ninety-three--ninety-four and nineteen hundred ninety-four--ninety-five school
36 years, divided by (ii) the number of pupils in kindergarten through grade five on a regular
37 enrollment register of a public school district on the date enrollment was counted in
38 accordance with this subdivision for the year prior to the base year, computed to four
39 decimals without rounding, and multiplied by one hundred to be expressed as a percent to
40 two decimals.

41 (3) For central high school districts, such percent shall be computed using the sum of the
42 eligible applicants and enrollment of the component districts of the central high school
43 district; for any other school district not operating a school lunch program in the applicable
44 year for its kindergarten through grade [six] five pupils, the commissioner shall [use the
45 district's percent of pupils with compensatory educational needs as] develop a proxy measure

1 based on the correlation between the latest decennial census data for school age children in
2 poverty and the percent of eligible applicants for the free and reduced price lunch program in
3 districts operating such a program, and shall extrapolate such correlation to produce such
4 proxy measure using such decennial census data for districts not operating such a program.

5 r. "Sparsity [count] factor", for districts operating a kindergarten through grade twelve
6 school program shall mean the [product of (i) the base year public school enrollment of the
7 district and (ii) the] quotient, computed to three decimals without rounding, of the positive
8 remainder of twenty-five minus the enrollment per square mile divided by [fifty and nine
9 tenths] one hundred fifty, but not less than [zero] one. Enrollment per square mile shall [be]
10 mean the quotient, computed to two decimals without rounding, of the public school
11 enrollment of the school district on the date enrollment was counted in accordance with this
12 subdivision for the base year divided by the square miles of the district, as determined by the
13 commissioner.

14 x. "Enrollment index" shall be computed by dividing the public school enrollment for the
15 current year by public school enrollment for the base year, both as defined in paragraph n of
16 this subdivision, with the result carried to three places without rounding, using current aid
17 year definitions of enrollment for both years.

18
19 § 13. Subdivision 1 of section 3602 of the education law is amended, by adding eleven
20 new paragraphs h, ab, ac, ad, ae, af, ag, ah, ai, and aj to read as follows:
21

22 h. (1) "Resident enrollment wealth ratio for transportation aid" shall mean the number
23 computed to three decimals without rounding obtained when actual valuation of a school
24 district divided by the district's total resident enrollment, as defined in this paragraph, is
25 divided by the statewide average actual valuation per total resident enrollment as computed
26 by the commissioner in accordance with the provisions of this section. Such statewide
27 average actual valuation per total resident enrollment shall be established each year by the
28 commissioner using the latest single year actual valuation computed under paragraph c of
29 this subdivision. Such statewide average shall be transmitted to the school districts. Such
30 statewide average shall be rounded to the nearest hundred and shall include the actual
31 valuation and total resident enrollment of all school districts eligible for aid pursuant to this
32 section except central high school districts. For the purposes of calculating such statewide
33 average the data for the city school district of the city of New York shall be citywide data.
34 The actual valuation of a central high school district shall equal the sum of the actual
35 valuation of each of its component school districts.

36
37 (2) "Total resident enrollment" for the purposes of this paragraph shall mean the sum of
38 the district's resident public school district enrollment, the resident nonpublic school district
39 enrollment and the additional public school enrollment of the school district for the year prior
40 to the base year.

41
42 ab. "Sound basic education" shall mean an educational program that adequately prepares
43 students for competitive employment and to function productively as civic participants. The
44 total revenue requirements of such an educational program shall address the added costs
45 related to the extraordinary needs of certain students at all levels, and in particular in order to

1 provide them a meaningful high school education, as determined by the costing-out studies
2 presented in Campaign for Fiscal Equity v. State and to be ascertained from time to time
3 pursuant to subdivision thirty-six of section three hundred five of this chapter.
4

5 ac. “Geographic cost of education index” for sound basic education shall mean: (1) For
6 aid payable in the two thousand five—two thousand six through two thousand eight—two
7 thousand nine school years, for each school district, the implicit geographic cost of education
8 index as calculated by the American Institutes of Research and Management Analysis and
9 Planning, Inc., for use in "The New York Adequacy Study: Determining the Cost of
10 Providing All Children in New York an Adequate Education," with those index numbers
11 adjusted and published by the commissioner to establish an index number of one as the base
12 rather than using the average as a base. Such geographic cost of education indices shall be
13 published by the commissioner and made available to all interested parties on the internet on
14 the state education department's website.
15

16 (2) For aid payable commencing with the quadrennial cycle beginning with the two
17 thousand nine—two thousand ten school year, and for each subsequent quadrennial cycle, the
18 geographic cost of education index for each school district shall be determined pursuant to
19 subdivision thirty-six of section three hundred five of this chapter.
20

21 (3) In the event that two or more school districts reorganize in accordance with the
22 provisions of subdivision fourteen of this section, the commissioner shall determine the
23 appropriate composite geographic cost of education index for such newly reorganized
24 district.
25

26 ad. “Statewide-unweighted sound basic education cost per pupil” shall mean (1) for aid
27 payable in the two thousand five—two thousand six through two thousand eight—two
28 thousand nine school year, based on initial costing-out studies, eight thousand and thirty-
29 seven dollars (\$8,037), adjusted annually by the CPI-U.
30

31 (2) For aid payable in subsequent school years, such statewide-unweighted sound basic
32 education cost per pupil shall be established for the initial year of a quadrennial cycle
33 pursuant to subdivision thirty-six of section three hundred five of this chapter, adjusted
34 annually by CPI-U.
35

36 ae. “School district sound basic education cost per pupil” shall be determined by
37 multiplying (i) the statewide-unweighted sound basic education cost per pupil by (ii) the
38 district’s geographic cost of education index by (iii) the sparsity factor. Such result shall be
39 truncated to whole dollars. (4) Notwithstanding any inconsistent provisions of this chapter,
40 expenses incurred by a school district in implementing a sound basic education shall be
41 deemed ordinary contingent expenses.
42

43 af. “Sound basic education aids base,” for purposes of this section, (i) for aid payable in
44 the two thousand five—two thousand six school year, and thereafter, shall mean the sum of
45 the following aids and grants payable in the two thousand four—two thousand five school
46 year:

- 1 (1) tuition adjustment aid pursuant to the applicable provisions in effect for aid payable
2 in such school year in paragraph g of subdivision two of this section;
- 3 (2) minor maintenance and repair aid pursuant to the applicable provisions in effect for
4 aid payable in such school year in subdivision six-d of this section;
- 5 (3) extraordinary needs aid pursuant to the applicable provisions in effect for aid payable
6 in such school year in paragraph e of subdivision twelve of this section;
- 7 (4) full day kindergarten conversion aid pursuant to the applicable provisions in effect for
8 aid payable in such school year in subdivision twelve-a of this section;
- 9 (5) comprehensive operating aid pursuant to the applicable provisions in effect for aid
10 payable in such school year in subdivision twelve-b of this section;
- 11 (6) operating growth aid pursuant to the applicable provisions in effect for aid payable in
12 such school year in subdivision thirteen of this section;
- 13 (7) shared services savings incentive pursuant to the applicable provisions in effect for
14 aid payable in such school year in paragraph i of subdivision fourteen of this section;
- 15 (8) regular public excess cost aid pursuant to subdivision nineteen of this section less
16 any aid payable pursuant to the applicable provisions in effect for aid payable in such
17 school year in paragraph five of such subdivision;
- 18 (9) tax limitation aid pursuant to the applicable provisions in effect for aid payable in
19 such school year in subdivision twenty-one of this section;
- 20 (10) limited English proficiency aid pursuant to the applicable provisions in effect for
21 aid payable in such school year in subdivision twenty-two of this section;
- 22 (11) computer hardware aid pursuant to the applicable provisions in effect for aid
23 payable in such school year in subdivision twenty-six of this section;
- 24 (12) small city aid pursuant to the applicable provisions in effect for aid payable in such
25 school year in subdivision thirty-one-a of this section;
- 26 (13) educationally related support services aid pursuant to the applicable provisions in
27 effect for aid payable in such school year in subdivision thirty-two of this section;
- 28 (14) class size reduction aid pursuant the applicable provisions in effect for aid payable
29 in such school year in to subdivision thirty-seven of this section;
- 30 (15) summer school aid pursuant to the applicable provisions in effect for aid payable in
31 such school year in subdivision thirty-nine of this section;
- 32 (16) universal prekindergarten aid pursuant to the applicable provisions in effect for aid
33 payable in such school year in section thirty-six hundred two-e of this chapter;
- 34 (17) teachers of tomorrow pursuant to the applicable provisions in effect for aid payable
35 in such school year in paragraph b of subdivision two of section thirty-six hundred
36 twelve of this chapter and section eighty-three of chapter fifty-seven of the laws of
37 two thousand four;
- 38 (18) magnet schools aid pursuant to subdivision five of section thirty-six hundred forty-
39 one of this chapter;
- 40 (19) categorical reading grants pursuant to the applicable provisions in effect for aid
41 payable in such school year in subdivision six of section thirty-six hundred forty-one
42 of this chapter;
- 43 (20) improving pupil performance grants pursuant to the applicable provisions in effect
44 for aid payable in such school year in subdivision seven of section thirty-six hundred
45 forty-one of this chapter;

1 (21) regular private excess cost aid pursuant to the applicable provisions in effect for aid
2 payable in such school year in paragraph a of subdivision three of section forty-four
3 hundred five of this chapter less an amount calculated for such students with
4 disabilities as though they had been eligible for aid pursuant to the provisions of
5 paragraph five of subdivision nineteen of this section and for whom the cost of tuition
6 in the base year would have been eligible for such aid had such provisions applied to
7 such students;

8 (22) teacher support grants pursuant to former subdivision twenty-seven of this chapter
9 and section eighty-one of part C of chapter fifty-seven of the laws of two thousand
10 four;

11 (23) teacher-mentor intern program pursuant to section eight-three-a of chapter fifty-
12 seven, as added by part CC of chapter fifty-nine, both of the laws of two thousand
13 four;

14
15 (ii) The amount computed pursuant to this paragraph for any school district shall be
16 deemed final and not subject to change on or after July first of the school year following the
17 last school year in which the commissioner may last accept and certify for payment any
18 additional claim for such school year pursuant to paragraph a of subdivision five of section
19 thirty-six hundred four of this article.

20
21 ag. "Offset to sound basic education aid" shall mean the sum of (i) textbook aid payable
22 to the school district in the current year attributable to public school enrollment pursuant to
23 subdivisions four, six and seven of section seven hundred one of this chapter and
24 subparagraphs four and six of paragraph n of this subdivision; (ii) library materials aid
25 payable to the school district in the current year attributable to public school enrollment
26 pursuant to subdivision four of section seven hundred eleven of this chapter and
27 subparagraphs two and six of paragraph n of this subdivision; and (iii) computer software aid
28 payable to the school district in the current year attributable to public school enrollment
29 pursuant to subdivision four of section seven hundred fifty-one of this chapter and
30 subparagraphs two and six of paragraph n of this subdivision.

31
32 ah. "Local revenue for school purposes" shall mean (1) school district total revenues from
33 real property and non-property taxes levied or received for the base year for school purposes
34 exclusive of library purposes and exclusive of any balances in excess of six percent of
35 general fund expense remaining in the general fund of the district at the end of the base year,
36 and (i) plus any tuition received by the school district for the education of non-resident
37 students; (ii) plus payments in lieu of property taxes determined pursuant to section four
38 hundred eighty-five of the real property tax law, and funds received from the federal
39 government, on behalf of dependent children of United States military personnel; (2) in the
40 instance of a fiscally dependent city school district, such revenue shall mean such district's
41 total general fund expenditures, plus interfund transfers outgoing from the general fund, and
42 plus general fund reserve expenditures, less any and all general fund nontax revenue of such
43 city school district which has been paid and identified by an original payer as being
44 specifically on behalf of such city school district, and less any and all nontax revenue of the

1 city upon which such city school district is fiscally dependent which has been paid and
2 identified by an original payer as being specifically on behalf of such city school district but
3 which has not been identified as revenue of such city school district, and less any and all
4 other general fund revenues of such city school district which are determined by the
5 commissioner to be nontax revenue of the city upon which such city school district is fiscally
6 dependent, and (3) provided, however, that revenues raised by a school district, which is a
7 component district of a central high school district, in support of a central high school district
8 shall be attributed to such central high school district, where the sum of such receipts from its
9 component districts by the central high school district shall constitute the local revenue for
10 school purposes of the central high school district, and the remainder of the revenues raised
11 by each of the component school districts shall be considered the local revenue for school
12 purposes of such component school district.

13 ai. “Local revenue for sound basic education purposes” shall equal local revenue for
14 school purposes excluding that portion raised for (i) transportation of pupils to and from
15 school during the regular school year inclusive of capital outlays and debt service therefor;
16 (ii) a portion of any payments for transportation of pupils to and from district operated
17 summer school programs pursuant to subdivision six of section thirty-six hundred twenty-
18 two-a of this article, inclusive of capital outlays and debt service therefor, equal to the
19 product of such expenditures multiplied by the quotient of the total apportionment after the
20 proration, if any, required by such subdivision six of such section divided by the total
21 apportionment prior to such proration; (iii) any payments for capital outlay and debt service
22 for school building purposes, provided, however, that in the case of a school district which
23 has entered into a contract with state university pursuant to paragraph o of subdivision two of
24 section three hundred fifty-five of this chapter, under which the school district makes
25 payments to state university on account of capital outlay relating to certain children residing
26 in such school district, such payments shall not be so excluded; (iv) any payments for
27 cafeteria or school lunch programs; (v) any payments from the proceeds of the sale of
28 obligations in the capital fund; (vi) any payments made to boards of cooperative educational
29 services and to county vocational education and extension boards for purposes or programs
30 for which an apportionment is paid pursuant to other sections of this chapter, except that
31 payments attributable to eligible students with disabilities and ineligible pupils residing in
32 noncomponent districts shall be included in local revenue for sound basic education
33 purposes, provided, however, that any school district expenditures made for any student with
34 disabilities eligible for high cost aid pursuant to paragraph five subdivision nineteen of this
35 section shall be excluded; (vii) any expenditures made for programs or services pursuant to
36 subdivision seventeen of this section; (viii) any expenditures made in support of an
37 apportionment or payment received from the state for experimental or special programs paid
38 under provisions other than those found in this section and other than any apportionments or
39 payments received from the state by the city school district of the city of Yonkers for the
40 purpose of funding an educational improvement program pursuant to a court order and other
41 than any other state grants in aid identified by the commissioner for general use as specified
42 by the board of education pursuant to subdivision two of section seventeen hundred eighteen
43 of this chapter; (ix) any expenditure made in support of an apportionment or payment
44 received from the federal government for specific programs; (x) any payments made for
45 which an apportionment is disallowed pursuant to regulations of the commissioner; (xi) any
46 expenditures made for accounting, tabulation, or computer equipment, in excess of ten

1 thousand dollars unless such expenditures shall have been specifically approved by the
2 commissioner; (xii) any expenditures made for persons twenty-one years of age or over
3 attending employment preparation education programs pursuant to subdivision twenty-four
4 of this section; (xiii) tuition received from other districts; and (xiv) any other similar
5 expenditures as the commissioner may so designate.

6 aj. (1) “Consumer price index” or “CPI-U” for the purposes of this article shall mean the
7 regional consumer price index for the N.Y., N.Y.-Northeastern N.J. area, based upon the
8 index for all urban consumers. (2) “CPI-U for the current year” shall mean the CPI-U for the
9 calendar year preceding January first of the current year, as published by the United States
10 Bureau of Labor Statistics. (3) “CPI-U for the base year” shall mean the CPI-U for the
11 calendar year preceding January first of the base year, as published by the United States
12 Bureau of Labor Statistics. (4) “Percentage increase or decrease in the consumer price
13 index”, commencing with the presentation of proposed school district budgets and a property
14 tax report cards for the two thousand six—two thousand seven school year, shall mean the
15 quotient, expressed as a percent, without decimals, resulting when (i) the CPI-U for the
16 current year minus the CPI-U for the base year, is divided by (ii) the CPI-U for the base year.

17
18 § 14. Subdivision 2-b of section 3602 of the education law is REPEALED and two new
19 subdivisions 2-c and 2-d are added to read as follows:

20 2-c. Computation of adjusted average daily membership. For purposes of this section
21 adjusted average daily membership of a school district for any school year shall be computed
22 as follows: a. Adjusted average daily membership shall be determined by using the average
23 daily membership, computed pursuant to this section, of public school pupils in a full-day
24 pre-kindergarten, and kindergarten and grades one through twelve as the basic unit, with the
25 attendance of such pupils in one-half day pre-kindergarten or kindergartens measured at one-
26 half of such basic unit. The sum of all such units shall be the adjusted average daily
27 membership.

28 b. In any instance where a pupil is a resident of another state or an Indian pupil is a
29 resident of any portion of a reservation located wholly or partly within the borders of the
30 state pursuant to subdivision four of section forty-one hundred one of this chapter or a pupil
31 is living on federally owned land or property, such pupil's membership shall be counted as
32 part of the adjusted average daily membership of the school district in which such pupil is
33 enrolled.

34 2-d. Computation of sound basic education total wealth pupil units. a. Sound basic
35 education total wealth pupil units shall equal the sum, for the year prior to the base year, of
36 (1) the resident average daily membership equal to the adjusted average daily membership
37 for the computed pursuant to this section, plus such membership of resident pupils attending
38 public school elsewhere, less such membership of nonresident pupils plus such membership
39 of resident pupils attending full-time in board of cooperative educational services (not
40 otherwise specifically included); and (2) the product of such resident average daily
41 membership multiplied by the percent of eligible applicants for the free and reduced price
42 lunch program, expressed as a whole number without rounding.

43 b. Native American pupils of a reservation attending public school, or pupils living on the
44 United States military reservation at West Point attending public school, shall be deemed to

1 be resident pupils of the district providing such school, for purposes of this subdivision.
2 Where a school district has entered into a contract with state university pursuant to
3 subdivision two of section three hundred fifty-five of this chapter under which the school
4 district makes payment in the nature of tuition for the education of certain children residing
5 in the district, such children for whom such tuition payments are made shall be deemed to be
6 resident pupils of such district for the purposes of this subdivision.

7
8 § 15. Paragraphs b and c of subdivision 3 of section 3602 of the education law are
9 REPEALED, and such subdivision is amended, by adding two new paragraphs b and c to
10 read as follows:

11
12 b. Computation of the transportation aid ratio. The transportation aid ratio shall equal the
13 sum of the transportation sparsity adjustment and the highest of the three aid ratios computed
14 pursuant to any of the subparagraphs of this paragraph, provided, however, that such
15 transportation aid ratio shall not be more than ninety percent nor less than six and one-half
16 percent: (i) an aid ratio computed by subtracting from one the product computed to three
17 decimals without rounding obtained by multiplying the sound basic education combined
18 wealth ratio by fifty-one hundredths, where such aid ratio shall be expressed as a decimal
19 carried to three places without rounding; or (ii) an aid ratio computed by subtracting from
20 one and one hundredth the product computed to three decimals without rounding obtained by
21 multiplying the resident weighted average daily attendance wealth ratio by forty-six
22 hundredths, where such aid ratio shall be expressed as a decimal carried to three places
23 without rounding; or (iii) excluding cities with a population of more than one million, an aid
24 ratio computed by subtracting from one and one hundredth the product computed to three
25 decimal places without rounding obtained by multiplying the resident enrollment wealth ratio
26 for transportation aid by forty-six hundredths, where such aid ratio shall be expressed as a
27 decimal carried to three places without rounding. The transportation sparsity adjustment
28 shall equal the quotient of: the positive remainder of twenty-one minus the district's public
29 school enrollment for the year prior to the base year per square mile, divided by three
30 hundred seventeen and eighty-eight hundredths.

31 c. Computation sound basic education aid ratio. The sound basic education aid ratio shall
32 be computed by adding forty-four hundredths to the product computed to four decimals
33 without rounding obtained by multiplying sixty percent by the remainder resulting when the
34 sound basic education combined wealth ratio is subtracted from one. Such result shall be
35 expressed as a decimal carried to four places without rounding, but shall not be less than five
36 hundredths nor more than ninety-five hundredths.

37
38 §16. Subparagraphs one and two of paragraph a of subdivision 6 of section 3602 of the
39 education law, subparagraph one as amended by chapter ??? of the laws of ???, and
40 subparagraph two as amended by chapter ??? of the laws of ???, are amended to read as
41 follows:

42 (1) For new construction and the purchase of existing structures, the cost allowances shall
43 be based upon the rated capacity of the building or addition and a basic per pupil allowance
44 of up to six thousand three hundred seventy-five dollars adjusted monthly by a statewide

1 index reflecting changes in the cost of labor and materials since July first, nineteen hundred
2 ninety-two, established by the commissioner of labor, modified by an annual county or multi-
3 county labor market composite wage rate, established by the commissioner of labor in
4 consultation with the commissioner, for July first of the base year, commencing July first,
5 nineteen hundred ninety-seven for general construction contracts awarded on or after July
6 first, nineteen hundred ninety-eight, indexed to the median of such county or multi-county
7 rates, but not less than one. Such base allowance shall apply to a building or an addition
8 housing grades prekindergarten through six and shall be adjusted for a building or an addition
9 housing grades seven through nine by a factor of one and four-tenths, for a building or an
10 addition housing grades seven through twelve by a factor of one and five-tenths, for a
11 building or addition housing special education programs by a factor of two, except that where
12 such building or addition is connected to, or such space is located within, a public school
13 facility housing programs for nondisabled pupils, as approved by the commissioner, a factor
14 of three shall be used. Rated capacity of a building or an addition shall be determined by the
15 commissioner based on space standards and other requirements for building construction
16 specified by the commissioner, provided, however, (i) such space standards shall be updated,
17 effective April first, two thousand five and every fifth year thereafter, based on the median
18 values of square feet per pupil, rounded to the nearest ten, of school buildings constructed in
19 New York state in the last five years; and (ii) such updated space standards shall apply to
20 projects with commissioner's approval dates commencing April first, two thousand five; and
21 (iii) for the five year period commencing April first, two thousand five, such updated space
22 standards shall be: one hundred thirty (130) square feet per pupil for schools housing grades
23 prekindergarten through six, one hundred sixty (160) square feet per pupil for schools
24 housing grades seven through nine, one hundred eighty (180) square feet for schools housing
25 grades seven through nine, and other space standards as the commissioner shall establish for
26 schools with other grade configurations. Such assigned capacity ratings shall include, in
27 addition to those spaces used for the instruction of pupils, those spaces which are used for
28 elementary and secondary school libraries, cafeterias, prekindergarten instructional rooms,
29 teachers' conference rooms, gymnasiums and auditoriums. For new construction projects
30 approved on or after July first, two thousand, by the voters of the school district or by the
31 board of education of a city school district in a city with more than one hundred twenty-five
32 thousand inhabitants, and/or the chancellor in a city school district in a city having a
33 population of one million or more, such rated capacity for new buildings and additions
34 constructed to replace existing buildings that, in the judgment of the commissioner, have not
35 been adequately maintained and have not reached their projected useful life shall be reduced
36 by the commissioner by an amount proportional to the remaining unused portion of the useful
37 life of the existing buildings, provided however that the commissioner may waive such
38 requirement upon a finding that replacement of the existing building is necessary to protect
39 the health and safety of students or staff, that reconstruction and modernization of the
40 existing building would not adequately address such health and safety problems, and that the
41 need to replace the building was not caused by failure to adequately maintain the building. If
42 the commissioner of labor resets the statewide index reflecting changes in the costs of labor
43 and materials since July first, nineteen hundred ninety-two, the commissioner shall adopt
44 regulations to supersede the basic per pupil allowance of up to six thousand three hundred
45 seventy-five dollars to the imputed allowance in effect at that time.

1 (2) Where a school district has expenditures for site purchase, grading or improvement of
2 the site, original furnishings, equipment, machinery or apparatus, or professional fees, or
3 other incidental costs, the cost allowances for new construction and the purchase of existing
4 structures may be increased by the actual expenditures for such purposes but by not more
5 than the product of the applicable cost allowance established pursuant to subparagraph one of
6 this paragraph and twenty per centum for school buildings or additions housing grades
7 prekindergarten through six and by not more than the product of such cost allowance and
8 twenty-five per centum for school buildings or additions housing grades seven through
9 twelve and by not more than the product of such cost allowance and twenty-five per centum
10 for school buildings or additions housing special education programs as approved by the
11 commissioner provided, however, (i) such percentages shall be increased to recognize the
12 higher costs of building in densely populated areas related to multi story construction and
13 limited staging areas; such adjusted incidental cost allowance shall equal the cost allowance
14 plus an amount equal the quotient, not to exceed fifteen percent, computed to three decimals
15 without rounding, expressed as a percent with one decimal, resulting when the positive
16 remainder of the district's enrollment per square mile, but not more than twenty-five
17 hundred, computed annually by the commissioner pursuant to subdivision one of this section,
18 minus the enrollment per square mile of the district at the ninety-fifth percentile of all such
19 district values in an ordered list, is divided by the product, expressed as a whole number
20 without rounding, of six and six hundred sixty-six thousandths (6.666) and the positive
21 remainder of twenty-five hundred minus the enrollment per square mile of the district at the
22 ninety-fifth percentile of such ordered list; and (ii) and provided further, that the adjusted
23 incidental cost allowance shall be further increased in instances where extraordinary site
24 acquisition, demolition and environmental remediation costs incurred by school districts with
25 enrollment per square mile greater than one thousand, to the extent that such costs are
26 approved by the commissioner, which costs exceed the adjusted incidental cost allowance
27 for a new construction project by more than five percent, such increased cost allowance shall
28 be computed as follows: fifty percent of such excess shall be added to the amount allowable
29 in accordance with the adjusted incidental cost allowance.

30

31 § 17. Paragraph a of subdivision 7 of section 3602 of the education law, as amended by
32 chapter ??? of the laws of ???, is amended to read as follows:

33 a. In addition to the foregoing apportionment, there shall be apportioned to any school
34 district for pupil transportation, [the lesser of ninety per centum or the state share] an amount
35 equal to the product of its approved transportation expense for the base year[. The state share
36 shall equal the sum of the transportation sparsity adjustment] and the transportation aid ratio[,
37 but not less than six and one-half percent. The transportation aid ratio shall equal the greater
38 of (i) the product of one and two hundred sixty-three thousandths multiplied by the state
39 sharing ratio for comprehensive operating aid, (ii) an aid ratio computed by subtracting from
40 one and one hundredth the product computed to three decimals without rounding obtained by
41 multiplying the resident weighted average daily attendance wealth ratio by forty-six percent,
42 where such aid ratio shall be expressed as a decimal carried to three places without rounding
43 or (iii) excluding cities with a population of more than one million, an aid ratio computed by
44 subtracting from one and one hundredth the product computed to three decimal places
45 without rounding obtained by multiplying the number computed to three decimals without

1 rounding obtained when the quotient of actual valuation of a school district, as defined in
2 paragraph c of subdivision one of this section, divided by the sum of the resident public
3 school district enrollment, the resident nonpublic school district enrollment and the additional
4 public school enrollment of the school district for the year prior to the base year is divided by
5 the statewide average actual valuation per the sum of such total resident public school district
6 enrollment, nonpublic school district enrollment and additional public school enrollment of
7 all school districts eligible for an apportionment pursuant to this section except central high
8 school districts as computed by the commissioner using the latest single year actual valuation
9 computed under paragraph c of subdivision one of this section, by forty-six percent, where
10 such ratio shall be expressed as a decimal carried to three decimal places without rounding.
11 The computation of such statewide average shall include the actual valuation of all school
12 districts eligible for an apportionment pursuant to this section except central high school
13 districts. The transportation sparsity adjustment shall equal the quotient of: the positive
14 remainder of twenty-one minus the district's public school enrollment for the year prior to the
15 base year per square mile, divided by three hundred seventeen and eighty-eight hundredths]
16 computed pursuant to subdivision three of this section. Approved transportation expense
17 shall be the sum of the approved transportation operating expense and the approved
18 transportation capital, debt service and lease expense of the district. Approved transportation
19 expense shall not be aidable pursuant to section nineteen hundred fifty of this chapter.

20 § 18. Subdivisions 8, 9 and 9-a of section 3602 of the education law are REPEALED and
21 a new subdivision 8-a is added, to read as follows:

22 8-a. Computation of total aidable pupil units for sound basic education aid. A district's
23 total aidable pupil units for sound basic education aid shall equal the product of the
24 enrollment index for the base year and the sum, using year prior to the base year pupil
25 counts, of (1) the district's adjusted average daily membership; (2) the district's weighted
26 count for students with poverty backgrounds, equal to the product of (i) the district's adjusted
27 average daily membership multiplied by (ii) the percent of eligible applicants for the free and
28 reduced price lunch program multiplied by (iii) five tenths; (3) the district's weighted count
29 for students with disabilities, equal to its students with disabilities count multiplied by one
30 and one tenth; (4) the district's weighted count for English language learners, equal to the
31 limited English proficient count multiplied by two tenths; and (5) the membership of summer
32 session pupils multiplied by twelve hundredths. For purposes of this subdivision, each
33 product shall be expressed as a whole number without rounding, and all counts shall use
34 current aid year definitions.

35
36 §19. Subdivision 10 of section 3602 of the education law is REPEALED and a new
37 subdivision 10 is added, to read as follows:

38
39 10. Successful school district standard and requirements related thereto. a. (1) A school
40 district shall be identified as successful in providing a sound basic education if it provides an
41 adequate education defined as a district with a simple, unweighted average of eighty percent
42 of its test takers scoring at level three or above on fourth grade English language arts and
43 fourth grade mathematics at the elementary level and obtaining a passing grade on regents
44 examinations required for a regents high school diploma, as measured for a three-year period

1 by the commissioner; provided, however, that nothing herein shall be construed to require
2 that a district must meet such eighty percent standard on each individual examination.

3
4 (2) Districts with low performing schools are those not eligible to be identified as a
5 successful school district, wherein the district's simple, unweighted average of its test takers,
6 as defined in subparagraph one of this paragraph, is at least at least sixty percent, but less
7 than eighty percent.

8
9 (3) Districts with schools performing at an unsatisfactory level are those not eligible to be
10 identified as a successful school district, wherein the district's simple, unweighted average of
11 its test takers, as defined in subparagraph one of this paragraph, is less than sixty percent.

12
13 b. Comprehensive sound basic education plan and report. Any school district not
14 meeting the successful school district standard shall be subject to the plan development and
15 reporting provisions of sections thirteen hundred one and thirteen hundred two of this
16 chapter; provided, however, that the commissioner shall be authorized to require any school
17 district to prepare a comprehensive sound basic education plan and report upon a finding that
18 one or more sub-population of students within such district are not making expected progress
19 from year to year, pursuant to regulations of the commissioner.

20
21 §20. Subdivision 11 of section 3602 of the education law, as amended by chapter ??? of
22 the laws of ??? is amended, to read as follows:

23 11. Approved operating expense. The approved operating expense for apportionments to
24 any school district hereunder shall be computed as follows: The apportionment to any school
25 district for operating expense shall be based upon the total expenditures from its general fund
26 and from its capital fund and from its risk retention fund for purposes of employee benefit
27 claims related to salaries paid from the general fund, and for any city school districts with a
28 population of more than one hundred twenty-five thousand inhabitants its expenditures from
29 the special aid fund of grant moneys for improving pupil performance and categorical aid for
30 special reading programs as provided in the aid to localities budget during the applicable year
31 as approved by the commissioner, and in accordance with the classification of expenditures
32 in use by the commissioner for the reporting by school districts of receipts, expenditures and
33 other financial data. For the purpose of this subdivision operating expense shall be defined as
34 total cash expenditures during the applicable year, but shall exclude: (1) any balances and
35 transfers; (2) any payments for transportation of pupils to and from school during the regular
36 school year inclusive of capital outlays and debt service therefor; (2-a) a portion of any
37 payments for transportation of pupils to and from district operated summer school programs
38 pursuant to subdivision six of section thirty-six hundred twenty-two-a of this article,
39 inclusive of capital outlays and debt service therefor, equal to the product of such
40 expenditures multiplied by the quotient of the total apportionment after the proration, if any,
41 required by such subdivision six of such section divided by the total apportionment prior to
42 such proration; (3) any payments for capital outlay and debt service for school building
43 purposes, provided, however, that in the case of a school district which has entered into a
44 contract with state university pursuant to paragraph o of subdivision two of section three
45 hundred fifty-five of this chapter, under which the school district makes payments to state
46 university on account of capital outlay relating to certain children residing in such school

1 district, such payments shall not be so excluded; (4) any payments for cafeteria or school
2 lunch programs; (5) any proceeds of short term borrowings in the general fund and any
3 payments from the proceeds of the sale of obligations in the capital fund; (6) any cash
4 receipts which reduce the cost of an item when applied against the expenditure therefor,
5 except gifts, donations and earned interest and any refunds made; (7) any payments made to
6 boards of cooperative educational services and to county vocational education and extension
7 boards for purposes or programs for which an apportionment is paid pursuant to other
8 sections of this chapter, except that payments attributable to eligible pupils with disabilities
9 and ineligible pupils residing in noncomponent districts shall be included in operating
10 expense; (8) any tuition payments made to other school districts inclusive of payments made
11 to a central high school district by one of its component school districts; (9) any
12 apportionment or payment received from the state for experimental or special programs paid
13 under provisions other than those found in this section and other than any apportionments or
14 payments received from the state by the city school district of the city of Yonkers for the
15 purpose of funding an educational improvement program pursuant to a court order and other
16 than any other state grants in aid identified by the commissioner for general use as specified
17 by the board of education pursuant to subdivision two of section seventeen hundred eighteen
18 of this chapter; (10) any funds received from the federal government except the federal share
19 of medicaid subject to the provisions of section thirty-six hundred nine-a of this part and
20 except Impact Aid funds received pursuant to sections two and six of Public Law eighty-one-
21 eight hundred seventy-four (PL 81-874) or any law superseding such law in any such district
22 which received aid pursuant to both such sections; provided further, however, that there shall
23 be excluded from such federal funds or other apportionments any payments from such funds
24 already deducted pursuant to this paragraph; (11) any payments made for which an
25 apportionment is disallowed pursuant to regulations of the commissioner; (12) any
26 expenditures made for accounting, tabulation, or computer equipment, in excess of ten
27 thousand dollars unless such expenditures shall have been specifically approved by the
28 commissioner; (13) any rentals received pursuant to the provisions of section four hundred
29 three-a of this chapter; (14) any rentals or other annual payments received pursuant to the
30 provisions of section four hundred three-b of this chapter; and (15) any expenditures made
31 for persons twenty-one years of age or over attending employment preparation education
32 programs pursuant to subdivision twenty-four of this section[; and (16) any tuition payments
33 made pursuant to a contract under the provisions of paragraphs e, f, g, h, i and l of
34 subdivision two of section forty-four hundred one of this chapter or any tuition payments on
35 behalf of pupils attending a state school under paragraph d of such subdivision].

36

37 §21. Subdivision 12 of section 3602 of the education law is REPEALED and a new
38 subdivision 12 is added, to read as follows:

39 12. Sound basic education aid. All terms used in this subdivision shall have the meaning
40 ascribed to them in this subdivision or this section. a. Sound basic education revenue
41 requirement. The sound basic education revenue requirement to be allocated between the
42 state and the local school district shall equal the product of the district's sound basic
43 education cost per pupil and the district's total aidable pupil units for sound basic education
44 aid.

1 b. State share of sound basic education revenue requirement. The sound basic education
2 apportionment to school districts shall be the greater of the sound basic education formula
3 amount or the sound basic education aids base.

4 c. Computation of the sound basic education formula amount. (1) The full sound basic
5 education formula amount shall equal the remainder resulting when the offset to sound basic
6 education aid is subtracted from the product, computed to a whole number without rounding,
7 of (i) the district's sound basic education aid ratio and (ii) sound basic education revenue
8 requirement; provided, however, that such full sound basic education formula amount,
9 recalculated annually, shall be phased in over a four year period as follows:

10 (2) the first year sound basic education formula amount, for aid payable in the two
11 thousand five—two thousand six school year, shall not exceed the sum of the sound basic
12 education aids base and twenty-five percent of the positive remainder resulting when such
13 base is subtracted from the full sound basic education formula amount;

14 (3) the second year sound basic education formula amount, for aid payable in the two
15 thousand six—two thousand seven school year, shall not exceed the sum of the sound basic
16 education aids base and fifty percent of the positive remainder resulting when such base is
17 subtracted from the full sound basic education formula amount;

18 (4) the third year sound basic education formula amount, for aid payable in the two
19 thousand seven—two thousand eight school year, shall not exceed the sum of the sound basic
20 education aids base and fifty percent of the positive remainder resulting when such base is
21 subtracted from the full sound basic education formula amount;

22 (5) thereafter, such formula amount shall equal the full sound basic education formula
23 amount.

24 d. Aid attributable to certain student populations. Sound basic education aid per pupil
25 unit shall equal the quotient computed to two decimals without rounding obtained by
26 dividing the amount selected pursuant to paragraph b of this subdivision divided by the
27 district's total aidable pupil units for sound basic education aid. The commissioner shall
28 publish the amount of aid attributable to: (i) students with poverty backgrounds computed by
29 multiplying the district's weighted count for students with poverty backgrounds by its sound
30 basic education aid per pupil unit; (ii) students with disabilities computed by multiplying the
31 district's weighted count for students with disabilities by its sound basic education aid per
32 pupil unit; and (iii) English language learners computed by multiplying the district's
33 weighted count for English language learners by its sound basic education aid per pupil unit.

34 e. Imputed school district local contribution to the sound basic education revenue
35 requirement. (1) The full imputed school district local contribution shall be determined by
36 subtracting the full sound basic education formula amount from the sound basic education
37 revenue requirement; provided, however, that such full imputed local contribution,
38 recalculated annually, shall be phased in over a four year period as follows:

39 (2) the first year imputed local contribution, for the two thousand five—two thousand six
40 school year, shall equal the sum of the local revenue for sound basic education purposes in
41 the two thousand four—two thousand five school year plus the product of twenty-five
42 percent and the remainder resulting when such local revenue is subtracted from the full
43 imputed school district local contribution;

1 (3) the second year imputed local contribution, for the two thousand six—two thousand
2 seven school year, shall equal the sum of the local revenue for sound basic education
3 purposes in the two thousand four—two thousand five school year plus the product of fifty
4 percent and the remainder resulting when such local revenue is subtracted from the full
5 imputed school district local contribution;

6 (4) the third year imputed local contribution, for the two thousand seven—two thousand
7 eight school year, shall equal the sum of the local revenue for sound basic education purposes
8 in the two thousand four—two thousand five school year plus the product of seventy-five
9 percent and the remainder resulting when such local revenue is subtracted from the full
10 imputed school district local contribution;

11 (5) thereafter, such full imputed school district local contribution shall equal the amount
12 computed pursuant to subparagraph one of this paragraph.

13 Nothing herein shall prohibit a school district from raising more than the required amount
14 in any given year.

15 f. Required school district local contribution. Any school district, including city school
16 districts in cities with a population in excess of one hundred twenty-five thousand
17 inhabitants, not identified as a successful school district pursuant to the provisions of
18 subdivision ten of this section shall be subject to the provisions of this paragraph. (1)
19 Districts with schools performing at an unsatisfactory level shall be required to raise the
20 imputed school district local contribution to the sound basic education revenue requirement
21 pursuant to paragraph d of this subdivision.

22 (2) Districts with low performing schools shall be granted a waiver in the two thousand
23 five—two thousand six school year from the requirement to raise the imputed school district
24 local contribution to the sound basic education revenue requirement pursuant to paragraph d
25 of this subdivision, and may apply for a continuation of such waiver in each successive year
26 provided that the composite three-year rolling average of the percent of the district’s students
27 scoring at or above the proficiency level on the fourth grade mathematics and English tests
28 administered by the state and the percent of the district’s high school students having passing
29 scores, as determined by the board of regents, on the five regents examinations required for
30 graduation, met the improvement goals, as determined by the commissioner for such district
31 in the base year or such district achieved standing as a successful school district.

32 g. Measurement of compliance with the school district required local contribution to the
33 sound basic education revenue requirement. The commissioner shall annually report to the
34 governor and members of the legislature, the identity of any school district wherein the local
35 revenue for sound basic education purposes is less than the district’s required local
36 contribution to the sound basic education revenue requirement. Such report shall include the
37 amount of such shortcoming, both in total and per pupil, and shall note if the district is
38 operating on a contingency budget, pursuant to section two thousand twenty-three of this
39 chapter. The commissioner shall also notify the board of education or trustees or chancellor
40 of any such school district of its failure to meet such requirement and such board shall report
41 to the commissioner the reasons for such failure and the corrective action that it plans to
42 undertake. Such report shall also be available to all interested parties through publication on
43 the state education department website.

1 §22. Paragraph g of subdivision 2, and subdivisions 6-d, 12-a, 12-b and 13 of section
2 3602 of the education law are REPEALED.

3 §22-a. Paragraph d of subdivision 14 of section 3602 of the education law, as amended
4 by chapter ??? of the laws of ??? is amended to read as follows:

5 d. Incentive operating aid for reorganized districts. Notwithstanding the provisions of
6 paragraphs a through c of this subdivision, whenever two or more school districts are
7 scheduled for reorganization pursuant to section three hundred fourteen of this chapter, and
8 whenever after July first, nineteen hundred sixty-five, all such school districts so scheduled
9 do reorganize in accordance with the provisions of such section three hundred fourteen as
10 amended by chapter seven hundred forty-five of the laws of nineteen hundred sixty-five, and
11 (1) whenever such proposed reorganization includes at least two school districts, each of
12 which maintains its own high school, or (2) where such proposed reorganization includes
13 only one school district maintaining its own high school, whenever in such case such
14 proposed reorganization, in addition to such school district maintaining its own high school,
15 includes at least nine other school districts, or (3) whenever such proposed reorganization
16 includes at least two central school districts, or (4) where such proposed reorganization
17 includes at least one school district maintaining its own high school and, in addition thereto,
18 includes at least one school district employing eight or more teachers, or (5) where such
19 proposed reorganization includes a city school district, and in addition thereto, includes at
20 least seven other school districts, or (6) where such reorganization includes at least two
21 school districts employing eight or more teachers forming a central high school district
22 pursuant to section nineteen hundred thirteen of this chapter, such reorganized district shall
23 be entitled to an apportionment equal to an additional percent of the apportionment computed
24 in accordance with the provisions of [subparagraph (i) of] paragraph [a] c of subdivision
25 twelve of this section; but in no case shall the sum of such apportionment under this
26 paragraph plus the apportionment under [subparagraph (i) of] such paragraph [a of
27 subdivision twelve of this section] c be more than a total of ninety-five per centum of the
28 current year [prior to the base year approved operating expense] sound basic education
29 revenue requirement; for a period of five years beginning with the first school year of
30 operation as a reorganized district such additional percent shall be ten percent; and thereafter
31 such additional ten percent apportionment to such district shall be reduced by one percentage
32 point each year, beginning with the sixth school year of operation as a reorganized district,
33 and continuing until such additional ten percent apportionment is eliminated; provided,
34 however, that the total apportionment to such reorganized district, beginning with the first
35 school year of operation as a reorganized district, and for a period of fifteen years thereafter,
36 shall be not less than the sum of all apportionments computed in accordance with the
37 provisions of this paragraph, paragraph c of subdivision twelve of this section, or the
38 provisions of former subparagraph (i) of paragraph a of subdivision twelve of this section and
39 subdivision twelve-b of this section, as such provisions applied in school years prior to the
40 two thousand-five—two thousand six school year, which each component school district was
41 entitled to receive and did receive during the last school year preceding such first year of
42 operation. In the event a school district is eligible for incentive operating aid and again
43 reorganizes pursuant to a new plan or reorganization established by the commissioner, and
44 where such new reorganization is again eligible for incentive operating aid, the newly created
45 school district shall be entitled to receive incentive operating aid pursuant to the provisions of
46 this paragraph, based on all school districts included in any such reorganization, provided,

1 however, that incentive operating aid payments due because of any such former
2 reorganization shall cease.

3
4 §23. Paragraphs a through c of subdivision 15 of section 3602 of the education law are
5 REPEALED, and paragraph d of such subdivision, as amended by section 29 of part B of
6 chapter 57 of the laws of 2004, is amended to read as follows:

7 d. Notwithstanding any inconsistent provisions of this article, if [such] the city school
8 district of the city of New York elected to receive operating aid payable in the two thousand--
9 two thousand one school year under the [former] provisions of this subdivision, as though
10 each borough was a separate city school district, approved transportation expense for public
11 service transportation for transportation aid payable in the [two thousand four--two thousand
12 five] two thousand five --two thousand six school year shall not include any expenditures to
13 the New York City Metropolitan Transportation Authority for public service transportation
14 during the [two thousand three--two thousand four] two thousand four--two thousand five
15 school year nor shall such expense be included in approved operating expense.

16
17 §24. Subdivisions 16, 18, 20, 21 22, 23, 26, 26-a, 31-a, 32, 36, 37, 38 and 39 of section
18 3602 of the education law are REPEALED.

19
20 §25. The title of subdivision 19 of section 3602 of the education law and subparagraph a
21 of paragraph 1 of such subdivision, as added by chapter 57 of the laws of 1993 are amended,
22 and subparagraphs b, b-1 and c of such paragraph are REPEALED, and a new subparagraph
23 b is added, such title and subparagraphs to read as follows:

24 19. Excess cost aid for [pupils with handicapping conditions] students with disabilities.

25 a. "[Pupils with handicapping conditions] Students with disabilities" shall mean pupils
26 who are trainable mentally retarded, educable mentally retarded, visually impaired, hearing
27 impaired, physically handicapped, speech impaired, emotionally disturbed, autistic, or
28 learning disabled, as such terms are defined by the commissioner and who receive special
29 educational services or attend programs which meet criteria established by the commissioner,
30 (i) operated by a district or by a board of cooperative educational services, whether or not the
31 district is a component of such board, or (ii) resident pupils who receive services pursuant to
32 paragraphs d, e, f, g, h, i and l of subdivision two of section forty-four hundred one of this
33 chapter.

34 b. "Students with disabilities count". For aid payable in the two thousand five—two
35 thousand six school year and thereafter, the students with disabilities count shall mean the
36 product of the attendance, as defined in section forty-four hundred five of this chapter, of
37 students with disabilities during the base year receiving special services or programs
38 approved in accordance with the provisions of article eighty-nine of this chapter, for whom
39 the individualized education program, developed by a committee on special education,
40 requires (i) services for twenty percent or more of the school week, including services in
41 integrated settings, related services, and other in-district placements or services, or (ii) direct
42 or indirect consultant teacher services, or (iii) home or hospital instruction for a period of
43 more than sixty days, or (iv) out-of-district placement whereby such resident pupils will

1 receive services pursuant to one of the following paragraphs: d, e, f, g, h, i or l of subdivision
2 two of section forty-four hundred one of this chapter, all in accordance with regulations of
3 the commissioner adopted for such purpose. Twenty percent or more of the school week shall
4 mean not less than the equivalent of one hundred eighty minutes per week.

5
6 §26. Paragraph 2 of subdivision 19 of section 3602 of the education law as added by
7 chapter 57 of the laws of 1993 is amended to read as follows:

8 2. Excess cost aid ratio. Such ratio shall be computed by subtracting from one the product
9 obtained by multiplying [fifty-one per centum] fifteen percent by the sound basic education
10 combined wealth ratio. This aid ratio shall be expressed as a decimal carried to three places
11 without rounding, but not less than twenty-five percent.

12
13 §27. Paragraphs 3, 4, 4-a, 6 and 7 of subdivision 19 of section 3602 of the education law
14 are REPEALED, and paragraph 5 of such subdivision, as added by chapter 57 of the laws of
15 1993, is amended to read as follows:

16 5. Aid for high cost students with disabilities. A school district having a [pupil] student
17 with a [handicapping condition] disability for whom the cost, as approved by the
18 commissioner, of appropriate special services or programs exceeds the lesser of ten thousand
19 dollars or four times the expense per pupil [without limits], as defined in subdivision one of
20 this section, shall be entitled to an additional apportionment for each such [child] student
21 computed by multiplying the district's excess cost aid ratio by the amount by which such cost
22 exceeds [three] two and one-tenth times the district's [expense] sound basic education cost
23 per pupil [without limits].

24
25 §28. Subdivision 10 of section 3602-e of the education law is REPEALED, and
26 subdivision 17 of such section, as amended by section 39 of part C of chapter 57 of the laws
27 of 2004, is amended to read as follows:

28 17. Notwithstanding [the] any inconsistent provisions of this section, for aid payable in
29 the [two thousand two--two thousand three through the two thousand four--two thousand
30 five] two thousand five—two thousand six and subsequent school years, [each school district
31 shall be eligible to receive a grant award in an amount not to exceed the maximum
32 prekindergarten grant award which shall be the sum of (i) the amount set forth for such
33 school district for the two thousand one--two thousand two school year on the computer
34 listing produced by the commissioner in support of the executive budget request for such
35 year and entitled "BT032-1" under the heading, "PREKINDERGARTEN", plus (ii) for those
36 districts that were eligible to receive a supplemental grant award for the purposes of this
37 section pursuant to part B of chapter 149 of the laws of 2001, an amount equal to the positive
38 difference between the amount the school district was eligible to receive based on data on file
39 with the commissioner on February fifteenth, two thousand and the amount set forth for the
40 purposes of grants pursuant to this section for such school district for the two thousand one--
41 two thousand two school year in such computer listing entitled "BT032-1"] no aid shall be
42 apportioned pursuant to this section, and funding for support of prekindergarten programs
43 provided pursuant to this section shall be deemed to be included in sound basic education aid

1 payable pursuant to subdivision twelve of section thirty-six hundred two of this article.
2 [Provided, however, that a school district receiving aid under this section shall be required to
3 comply with all district plans and other requirements under this section for the receipt of
4 funds.]

5 §29. The opening paragraph of section 3609-a of the education law as amended by
6 section 40 pf part C of chapter 57 of the laws of 2004, is amended to read as follows:

7 Moneys apportioned, when and how payable commencing July first, two thousand four.
8 For aid payable in the two thousand four--two thousand five school year and thereafter,
9 "moneys apportioned" shall mean the lesser of (i) the sum of one hundred percent of the
10 respective amount set forth for each school district as payable pursuant to this section in the
11 school aid computer listing for the current year produced by the commissioner in support of
12 the budget which includes the appropriation for the general support for public schools for the
13 prescribed payments and individualized payments due prior to April first for the current year
14 plus the miscellaneous general aid apportionments which shall include: apportionments
15 payable during the current school year pursuant to paragraph g of subdivision two,
16 subdivision five and subdivision thirty-six of section thirty-six hundred two of this article
17 minus any reductions to current year aids pursuant to subdivision seven of section thirty-six
18 hundred four of this article [or any deduction from apportionment payable pursuant to this
19 chapter for collection of a school district basic contribution as defined in subdivision eight of
20 section forty-four hundred one of this chapter], less any grants provided pursuant to
21 subdivision twelve of section thirty-six hundred forty-one of this article, or (ii) the
22 apportionment calculated by the commissioner based on data on file at the time the payment
23 is processed provided however, that for the purposes of any payments made pursuant to this
24 section prior to the first business day of June of the current year, moneys apportioned shall
25 not include any aids payable pursuant to subdivisions six and fourteen, if applicable, of
26 section thirty-six hundred two of this article as current year aid for debt service on bond
27 anticipation notes and/or bonds first issued in the current year [or any aids payable as growth
28 aid for the current year pursuant to subdivision thirteen of section thirty-six hundred two of
29 this article or any aids payable for full-day kindergarten for the current year pursuant to
30 subdivision twelve-a of section thirty-six hundred two of this article]. The definitions of
31 "base year" and "current year" as set forth in subdivision one of section thirty-six hundred
32 two of this article shall apply to this section. [For aid payable in the two thousand four--two
33 thousand five school year, reference to such "school aid computer listing for the current year"
34 shall mean the printouts entitled "SA0405".]

35
36 §29-a. Section 3609-c of the education law is REPEALED.

37 §29-b. Paragraph a of subdivision 1 of section 3609-e of the education law, as amended
38 by chapter ??? of the laws of ???, is amended to read as follows:

39 a. "Amount of tax levy" shall mean the amount of property taxes levied for school
40 purposes in the current year pursuant to subdivision one of section thirteen hundred six of the
41 real property tax law, except that for a city school district of a city with one hundred twenty-
42 five thousand inhabitants or more "amount of tax levy" shall mean [an amount equal to the
43 product of the tax rate computed pursuant to subparagraph seven of paragraph a of
44 subdivision thirty-one-a of section thirty-six hundred two of this article for aids payable in

1 the current year multiplied by such district's actual valuation] the local revenue for school
2 purposes as defined in subdivision one of [such] section thirty-six hundred two of this article
3 for such city school districts.

4
5 §30. Subdivision 6 of section 3622-a of the education law as amended by chapter ??? of
6 the laws of ??? is amended to read as follows:

7 6. Transportation of pupils to and from approved summer school programs operated by a
8 school district in the two thousand--two thousand one school year and thereafter, provided,
9 however, [that any expenses for which aid is received pursuant to subdivision thirty-nine of
10 section thirty-six hundred two of this article shall be excluded from the computation of
11 allowable transportation expense, and provided further] that if the total statewide
12 apportionment attributable to allowable transportation expenses incurred pursuant to this
13 subdivision exceeds five million dollars (\$5,000,000), individual school district allocations
14 shall be prorated to ensure that the apportionment for such summer transportation does not
15 exceed five million dollars (\$5,000,000), provided that such prorated apportionment
16 computed and payable as of September one of the school year immediately following the
17 school year for which such aid is claimed shall be deemed final and not subject to change;
18 and

19
20 §31. Subdivisions 1-a, 2, 3, 5, 6, 7, 8, 9, and 10 of section 3641 of the education law are
21 REPEALED.

22
23 §32. Subdivisions 6, 7 and 8 of section 4401 of the education law are REPEALED.

24
25 §33. Paragraphs a, b, c and d of subdivision 3 of section 4405 of the education law are
26 REPEALED and a new undesignated paragraph is added to read as follows:

27 In addition to the apportionment under the provisions of subdivision twelve of section
28 thirty-six hundred two of this chapter of sound basic education aid payable to each school
29 district responsible for the education of a resident student with a disability in attendance in a
30 state school under the provisions of paragraph d of subdivision two of section forty-four
31 hundred one of this article or an approved program under the provisions of paragraphs e, f, g,
32 h, i and l of such subdivision two, such district shall also be eligible, under the provisions of
33 subdivision nineteen of section thirty-six hundred two of this chapter, for an apportionment
34 of state aid for high cost students with disabilities. Notwithstanding any inconsistent
35 provisions of this chapter, moneys due on behalf of a school district for that portion of a
36 child's tuition payable to funds established by the dormitory authority in accordance with the
37 provisions of subdivisions ten and eleven of section forty-four hundred one of this article
38 shall be paid from any moneys due such school district.

39
40 §34. Paragraph (a) of subdivision 1 of section 1689-f of the public authorities law as
41 added by chapter 83 of the laws of 2002, is amended to read as follows:

1 (a) "Eligible school district projects" shall mean (1) capital projects eligible for a capital
2 outlay transition grant aid apportionment pursuant to subdivision twelve of section thirty-six
3 hundred forty-one of the education law for which payments are made, as reimbursement of
4 approved expenditures, from a school district's general fund, capital fund, or reserved funds
5 for capital outlays as defined in subdivision six of section thirty-six hundred two of the
6 education law, that are incurred by the school district on or after July first, two thousand one
7 and on or before June thirtieth, two thousand two, and are not otherwise reimbursable in the
8 two thousand two--two thousand three school year pursuant to subdivision six of section
9 thirty-six hundred two of the education law; and (2) projects relating to the acquisition,
10 design, construction, reconstruction, rehabilitation, improvement, furnishing and equipping
11 of, or otherwise providing for school district capital facilities or school district capital
12 equipment for one of the following purposes, as deemed necessary by the commissioner of
13 education: (i) to eliminate of overcrowding of buildings housing students in excess of full
14 capacity, (ii) to reduce class sizes to the state average including accommodation of projected
15 enrollment growth as approved by such commissioner, (iii) to provide access to specialized
16 spaces, such as libraries, laboratories, and auditoriums, (iv) to avoid imminent additional
17 overcrowding through preventive maintenance on facilities that are in such grave condition
18 that they may be rendered unusable within five years, as determined by a structural
19 inspection and reported to such commissioner on a building condition survey submitted in an
20 approved format, and (v) to retrofit schools for instructional computer technology and
21 technology equipment including original purchase and installation of hardware, conduit,
22 wiring, and powering of hardware installations in computer classrooms, or for building or
23 campus-wide local area network systems and in-building elements of other wide area
24 networks, including the original purchase and installation of conduit, wiring, and powering of
25 hardware installations; and to the extent that such projects are (i) identified as priority
26 projects in the school district's five year capital facilities plan, adopted in accordance with
27 applicable provisions of the education law, (ii) approved by the voters or by the city council
28 in city school districts with a population in excess of one hundred twenty-five thousand
29 inhabitants, as applicable, (iii) approved by the commissioner, and (iv) to the extent that
30 such projects meet the criteria for an apportionment pursuant to subdivision six of section
31 thirty-six hundred two of the education law.

32
33 §35. Paragraph (a) of subdivision 2 of section 1689-f of the public authorities law as
34 added by chapter 83??? of the laws of 2002, is amended to read as follows:

35 (a) Subject to chapter fifty-nine of the laws of two thousand, but notwithstanding any
36 other provisions of any general or special law to the contrary, and subject to the making of
37 annual appropriations therefor by the legislature, the dormitory authority is authorized to
38 enter into one or more service contracts, none of which, for the purposes of subparagraph one
39 of paragraph a of subdivision one of this section, shall exceed ten years in duration, nor, for
40 the purposes of subparagraph two of such paragraph, shall exceed the period of assumed
41 amortization applicable to a project pursuant to paragraph e of subdivision six of section
42 thirty-six hundred two of the education law, with the director of the budget, upon such terms
43 as the director of the budget and the dormitory authority agree, for the purpose of financing
44 eligible school district projects.

1 §36. Paragraph (a) of subdivision 3 of section 1689-f of the public authorities law as
2 added by chapter 83??? of the laws of 2002, is amended to read as follows:

3 (a) The commissioner of education shall certify, (i) by September thirtieth, two thousand
4 two, to the dormitory authority, and the director of the budget, each school district for which
5 he has approved a capital outlay transition grant pursuant to subdivision twelve of section
6 thirty-six hundred forty-one of the education law for an eligible school district project
7 pursuant to subparagraph one of paragraph a of subdivision one of this section as
8 reimbursement of approved expenditures for capital outlays in lieu of aid previously payable
9 pursuant to subdivision six of section thirty-six hundred two of the education law, (1) a
10 description of the eligible school district projects for which such aid is granted for each
11 school district, including the cost of each project, and such other information regarding the
12 expenditures for capital outlays requested by the dormitory authority as is necessary for the
13 issuance of bonds, notes, or other obligations, pursuant to this section and (2) the amount of
14 that grant; and (ii) by September thirtieth of each year, commencing with September thirtieth,
15 two thousand five, to the dormitory authority, and the director of the budget, each school
16 district for which he has approved an eligible school district project pursuant to subparagraph
17 two of such paragraph a, and which will be eligible for an apportionment for debt service
18 pursuant to subdivision six of section thirty-six hundred two of the education law, a
19 description of each such eligible school district projects, by school district, including the cost
20 of each project, and such other information regarding the projected capital expenditures
21 requested by the dormitory authority as is necessary for the issuance of bonds, notes, or other
22 obligations, pursuant to this section. In the event that the aggregate cost of all eligible school
23 district projects pursuant to subparagraph two of such paragraph a would exceed the
24 authorization of the dormitory authority to issue bonds for such purpose, the commissioner of
25 education shall prioritize such projects within such limits.

26
27 §37. Paragraph b of subdivision 4 of section 1689-f of the public authorities law as added
28 by chapter 83??? of the laws of 2002, is amended to read as follows:

29 (b) The dormitory authority shall not issue any bonds or notes (i) in an amount in excess
30 of one hundred forty million dollars for the purposes of subparagraph one of paragraph a of
31 subdivision one of this section, nor an amount in excess of ten billion dollars, of which nine
32 billion two hundred million dollars shall be used for the city school district of the city of New
33 York, to be made available in increments of two billion dollars per year between September
34 two thousand five and September two thousand nine for the purposes of subparagraph two of
35 such paragraph a, plus a principal amount of bonds or notes: (1) to fund any debt service
36 reserve fund, and (2) to provide for the payment of fees and other charges and expenses,
37 including underwriters' discount, related to the issuance of such bonds or notes, or related to
38 the provision of any applicable bond or note facilities. In computing for the purposes of this
39 paragraph, the aggregate amount of indebtedness evidenced by bonds and notes of the
40 dormitory authority issued pursuant to this title, there shall be excluded the amount of such
41 indebtedness represented by such bonds or notes issued to refund or otherwise repay bonds or
42 notes, provided that the amount so excluded under the clause may exceed the principal
43 amount of such bonds or notes that were issued to refund or otherwise repay only if the
44 present value of the aggregate debt service on the refunding or repayment bonds or notes
45 shall not have at the time of their issuance exceeded the present value of the aggregate debt

1 service of the bonds or notes they were issued to refund or repay, such present value in each
2 case being calculated by using the effective interest rate of the refunding or repayment bonds
3 or notes, which shall be that rate arrived at by doubling the semi-annual interest rate
4 (compounded semi-annually) necessary to discount the debt service payments on the
5 refunding or repayment bonds or notes from the payment date thereof to the date of issue of
6 the refunding or repayment bonds or notes from the payment date thereof to the date of issue
7 of the refunding or repayment bonds or notes and to the price bid therefor, or to the proceeds
8 received by the dormitory authority from the sale thereof, in each case including estimated
9 accrued interest.

10

11 §38. Notwithstanding any inconsistent provisions of the education law, the state building
12 aid ratio for debt service for school building purposes for eligible school district projects
13 under the provisions of subparagraph two of paragraph a of subdivision one of section 1689-f
14 of the public authorities law shall be one.

15

16 §39. Notwithstanding any inconsistent provisions of article 25 of the education law, the
17 city school district of the city of New York shall develop and present the master plan and
18 comprehensive sound basic education plan within ninety days of the effective date of this act,
19 but not sooner than June 30, 2005 for the 2005-06 school year in accordance with all other
20 provisions of such article 25 as added to the education law by section three of this act.

21

22 §40. Severability clause. If any clause, sentence, paragraph, subdivision, section or part
23 of this act shall be adjudged by any court of competent jurisdiction to be invalid, such
24 judgment shall not affect, impair, or invalidate the remainder thereof, but shall be confined in
25 its operation to the clause, sentence, paragraph, subdivision, section or part thereof directly
26 involved in the controversy in which such judgment shall have been rendered. It is hereby
27 declared to be the intent of the legislature that this act would have been enacted even if such
28 invalid provisions had not been included herein.

29

30 § 41. The provisions of this act shall take effect July 1, 2005; except that the provisions
31 of sections 3 and 39 of this act shall take effect immediately and shall be deemed to have
32 been in full force and effect on and after January 1, 2005.

33

34 REPEAL NOTE:

35 1) Paragraphs e, q, s, t, u, v and w of subdivision 1 of section 3602 of the education
36 law as proposed to be REPEALED by section 11 of this act relate to (e) pupils with
37 special education needs, (q) lunch count, (s) extraordinary needs count, (t)
38 percentage of pupils with compensatory educational needs (u) pupils with
39 compensatory educational needs, (v) concentration factor, and (w) extraordinary
40 needs factor;

- 1 2) Subdivision 2-b of section 3602 of the education law as proposed to be
2 REPEALED by section 14 of this act relates to computation of total wealth pupil
3 units;
- 4 3) Paragraphs b and c of subdivision 3 of section 3602 of the education law as
5 proposed to be REPEALED by section 15 of this act relate to (b) computation of
6 the state sharing ratio for comprehensive operating aid and (c) computation of the
7 extraordinary needs aid ratio
- 8 4) Subdivisions 8, 9 and 9-a of section 3602 of the education law as proposed to be
9 REPEALED by section 18 of this act relate to (8) computation of total aidable
10 pupil units for operating aid, (9) additional aidable pupil units, and (9-a) secondary
11 school weighting;
- 12 5) Subdivision 10 of section 3602 of the education law as proposed to be REPEALED
13 by section 19 of this act relates to program approval requirements and district plans
14 of service;
- 15 6) Subdivision 12 of section 3602 of the education law as proposed to be REPEALED
16 by section 21 of this act relate to the computation of formula operating aid and
17 extraordinary needs aid;
- 18 7) Paragraph g of subdivision 2, and subdivisions 6-d, 12-a, 12-b and 13 of section
19 3602 of the education law as proposed to be REPEALED by section 22 of this act
20 relate to (2.g) tuition adjustment aid, (6-d) minor maintenance and repair aid, (12-
21 a) aid for conversion to full day kindergarten, (12-b) aid payable in certain school
22 years, including the 2004-05 school year, in lieu of aids payable pursuant to listed
23 subdivisions of section 3602, and (13) growth aid;
- 24 8) Paragraphs a through c of subdivision 15 of section 3602 of the education law as
25 proposed to be REPEALED by section 23 of this act relate to borough aid;
- 26 9) Subdivisions 16, 17, 18, 20, 21 22, 23, 26, 26-a, 31-a, 32, 36, 37, 38 and 39 of
27 section 3602 of the education law as proposed to be REPEALED by section 24 of
28 this act relate to (16) tax adjustment aids, (18) transition adjustment, (20) shared
29 services aid for school districts which are not components of a board of
30 cooperative educational services supervisory district, including large city school
31 districts, (21) tax limitation aid, (22) limited English proficiency aid, (23) gifted
32 and talented program aid, (26) instructional computer hardware and technology
33 equipment apportionment, (26-a) aid for instructional computer technology
34 expenses, (31-a) aid for small city school districts, (32) educationally related
35 support services apportionment (ERSSA), (36) voluntary interdistrict urban-
36 suburban transfer program aid, (37) grants for early grade class size reduction, (38)
37 operating standards aid, and (39) aid for summer school programs.
- 38 10) Subparagraphs b, b-1 and c of paragraph 1 of subdivision 19 of section 3602 of the
39 education law as proposed to be REPEALED by section 25 of this act relate to
40 prior year provisions for weightings for pupils with handicapping conditions, to
41 integrated settings weighted pupils with handicapping conditions, and to
42 limitations on expense per pupil for purposes of such subdivision;
- 43 11) Paragraphs 3, 4, 4-a, 6 and 7 of subdivision 19 of section 3602 of the education law
44 as proposed to be REPEALED by section 27 of this act relate to payment of aid in
45 school years prior to the 2005-06 school year for pupils with handicapping
46 conditions, other than high-cost pupils;

- 1 12) Subdivision 10 of section 3602-e of the education law as proposed to be
2 REPEALED by section 28 of this act relates to prekindergarten aid;
- 3 13) Section 3609-c of the education law as proposed to be REPEALED by section 29-a
4 of this act relates to payment of aid in school years prior to the 2005-06 school year
5 for small cities pursuant to the provisions of subdivision 31-a of section 3602;
- 6 14) Subdivisions 1-a, 2, 3, 5, 6, 7, 8, 9, and 10 of section 3641 of the education law as
7 proposed to be REPEALED by section 31 of this act relate to (1-a) student
8 information systems, (2) attendance improvement/dropout prevention grant
9 program, (3) youth-at-risk and community partnership programs, (5) magnet
10 school grants, (6) special reading and academic programs, (7) grants for improving
11 pupil performance, (8) attendance improvement/dropout prevention grants, (9)
12 targeted instructional staff development programs, and (10) aid for rebuilding
13 schools to uphold education (RESCUE);
- 14 15) Subdivisions 6, 7 and 8 of section 4401 of the education law as proposed to be
15 REPEALED by section 32 of this act relate to definitions, limited to article 89 of
16 the education law, of excess cost, excess cost aid ratio and school district basic
17 contribution; and
- 18 16) Paragraphs a, b, c and d of subdivision 3 of section 4405 of the education law as
19 proposed to be REPEALED by section 33 of this act relate to computing state
20 financial responsibility for operating expenses for certain children with
21 handicapping conditions.