The regular monthly meeting of the Board of Cooperative Educational Services, Sole Supervisory District of Otsego, Delaware, Schoharie, and Greene Counties was held on Wednesday, November 8, 2017, at 3:30 p.m. at the Otsego Area Occupational Center, Milford, New York.

Roll Call & Quorum Check

MEMBERS PRESENT:	Joseph Ballard, Paul Beisler, Marcy Birch, Ellen Hager, William Haltermann, Barbara Ann Heegan, Antoinette Hull, Kurt Holcherr and Johnnie Nemec.
MEMBERS ABSENT:	None.
OTHERS PRESENT:	Nicholas Savin, Jennifer Bolton, Joseph Booan, Lynn Chase, Douglas Favaloro, Anne Pallischeck, Joshua Reiss and Alyssa Oliveri.

Call to Order

At 3:32 p.m. Board President, Paul Beisler, called the meeting to order with a quorum present.

Pledge of Allegiance

Mr. Beisler opened the meeting with the Pledge of Allegiance and asked for a moment of silence to recognize and honor the men and women serving in the Armed Forces.

Additions to Agenda

Mr. Savin informed the Board that there is an error on Agenda item I, Acceptance of KeyBank Foundation Donation; the amount of the donation is $5,000.

Approval of Consent Agenda

Johnnie Nemec and William Haltermann moved to approve the Consent Agenda.

1. Minutes from the October 11, 2017 Board Meeting
2. Monthly Reports -
   Treasurer's Report, Report of Interest Earned, Budget Status Reports, Revenue Status Reports, General Fund Trial Balance, Special Aid Fund Trial Balance, Capital Fund Trial Balance, Trust & Agency Fund Trial Balance, Private Purpose Trust Fund Trial Balance and Extra Classroom Activities Reports for OAOC, NCOC. (Copy filed in the Clerk's office).
3. Budgetary Transfers
4. Claims Auditor Report - October 2017 (Copy filed in the Clerk's office).

Motion was approved unanimously.

Warrants

The warrants were presented for examination (as previously approved by the Claims Auditor).

Public Comments

There were no public comments.

District Superintendent Report

DISTRICT SUPERINTEDENT REPORT

Donations: Mr. Savin informed the Board that we had received a $5000 donation from the KeyBank Foundation for our mechatronics program. It is on the Addenda for acceptance. He shared that we are having success obtaining the necessary funds for the Mechatronics Lab construction. We have received grants from the ARC, Corning, Stewarts and Perkins and are hoping for good news with the Mohawk Valley Regional Economic Development Council (MVREDC) and the Scriven Foundation.

School Board Events: Mr. Savin reminded the Board that there is a School Boards Institute being held at SUNY Oneonta on November 16th. Regent Mittler will be presenting on the new ESSA plan. He also informed the Board that there is a Board of Education Member Legislative Breakfast being held at SUNY Oneonta on December 2, 2017. Both of these events are being facilitated by DCMO BOCES.

Enrollment Report: Mr. Savin referred to the Annual Enrollment Report, which was distributed with the Board Addendas. He informed the Board that the reports were distributed to the Superintendents at the recent Cabinet meeting. He explained that he uses BEDS data from each district along with live birth data to create this yearly enrollment projection. He reviewed the document, noting that enrollment is declining, but lately the rate of decline has been slowing. He pointed out that 2015 shows a sharp decline in live births in our region; for the first time it has dropped below 500.

Mr. Haltermann asked Mr. Savin how our population compares to other BOCES. Mr. Savin indicated that we are the second sparsest BOCES. Population is going down nearly statewide, with rural areas being hit hardest. New York City is the only area in which the population is growing. Ms. Birch asked how funds are being affected. In general we are losing funds per pupil. Dr. Bolton discussed the Foundation Aid formula and its part in fund distribution.

Legislative Priorities: Mr. Savin distributed the Rural Schools and DCMO/ONC Board Member legislative agendas.

Mechatronics: Mr. Savin distributed a document containing three options for the location of the Mechatronics program: in existing space at OAOC, as an addition to OAOC or at Oneonta High School. Mr. Savin explained that it had come to his attention that should we build an addition we

may need a public vote for approval. For regular school districts, when funding comes solely from donations a public vote is not needed, but that may not apply to BOCES. He is working to get a definitive answer on this from NYSED. The document outlined pros and cons of each option, which he reviewed with the group. Mr. Savin emphasized the importance of this program for our students and our region. He explained that repurposing space already at OAOC would not require a vote, so it is a good alternative. Unfortunately, the use of existing space for Mechatronics could result in the displacement of other programs. We would likely look into renting a space in a central location for Special Education. A team of counselors and a crisis intervention specialist would need to be onsite with those classes. Mr. Haltermann asked if students will sign up for Mechatronis/Robotics and what the financial break-even enrollment number would be; the break-even point would be approximately eleven students, with capacity for twenty-five. There was a brief discussion about the possibility of making OAOC a technical high school.

Collaborative Conversations with Superintendents: Mr. Savin distributed a collaboration priority list, containing priorities from each district in 2014 and a collaboration progress chart from 2014. Mr. Savin explained that we are in the process of updating this information with Superintendents; the information gathered may be helpful for collaborative conversations. Mr. Savin asked the Board if there are any topics they would like to discuss during this year's collaborative conversations. A more involved discussion about the social and emotional needs of students, new BOCES programming and the creation of a technical high school were suggested. Ms. Hull raised the possibility of having different questions on each side, more tailored to the needs or concerns in that area. Ms. Birch asked Mr. Savin if he believed there would be state support if we made an effort to become the first technical school in the area. Mr. Savin indicated that he had spoken with Senator Seward about collaboration and he had indicated that he would be willing to help us should we gain support from districts and the community.

DEPUTY SUPERINTENDENT REPORT:

Budget Assumptions: Dr. Bolton distributed the 2018-2019 ONC BOCES Budget Assumptions. Dr. Bolton indicated that we had provided this to Component Superintendents at the last Cabinet meeting; this sheet helps ONC BOCES stay transparent with districts through our budget development process and aids them in creating their own budgets. She reviewed the document, noting that this is subject to change. The retirement figures and CASEBP figures are likely to be adjusted. CASEBP may have no increase this year, while other insurance plans are facing significant increases. Because of this, we have had districts outside of our BOCES expressing interest in joining CASEBP.

ESSA Reporting: Dr. Bolton informed the Board that she has been advocating for Business Officials to be involved in state-level conversations regarding the new ESSA reporting requirements and their implementation. NYSASBO has put an advocacy group together. She explained that two camps of people are emerging: ones who prefer an easy methodology and ones who prefer making the reporting more intense as to create usable data. Dr. Bolton stated that districts are not required to begin reporting until next school year.

JOE BOOAN, ASSISTANT SUPERINTENDENT, STUDENT PROGRAMS

Incidents at OAOC: Mr. Booan explained that police being called to OAOC is not necessarily a negative thing. He explained that often the police are called to help with an individual's crisis when DSS and MCAT are not available. Police serve primarily as transportation to a facility able to assist the student in need, generally a hospital.

Open House: Mr. Booan shared that the NCOC Open House was a success. There was good engagement between teachers and parents.

Roadshows: Mr. Booan announced that program roadshows had begun on the NCOC side.

ANNE PALLISHCHECK, DIRECTOR, INSTRUCTIONAL SUPPORT SERVICES

APPR: Ms. Pallischeck informed the Board that ONC BOCES' APPR plan had been submitted to NYSED. She has yet to receive feedback from NYSED.

Standards: Ms. Pallischeck informed the Board that the new learning standards are out for English and Math. NYSED is working on a state-wide rollout event. Ms. Pallischeck and her staff developers will be attending. A regional education network has been established to aid in the rollout of the new standards; their first meeting is today. She noted that this year the focus is on awareness; testing with the new standards will begin in spring of 2021.

Approval of Personnel

Mr. Haltermann and Ms. Hull moved to approve the personnel as presented.

RESOLVED, that the Board of Cooperative Education, upon the recommendation of the District Superintendent does hereby approve the following:

UNCLASSIFIED APPOINTMENT							
Name	**Dept.**	**Position**	**Appointment**	**Effective**	**Tenure Area**	**Certification**	**Salary**
Lucas Wright	IT	Physical Education Teacher	Temporary, Part-time, .7 FTE, 10-Month, Teacher Unit Position	12/11/2017 - 6/30/2018	N/A	Physical Education: 7-12, Initial	$43,846.00 prorated to 70% and prorated
Monica Towne	Admin	Work-Based Internship Administrator	Full-time. 12-Month. 7.5 hour work day, Non-Unit Administration, Probationary Appointment	*12/11/2017 - 12/10/2021	Administration: Work-Based Internship Administrator	School Building Leader: Initial	$72.000.00 prorated to the effective date

*Effective date noted as above unless extended in accordance with the law. This expiration date is tentative and conditional only. Except to the extent required by applicable provisions of Section 3012³ of the Education Law, in order to be granted tenure the teacher/administrator must receive composite or overall annual professional performance review ratings pursuant to Section 3012-c and/or 3012-d of the Education Law of either effective or highly

effective in at least three (3) of the four (4) preceding years, and if the teacher/administrator receives an ineffective composite or overall rating in the final year of the probationary period, the teacher/administrator shall not be eligible for tenure at that time.
Note: Employment is contingent upon clearance from the State Education Department to comply with the fingerprinting provisions of Project Save.

MISCELLANEOUS APPOINTMENTS

Name	Appointment	Position	Effective	Compensation
Scott Blish	Casual Employee	Tournament Presenter for CASSC	12/15/2017 - 1/14/2018	$112.50/team Max of $1,800.00
Caren Kelsey	Casual Employee	*CPR/AED First Aid Certification Instructor Clinical Job Coach *Revision from August/October Board	9/5/2017 - 6/30/2018	$125.00/day Max. of 30 days $15.00/hour Max. of 150 hours
Sara Villwock	Casual Employee	CASSC Instructor, Enrichment Seminar Program#2 Revision from the June board	10/14/2017 - 11/18/2017	$60.00/Saturday plus $100.00 prep work Max. of $340.00
Jennifer Brown	Temporary	Substitute	11/9/2017 - 8/31/2018	As per board policy or rate per
Joyce Peckham	Temporary	Substitute	11/9/2017 - 8/31/2018	As per board policy or rate per
Jennifer Ganio	Temporary	Substitute	11/9/2017 - 8/31/2018	As per board policy or rate per
Michael Virgil	Temporary	Coaching Course Instructor	11/9/2017 - 6/30/2018	$26.00/hour Max. of $2,300.00
Leslie Bush	Temporary	Coaching Course Instructor	11/9/2017 - 6/30/2018	$26.00/hour Max. of $1,300.00
Rhonda King	Temporary	Library Automation Coordinator - Filling in a leave of absence	11/9/2017 - 1/31/2018	$25.00/hour Max. of $5,400.00
Steven Tines	Casual Employee	Adult Education Instructor	11/9/2017 - 6/30/2018	$25.00/hour Max. of 100 hours
Gregory Beall	Casual Employee	School Business Official Mentoring and Budget Development for a Non-Component School District	11/1/2017 - 6/30/2018	Current Hourly Rate Max. of 75 hours

Note: Employment is contingent upon clearance from the State Education Department to comply with the fingerprinting provisions of Project Save.

MISCELLANEOUS SUMMER APPOINTMENTS June 26, 2017 - August 31, 2017			
Name	**Position**	**Days**	**Compensation**
Jennifer Calhoun	Speech Teacher	Max of 22 days Revised from June 14, 2017 board meeting	Per Diem Max. of $250.00/day

LEAVE OF ABSENCES			
Name	**Position**	**Reason**	**Effective**
Cheryl Miller	Library Automation Coordinator	Medical	10/30/2017 - 1/15/2018

RESIGNATIONS/RETIREMENTS			
Name	**Position**	**Reason**	**Effective**
Sally Trosset	Licensed Teaching Assistant	Resignation	11/11/2017

Motion was approved unanimously.

Approval of Consent Agenda

Mr. Haltermann requested that Item E, Approval of The New York Times Site License Purchase Agreement, be moved from the Consent Agenda for a separate vote.

Johnnie Nemec and William Haltermann moved to approve the Consent Agenda as presented, with the removal of Item E:

Additional Contracts Resolution to Participate in Erie #1 NYSITCC Consortium for 2017-2018- ISS

WHEREAS, It is the plan of a number of BOCES districts in New York, to consent to jointly enter into an agreement for Cengage, Charmtech Labs, Front Row, Kinder Robotics, Mad Learn, My Power Learning, My Stem Kits, Turnit In, Tynker, and,

WHEREAS, The ONC BOCES is desirous of participating with other BOCES Districts in New York State in joint agreements for the software/learning packages and licensing mentioned above as authorized by General Municipal Law, Section 119-0, and,

BE IT RESOLVED, That the ONC BOCES Board of Education authorizes Erie 1 BOCES to represent it in all matters leading up to and entering into a contract for the purchase of and licensing of the above mentioned software/learning packages, and,

BE IT FURTHER RESOLVED, That the ONC BOCES Board of Education agrees to assume its equitable share of the costs associated with Erie 1 BOCES negotiating the Agreements, and,

BE IT FURTHER RESOLVED, That the ONC BOCES Board of Education agrees (1) to abide by majority decisions of the participating BOCES on quality standards; (2) Erie 1 BOCES will negotiate contracts according to the majority recommendations; (3) that after contract agreement, it will conduct all purchasing arrangements directly with the vendor.

Resolution to Approve Agreement Clinical Experience – MI Bassett Hospital

Whereas, the Otsego Northern Catskills BOCES has established educational programs for students enrolled in Health Occupations, Adult Practical Nursing and Adult CNA; and

Whereas, the Otsego Northern Catskills BOCES desires the use of clinical resources to provide student experience; and

Whereas, the MI Bassett Hospital, Cooperstown, New York, believes the value of the presence of students will add to its operation;

Resolved, the Otsego Northern Catskills BOCES Board of Education does hereby approve the terms set forth in the agreement, effective November 9, 2017 –November 9, 2020. No monies will be exchanged or provided for this agreement.

Approval of Agreements with Forecast5 Analytics, Inc. – 5Cast Plus

Whereas, the Otsego Northern Catskills BOCES wishes to enter into agreements with Forecast5 Analytics, Inc. for a subscription license to their 5Cast Plus online data services for the component school districts of ONC BOCES; and

Whereas, Forecast5 Analytics, Inc., Naperville, Illinois will provide a 5Cast Plus subscription license for ONC BOCES for these school districts for an estimated fee ranging from $3,000 to $5,000 based on their district budget size effective during the 2017-18 school year with the option to continue through the 2018-19 school year; and

Resolved, the Otsego Northern Catskills BOCES Board of Education does hereby approve the agreements for the amount and terms set forth above.

Resolution to Declare Surplus Equipment

Whereas, the Otsego Northern Catskills BOCES does not wish to retain the following list

of equipment or components below, as the items are obsolete, no longer functional or operational,

Resolved, that the Otsego Northern Catskills BOCES Board of Education declares the following equipment as surplus in accordance with Board Policy #6900 and will be disposed of accordingly.

NCOC:

TAG #	DESCRIPTION	ACQUISITION DATE
015826	FORK LIFT (DONATION)	5/15/2012

OAOC:

TAG #	DESCRIPTION	ACQUISITION DATE
011308	LIFT SCISSOR	1/1/2007
AK3737	2008 RED UPLANDER VAN #28	5/1/2011

Review and Adoption of Board Policy #8332-E
Authorized Personnel Cell Phone Use- Attachment #6

As presented on Attachment #6.

Motion was approved unanimously.

Approval of The New York Times Site License Purchase Agreement

Johnnie Nemec and Ellen Hager moved to approve the following resolution:

Whereas, the Otsego Northern Catskills BOCES School Library System will require a site license purchase of the Group Pass for the New York Times website for the Windham-Ashland-Jewett CSD for the period of January 1, 2018 to December 31, 2018, and

Whereas, The New York Times, Newark, NJ has agreed to provide the site license at the cost of $805.00 for a one year subscription, agreeing to the terms and conditions of the agreement, and

Resolved, the Otsego Northern Catskills BOCES Board of Education does hereby accept and approve the terms and conditions of this agreement.

Motion was approved with a vote of 8, yes; 1, abstained (Joe Ballard, yes; Paul Beisler, yes; Marcy Birch, yes; Ellen Hager, yes; Barbara Ann Heegan, yes; Kurt Holcherr, yes; Antoinette Hull, yes; Johnnie Nemec, yes; William Halterman, abstained).

Resolution to Accept KeyBank Foundation Donation- Mechatronics Program

Ellen Hager and Antoinette Hull moved to approve the following resolution:

> Whereas, the Otsego Northern Catskills BOCES received a charitable contribution from KeyBank Foundation, Cleveland, OH and
>
> Whereas, the donation is in the amount of $5,000 in support for the Mechatronics/Robotics Program.
>
> Resolved, the Otsego Northern Catskills BOCES Board of Education approves the acceptance of this donation in the amount as indicated above.

Motion was approved unanimously.

Approval of Copier Lease & Maintenance Service Agreement – OAOC

William Haltermann and Johnnie Nemec moved to approve the following resolution:

> Whereas, the Otsego Northern Catskills BOCES Instructional Technology desires to enter into a 48-month lease agreement with US Bank Equipment Finance as well as a maintenance service agreement through Eastern Managed Print Network for a Konica Minolta 287 copier for an estimated total of $108/month for the period of November 9, 2017-November 9, 2021, and
>
> Whereas, US Bank Equipment Finance, Marshall, MN have agreed to provide a lease agreement and Eastern Managed Print Network, Endicott, NY have agreed to provide a maintenance service agreement, agreeing to the terms and conditions of the agreement,
>
> Resolved, the Otsego Northern Catskills BOCES Board of Education does hereby approve the lease agreement and maintenance service agreement for the rates and terms shown above.

Executive Session

William Haltermann and Johnnie Nemec moved to adjourn to Executive Session at 5:56 p.m. to discuss the employment history of a particular individual and Support Staff Negotiations.

Motion was approved unanimously.

Regular Session

Mr. Haltermann and Mr. Ballard moved to return to Regular Session at 6:15 p.m.

Motion was approved unanimously.

Approval of Agreement- Employee 3737239

Mr. Nemec and Mr. Haltermann moved to approve the following resolution:

> Resolved, that the Otsego Northern Catskills BOCES Board of Education does hereby approve the Agreement between the Otsego Northern Catskills BOCES and employee "3737239," signed by employee "3737239" and Mr. Nicholas J. Savin, ONC BOCES District Superintendent, on October 24, 2017 and October 26, 2017, respectively.

Motion was approved unanimously.

Adjournment

Mr. Haltermann and Ms. Heegan moved to adjourn the meeting at 6:16 p.m.

Motion was approved unanimously.

Respectfully Submitted,

Alyssa Oliveri
Board Clerk

2017-18 CTE ENROLLMENT BY PROGRAM - NCOC

Program	NVH	NVEng		AM	PM	Wait List	Totals	CTE:IP	Cross Contract	Adults	Billing Methodology
Auto				10	9		19	2		1	16
Building Trades				4	0		4				4
Cosmetology				13	8		21			6	15
Culinary Arts				14	10		24	2		3	19
Engineering				0	0		0				0
EOR				20	15		35	2		1	32
New Visions Health	10			0	0		10				15
Vis Com				15	10		25	1		2	22
Welding				11	6		17	1		1	15
NCOC TOTALS	**10**	**0**		**87**	**58**	**0**	**155**	**8**	**0**	**14**	**138**

2017-18 CTE ENROLLMENT BY PROGRAM - OAOC

Program	NVH	NVEng		AM	PM	Wait List	Totals	CTE:IP	Cross Contract	Adults	Billing Methodology
Auto				5	15		20	4	2	1	13
Building Trades				16	12		28	2	1		25
Cosmetology				9	17		26	1		1	24
Culinary Arts				15	7		22	5	1		16
Engineering		11		0	0		11				16.5
Health Occ				10	23		33		3		30
Info Tech				15	17		32		1	2	29
NRO				21	20		41				41
New Visions Health	10			0	0		10				15
Visual Arts				12	9		21	1	1		19
Welding				17	19		36	2	1		33
OAOC TOTALS	**10**	**11**		**120**	**139**	**0**	**280**	**15**	**10**	**4**	**261.5**

CTE TOTALS	**20**	**11**		**207**	**197**	**0**	**435**	**23**	**10**	**18**	**399.5**

NVE & NVHP counted as 1.5 in methodology

Adult count duplicated due to full or half day enrollment

10/10/2017

Otsego Northern Catskills BOCES
2018-19 BUDGET DEVELOPMENT CALENDAR

DEADLINE	ACTIVITY	WHO IS RESPONSIBLE
Oct. 2	Budget Memo to Directors and Program Leaders	Deputy Superintendent
Oct. 10	Verify 2017-18 Payroll Status Report with Lynn Chase	Directors/Program Leaders
Oct. 23	WinCap/Excel Training @ NCOC (ETC Room @ 2 pm)– *Optional*	Directors/Program Leaders
Oct. 25	HR completes 18-19 Salary & Benefit Info in WinCap	HR
Oct. 26	Begin developing budgets in WinCap Budget Development – enter detail for all 200s, 300s, 400s budget accounts	Directors/Program Leaders
Nov. 9	**Internal Transfer Budget Allocation Methods (with supporting documentation) must be emailed to all Directors/Program Leaders by this date.**	
Nov. 17	Complete Internal Transfer Budgets- review w/Lynn Chase (300s, 411, 503, 605, 631, 637, 640, 650, 701, 705, 707, 708, 711)	Directors/Program Leaders
Nov. 30	**Internal Transfer Budgets Completed! Share transfer amounts at the Joint Program Leaders Meeting.**	
Nov. 15	Verify 2017-18 Service Contract Revenue w/Lynn Chase **BALANCE 2017-18 budgets**	Directors/Program Leaders
Dec. 15	Complete Budget Development spreadsheets; ensure WinCap Budget Development matches spreadsheets	Directors/Program Leaders
Dec. 18	2018-19 Service Guide & Request for Service Additions/Deletions Form Sent to Districts & BOCES	Deputy Superintendent
Dec. 29	Review final budgets with Lynn Chase	Directors/Program Leaders
Jan. 3	Final Budget Review with Jennifer Bolton	Directors/Program Leaders
Jan. 4	Administrative Budget Review with Nick Savin by Jennifer Bolton	Deputy Superintendent
Jan. 8	Executive Committee Meeting – Administrative Budget Presentation	Deputy Superintendent
Jan. 9 & 11	Management Services (1/9), Student Programs & Instructional Services (1/11) Meetings – Final Budget Presentations Preparation	Directors/Program Leaders
Jan. 17	**Administrative and Capital Budgets Review and Adoption by Cabinet**	
Jan. 17	Completed Budgets for Presentation to Superintendents Advisory Committees - Student Programs, Instructional Services & Management Services	Directors/Program Leaders
Jan. 25	**FINAL Budgets and Prices to Jennifer Bolton (Final spreadsheets ready for Budget Book)**	
Jan. 29	Budget Books Complete and Sent to districts	Deputy Superintendent
Feb. 1 (Due March 1)	Nominating Petitions for BOCES Board Membership Sent to Districts (30 days prior to Annual Meeting)	Board Clerk
Jan. 31	MyWinCap Open for Final Service Request submissions **Preliminary Service Requests – DUE MARCH 1st** **Final Service Requests – DUE APRIL 16th (BT BOCES and ONC BOCES)**	Component Districts
Feb.-March	Review of Budgets with District Boards of Education by Nick & Jennifer - Regional sessions @ NCOC & OAOC	
Feb. 14	Administrative, Capital and Preliminary Program Budgets Reviewed by Board of Education	
March 1	Annual Meeting Notice to Component Board Members	
March 15	**Program Budgets - Budget Adoption. Distribute and Vote on Uniform Methodologies/Pricing at Cabinet**	
March 23	BOCES Tentative Budgets available for Public Inspection (Upon Request)	
April 10	**BOCES Annual Meeting – Northern Catskills Occupational Center, Grand Gorge, NY**	
April 16	Final Service Requests DUE - BT BOCES and ONC BOCES	Component Districts
April 16	**Vote on BOCES Administrative Budget - Results Transmitted to BOCES Board Clerk**	**Component Districts**
May 1	Budgets Balanced to Final Service Requests	Directors/Program Leaders
May 9	Adoption of Final Budget - Administration, Capital and Program by Board of Education	
June 1	Contracts (AS-7's) to Districts, Based on Final Service Requests SBM-4 (Annual Budget) Filed	

New York State Association of School Business Officials

Advancing the Business of Education

Per Pupil Expenditure Reporting Requirements Under ESSA

This work is prepared by NYSASBO staff in consultation with its members. It is not official guidance but is intended to identify processes, recommendations, issues and concerns that will help the State Education Department to develop such guidance. It is draft in nature and a developing piece of work.

NYSASBO has convened 29 school business officials representing school districts of various sizes and types around the state to deliberate on the issues and build a system that is accurate, simple and valid. See Attachment A for list of committee members.

The task of 674 major school districts reporting per-pupil building level expenditures is big for New York State. Despite the New York City school district having a building level finance system, the rest of the state has used a district level system which does not lend itself to reporting school-level spending. Differences in accounting practices in different school districts are also a challenge for creating a uniform system that yields comparable data.

The NYSASBO building level spending committee believes that the creation of a building level finance system is worthy and important. As we learn more about "equal" educational opportunity, equity and adequacy, we are reminded that what is equitable or adequate to meet stated learning goals will not necessarily be equal. The state has much to learn about the best way to distribute adequate funding to school districts and school districts have much to learn about the best way to distribute adequate funding and educational opportunity to schools.

The committee recognizes that it is of utmost importance to create a building level school expenditure system that is accurate, simple and valid and can be uniformly applied across the variety of school districts that exists in New York State. It also recognizes that to implement this well will require much lead time for school districts to implement accounting practices that capture the information that is desired. This is true because of the sheer complexity of school accounting and also the fact that changes to accounting need to be made before budgeting for the year in question, not after. This is a process that inevitably will need to be done in stages. The committee makes a series of recommendations to this end.

Background

1. *What does the law require?*

   The Elementary and Secondary Education Act of 1965 as amended by the Every Student Succeeds Act includes:

(C) MINIMUM REQUIREMENTS.—Each State report card required under this subsection shall include the following information:
(i) A clear and concise description of the State's accountability system under subsection (c), including—...

(x) The per-pupil expenditures of Federal, State, and local funds, including actual personnel expenditures and actual nonpersonnel expenditures of Federal, State, and local funds, disaggregated by source of funds, for each local educational agency and each school in the State for the preceding fiscal year.

2. *What's included in per-pupil expenditures?*

Non-regulatory guidance on ESSA states the following items should be included in the reporting of per-pupil expenditures:

- Administration
- Instruction
- Instructional support
- Student support services
- Pupil transportation services
- Operation and maintenance of plant
- Fixed charges
- Preschool
- Net expenditures to cover deficits for food services and student body activities

The numerator may also include additional current expenditure categories, as designated by the SEA in its uniform statewide procedures, but may not include the following:

- Community services
- Capital outlay (e.g., purchases of land, school construction, and equipment)
- Debt service (34 C.F.R. § 200.35(c)(1)).

The denominator of the calculation consists of the aggregate number of students enrolled in preschool through grade 12 to whom the SEA and LEA provide free public education on, or about, October 1, consistent with the student membership data collected annually by the SEA for submission to NCES. (34 C.F.R. § 200.35(c)(2)). J-4.

3. *What is the timeline for reporting?*

Draft

Report cards that include information for the 2018–2019 school year must be posted on SEA and LEA Web sites on or before December 31, 2019. If an SEA or LEA does not include per-pupil expenditure data on the report card posted on December 31, 2019, the State or LEA must indicate briefly on the posted report card when per-pupil expenditure data will be included, and must update the report card with such data by June 30, 2020. This timeline results from a revision to the timeline posted on the non-regulatory guidance because the U.S. Department of Education has granted New York State an additional year.

4. *What is federal or state guidance in support of this requirement?*

The Department of Education's EVERY STUDENT SUCCEEDS ACT STATE AND LOCAL REPORT CARDS NON-REGULATORY GUIDANCE can be found at https://www2.ed.gov/policy/elsec/leg/essa/essastatereportcard.pdf. Pages 43-50 provides guidance on REPORTING PER-PUPIL EXPENDITURES.

Recommendations

1. *If an item of expense (e.g., administration) is only available on a district wide basis, should districts prorate the expense to the building or pupil level using some method? If yes, what method of proration should be used?*

Recommendation 1: Report only expenses that can be attributed directly to the building level as building level expenditures. Report school district level expenditures that cannot be directly attributed to buildings at the district level. Reporting will include three numbers for each school plus a text field (see recommendation 2) as follows:

Building expense/pupil + district expense/pupil = total expense/pupil
Comment (include any unusual circumstances that affect the cost data):
[_____]

The committee recommends that no district expenditures be prorated and reported as building level expenditures. Instead district and building expenditures should be reported separately and summed as "District and School Expenditures."

2. *Should any information be reported besides expenditure per pupil data?*

Recommendation 2: Yes. We recommend a text field for each school that allows school districts to explain any unusual circumstances that may

affect costs. This will help explain the data and can help to improve the system over time.

3. *How and when should the system be developed?*

Recommendation 3: Given the enormity of creating this system for almost 700 school districts, the implementation should occur in stages as follows:

a. 2018-19 reporting by June 30, 2020 should be a pilot year
b. 2019-20 reporting by December 31, 2020 should be year 1

4. *What is included in building level expenditures?*

Recommendation 4: Expenditures that can be directly attributed to the building level should be included. See Attachment B. These include salaries for instruction and support services, noninstructional salaries, and expenses for equipment, contracts and instructional materials that can be attributed directly to a school building.

5. *What is included in school district level expenditures?*

Recommendation 5: District expenditures include expenditures that are accounted for at the district level and that benefit all schools in the district. Examples are expenditures for boards of education, treasurer, auditing, administration, tax collection, purchasing, budgeting, pupil transportation, etc. See Attachment B.

6. *What should not be included as either school district (i.e., LEA) or school building level expenditures?*

Recommendation 6: Expenditures to exclude per federal non-regulatory guidance should not be included: capital expenses, expenses for debt service and expenses for community service, including Census. The Committee recommends that transportation for nonpublic school pupils also be excluded from district reporting as this does not benefit public schools in the district. The reporting should also exclude items that don't have any bearing on educational opportunity such as expenses for utilities.

7. *How should BOCES and special education expenditures be handled?*

Recommendation 7: The committee recommends that BOCES and special education expenditures be reported at the school district level for the

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pilot year and during this time a second level of reporting be developed that provides for an accurate, simple and valid method of reporting these expenses at the school building level, for implementation in the year after the pilot year.

Recommendation 8: The committee recommends that the Department use a methodology similar to that used by NYSED for the reporting of general and special education expenditures in the Fiscal Supplement to the school report cards. Counting similar codes in both report card and ESSA reporting will provide consistency in information seen by the public.

8. *What are other problem areas for reporting?*

Recommendation 9. Half of New York's school districts provide transportation to their pupils and half contract for these services with private companies. Expenses for contracted and district operated pupil transportation are different in nature and may be hard to attribute to specific buildings, especially if one bus goes to multiple locations. The committee recommends that pupil transportation be reported as a district expense with the exception of expenses for the transportation of nonpublic school pupils, as noted in Recommendation 6.

9. *What is the definition of a school building?*

The law requires per-pupil expenditure reporting "for each local educational agency and each school." The question is what is the definition of a school. If a middle school and high school are housed in the same building (with one facilities code) and two principals, is it one school building or two? Another district has pre-k, elementary, middle and high school programs in a single building. Is that one school building or four?

Recommendation 10: A building is a building. In both examples described above, the per–pupil expenditure report should occur for one school building.

10. *How can administrative burden be reduced in the development and implementation of required reporting?*

Recommendation 11: Care should be taken to develop a reporting system that minimizes burden for school district officials. Reporting should be consistent with other similar reporting. Examples are reporting special and general education instructional spending in New York State school report cards and reporting for the federal Civil Rights Data Collection System.

In addition, electronic applications that interface with school district Annual Financial Report (ST-3) data should be developed by companies such as Finance Manager or Forecast5 to make the preparation of these reports uniform, accurate and understandable by the public. Efforts to streamline reporting such as occur in the State Aid Management System (SAMS) should be employed and enhanced.

11. *How should the system be developed and implemented?*

Federal guidance (J-12) states that "to comply with minimum requirements, SEAs and LEAs will need to align expenditure account codes, conduct outreach to stakeholders to prepare them for reporting new data items, and budget for staff training and updates to existing hardware and software systems."

Recommendation 12: The committee recommends that the Department pay close attention to this guidance and continue to involve NYSASBO members in the development of the building level expenditure reporting system. In addition NYSASBO will be pleased to host professional development sessions where experts from the Department and field can help school officials learn the nuances of this system.

12. *How should expenditures be disaggregated into categories for (1) state and local and (2) federal?*

Recommendation 13: Districts should count general fund expenditures as state/local expenditures. For lunch fund expenditures school districts should count mostly as federal with a small portion for state/local for state supported grant funds and any transfers from the general fund to support the child nutrition program in the school. The Special Aid Fund consists of grant programs mostly from federal (e.g., Title grant programs, IDEA, etc.) and state sources (e.g., Universal Pre-k) and districts should identify these by funding source. NYSASBO has identified federal and state/local sources in Attachment B.

Attachment A

NYSASBO Work Group on ESSA Per-Pupil Expenditure Reporting

School/BOCES/Company	Name	Title
Bloomfield CSD	Kimberly Rohring	Business Administrator
Broome-Tioga BOCES	Kathy Blackman	Controller
Central Square	Maureen Ladd	School Business Official
Chappaqua	John Chow	Assistant Superintendent for Business
Cortland Enlarged City School District	Kimberly Vile	Director of Business Services
Finance Manager	Ron Bovich	President
Forecast 5	Mike Vespi	Relationship Manager
Glens Falls	Bob Yusko	Assistant Superintendent for Business
Hannibal CSD	Nancy J. Henner	Executive Director for Business Administration
Katonah-Lewisboro	Michael Jumper	Assistant Superintendent for Business
New Paltz	Rick Linden	Assistant Superintendent for Business
North Rose	Bob Magin	Assistant Superintendent for Business & Operations
Onteora	Monica LaClair	Assistant Superintendent for Business
Otsego Northern Catskills BOCES	Jennifer Bolton	Deputy Superintendent
Plattsburgh City School District	Kris LaDuke	District Treasurer
Roslyn	Joe Dragone	Assistant Superintendent for Business
Schenectady	Kim Lewis	District Director of Business & Finance
Somers	Ken Crowley	Assistant Superintendent for Business
Spencer Van Etten CSD	Jane Bradley	School Business Executive
Staff		
NYSASBO	Michael Borges	Executive Director
NYSASBO	Deborah Cunningham	Director of Education and Research
NYSASBO	Brady Regan	Deputy Director of Government Relations and School Services

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New York State Association of School Business Officials

Advancing the Business of Education

Attachment B

DRAFT GENERAL FUND EXPENDITURES ATTRIBUTED TO DISTRICT AND BUILDING LEVELS

(See attached spreadsheet)

draft

New York State Association of School Business Officials
Advancing the Business of Education

NYSASBO

Brady Regan

Deputy Director of Government Relations and School Services

draft

Demographic Challenges Facing Rural Schools:

Declining Enrollment and Growing Poverty

New York State Association of School Business Officials

Advancing the Business of Education

August 8, 2017

Introduction

Rural schools in New York face numerous challenges, including long-term declines in student enrollment and increasing levels of student poverty. Because these issues are linked with demographic trends in rural communities themselves, understanding their causes, consequences, and potential solutions requires looking beyond school district-level data. The first section of this report shows the magnitude of enrollment declines and changes in poverty rates, before considering how these trends affect rural schools. The second section looks at demographic trends in the general population to put school trends into context. The final section offers local and state-level proposals for how to address these challenges.

Demographic Trends in Rural Schools

Declining Enrollment

As can be seen in Figure 1, during the past two decades, the trend for both school districts overall and rural school districts in particular, has been gradually smaller increases in student enrollment and student population losses.

Figure 1. Enrollment Rate Changes, 1995-2015

Enrollment declines have affected almost all school districts in the state. The table in Figure 2 includes five-year and ten-year enrollment changes. Over the course of ten years, 89.3 percent of districts lost enrollment and 65.6 percent of districts saw enrollment declines of at least ten percent. Focusing in on districts with at least 1,000 students shows this is not an issue limited to small districts as these larger districts suffered similar rates of decline. Enrollment declines are omnipresent for rural districts. Over a decade, 96.7 percent of rural school districts had declining enrollment and 84.9 percent had drops of at least ten percent. After narrowing the focus to the five years between 2009-10 and 2014-15, rural school districts still suffered significant losses at much higher rates than other school districts.

The chart in Figure 3 shows ten-year enrollment declines in each region of the state, with the smallest declines in school districts in and around New York City. The maps in figures 4 and 5 show the five- and ten-year declines by school district.

Figure 2. Distribution of Five-Year and Ten-Year Enrollment Change

	Percent of Districts with Enrollment Declines Between 2004-05 and 2014-15	Percent of Districts with at least 10% Enrollment Declines Between 2004-05 and 2014-15	Percent of Districts with Enrollment Declines Between 2009-10 and 2014-15	Percent of Districts with at least 10% Enrollment Declines Between 2009-10 and 2014-15
All School Districts	89.3%	65.6%	86.6%	35.3%
School Districts with Enrollment of at least 1,000	86%	56.1%	85.2%	25.5%
All Rural School Districts	96.7%	84.9%	92.4%	51.8%

Figure 3. Ten-Year Enrollment Declines by Region, 2004-05 to 2014-15

Figure 4. Map of Population Changes in School Districts (10 Years)

Figure 5. Map of Population Changes in School Districts (5 Years)

Increasing Poverty

While enrollment is declining across New York school districts, poverty rates are increasing. Unlike the falling enrollment where rural schools are losing students at a much faster rate than non-rural schools, poverty rates are higher in non-rural schools. Though the gap has narrowed slightly, as seen in Figure 6, there is still a significant difference in poverty levels.

Poverty thresholds in the United States are quite restrictive, so Free- and Reduced-Price Lunch (FRPL) data can be used as a broader way of looking at financial distress among school students. Students can be eligible for reduced-priced lunches if their family incomes are at or below 185 percent of the poverty level. The FRPL rate in New York for 2013-15 in rural school districts was 48.3 percent, while for non-rural school districts it was 53.2 percent.

The combination of poverty and FRPL data show that a little more than one in every five schoolchildren in New York lives in poverty, while a little more than half of all school children face significant economic constraints at home.

Figure 6. Poverty Rate Among School-Age Children, 2003-2015

Impact on Rural Schools

At the district level, year-to-year enrollment fluctuations present significant staffing challenges. Districts resist hiring people just to lay them off the following year, so administrators must work carefully to balance staffing. Longer time frame enrollment declines are frequently addressed through retirement and attrition, though these are not long-term solutions (and increased longevity compounds the cost of retirees which can contribute to a district's fiscal stress). Declining enrollment may also put increasing strain on a district's fund balances as it attempts to weather the storm of declining enrollment.

Beyond the financial aspects, declining enrollments pose significant challenges to students. Some schools may have to cut back on valuable academic and enrichment opportunities, from Advanced Placement courses to music and sports programs, when they no longer have the student numbers needed for viability. Any potential reductions in college readiness preparation are incredibly serious. Decreasing enrollment can also increase students' sense of isolation as there are literally fewer peers for them to interact with.

The combination of declining enrollment and increasing poverty exacerbates these challenges. Aid formulas for poverty use an arbitrary weighting that fails to account for the challenges of concentrated poverty.

Demographic Trends in New York

General Population

Rural schools need to be understood within the context of overall statewide demographic trends. Looking at population growth in New York state shows that for a few years prior to the onset of the Great Recession, growth rates in urban and rural counties were closely related. Beginning in 2008, rural populations entered a period of sustained declines, while urban populations continued to grow, though their pace of growth slowed after 2011. Figure 7 shows the post-recession divergence.

Figure 7. New York Population Growth Rate, 2003-16

Figure 8 shows population trends at the county level between 2002 and 2016. The greater New York City metropolitan region, the Capital District, and the Rochester and Ithaca areas had the largest population increases. Large swaths of western New York, the Southern Tier, and the North Country suffered significant losses. More than half of New York counties, 54.8 percent, lost population in this time period, while 14.5 percent of counties had population declines of at least 5 percent.

Figure 8. Map of Population Change Between 2002 and 2016

As demonstrated by the comparison of urban and rural population growth in Figure 7 the regions had similar growth rates prior to the Great Recession followed by increasing divergence. Comparing change by region between 2002-11 and 2011-16 shows that all parts of the state, except for New York City, saw either declining growth or increasing decline. The North Country experienced the largest change, growing 2.4 percent in the first period and then declining 2.1 percent in the second.

Figure 9. Population Change Between 2002 and 2016

	Population Change 2002-16	Population Change 2002-2011	Population Change 2011-2016
Capital District	4.24%	3.81%	0.41%
Central Region	-0.01%	1.23%	-1.23%
Finger Lakes	0.35%	0.93%	-0.57%
Hudson Valley	4.75%	3.72%	0.99%
Long Island	2.07%	1.82%	0.25%
Mohawk Valley	-1.59%	0.51%	-2.09%
New York City	5.77%	2.63%	3.06%
North Country	-0.01%	2.44%	-2.39%
Southern Tier	-2.35%	-0.41%	-1.94%
Western Region	-3.23%	-2.41%	-0.83%

While growth rates differ across New York, another trend has been nearly universal: the state's population aged significantly between 2000 and 2016 and rural communities became, on average, even older than urban ones.

In 2000, 56.8 percent of New Yorkers were under 40 and 21.8 percent were 55 and older. By 2016, the share of New Yorkers under 40 fell to 51.9 percent, while the proportion of residents 55 and older grew to 28.4 percent.

Figure 10 shows the age distribution in rural and urban counties, where urban populations tended to be younger, while rural populations are disproportionately older.

Figure 10. Age Distribution in Rural and Urban Counties

	Rural – 2000	Rural – 2016	Urban 2000	Urban – 2016
Under 20	27.7%	23.0%	27.4%	23.8%
20-39	26.0%	24.3%	29.6%	28.4%
40-54	21.9%	19.3%	21.4%	19.8%
Over 55	24.4%	33.4%	21.6%	28.0%

The largest exception to this split was with children between 15 and 19. In 2000, this age group made up 7.9 percent of the rural population and 6.7 percent of the urban population. By 2016, the gap remained, even as the overall share of those 15-19 years old fell; 6.8 percent of rural and 6.2 percent of urban residents were in that age range. The most likely explanation for this gap is that after finishing high school, rural residents are more likely to leave their communities, whether for military service, further education, or employment opportunities. It also means that looking at middle and high school enrollment numbers in isolation of other trends can disguise the degree of aging in rural communities.

The third challenge facing rural communities is sharp increases in poverty. In 2000, poverty was more prevalent in urban counties, which had a poverty rate of 14.7 percent as compared with a poverty rate of 13.2 percent in rural counties. By 2015, while poverty grew for both areas, rural areas now suffered significantly higher levels of poverty. The rural poverty rate was 16.1 percent, while the urban poverty rate was 15.4 percent.

Policy Suggestions

At the district and BOCES level, addressing the challenges of declining enrollment and increasing poverty can best be met through increasing collaboration. There are examples of BOCES-wide leadership development and mentoring programs that have produced outstanding results. Partnerships between districts or with a BOCES could make college preparatory material available to more students; for example, expanding Advanced Placement opportunities or using distance learning. School districts can share sports teams or music programs, when their enrollment is not sufficient to support them on their own. Sharing services would let school districts take advantage of economies of scale and reduce fiscal stress. Finally, school districts could also gain from partnering with existing community agencies, like school-based health clinics.

The governor and legislature have signaled support for expanding pre-k and full day kindergarten opportunities. In the current fiscal climate, particularly with the constraint of the Tax Cap, it is not realistic for individual districts to aggressively expand these opportunities on their own, but with state support rural schools could move in this direction.

Other state level policies include improving school funding formulas, promoting mandate relief, and reducing barriers to regional collaboration. A better understanding of what it costs to educate students in poverty could help policymakers appropriately allocate funding. Improving the pupil weighting, along with incorporating more accurate data into the Foundation Aid formula and eliminating caps on the formulas used to calculate local resources, income, and wealth would yield a more valuable funding approach. More effective funding should be accompanied by mandate relief that frees districts from unnecessary burdens that strain their resources. NYSASBO supports legislation like the Shared Transportation Incentive, which would make regional collaboration easier.

Finally, there are policies that could strengthen rural schools by strengthening their communities. For example, addressing the digital divide through aggressive expansion of rural broadband would help school students academically and socially, while simultaneously boosting the local economy.

Notes on Sources and Methods:

School enrollment data uses BEDS-Day enrollment data from the New York State Education Department, available at: http://www.p12.nysed.gov/irs/statistics/enroll-n-staff/home.html

School districts are classified as rural or non-rural based on their Sparsity Factor in the 2017-17 enacted budget. Districts with a Sparsity Factor greater than zero are treated as rural, while those with a score of zero are classified as non-rural.

Student poverty data draws on Small Area Income & Poverty Estimates produced by the census department as well as Free- and Reduced-Price Lunch Data.

County level data on population, age, and poverty comes from the decennial US Census as well as annual estimates from the American Community Survey.

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SOURCE: New York State Association of School Business Officials, Albany, NY 12205, August 8, 2017, www.nysasbo.org

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LOSING GROUND

MODEST IMPROVEMENTS IN THE FINANCIAL CONDITION OF NEW YORK'S PUBLIC SCHOOLS ARE NOT KEEPING PACE WITH THE NEEDS OF THE CHILDREN THEY SERVE

THE COUNCIL of SCHOOL SUPERINTENDENTS

SEVENTH ANNUAL SURVEY OF NEW YORK STATE SCHOOL SUPERINTENDENTS ON FINANCIAL MATTERS

OCTOBER 2017

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Methodology

The Council conducted its seventh annual survey of New York State school district superintendents on financial matters between July25th and August 21st. The survey was conducted online through K12 *Insight*, a corporate partner of the Council. A total of 322 superintendents submitted complete responses, a response rate of 47 percent.

Here are the regions used in the report:

Long Island: Nassau, Suffolk Counties
Lower Hudson Valley: Putnam, Rockland, Westchester Counties
Mid-Hudson Valley: Dutchess, Orange, Sullivan, Ulster Counties
Capital Region: Albany, Columbia, Greene, Rensselaer, Saratoga, Schenectady, Warren, Washington Counties
Mohawk Valley: Fulton, Herkimer, Montgomery, Oneida, Schoharie Counties
Central New York: Cayuga, Cortland, Madison, Onondaga, Oswego, Tompkins Counties
North Country: Clinton, Essex, Franklin, Hamilton, Jefferson, Lewis, St. Lawrence Counties
Southern Tier: Broome, Chemung, Chenango, Delaware, Otsego, Schuyler, Steuben, Tioga Counties
Finger Lakes: Genesee, Livingston, Monroe, Ontario, Orleans, Seneca, Wayne, Wyoming, Yates Counties
Western New York: Allegany, Cattaraugus, Chautauqua, Erie, Niagara Counties

Robert Lowry, the Council's Deputy Director for Advocacy, Research and Communications, is the principal author of this report. The report's cover was developed by Dena Gauthier, Senior Graphic Designer for the Council.

HIGHLIGHTS

- Modest improvements in the financial condition of New York's public schools are not keeping pace with the needs of the children they serve.
- Across multiple questions in the Council's seventh annual survey of superintendents on financial matters, rising concern about the needs of students is apparent. For example, 45% of superintendents responded that capacity to help students with non-academic needs (including health and mental health) is a significant problem, more than for any other item.
- Most dramatically, the percentage of superintendents identifying increasing mental health-related services for students as a funding priority surged by 17 percentage points, from 35% in 2016 to 52% this year.
- Asked to rank three top priorities should funding beyond what would be needed to maintain current services and meet mandates become available, increasing mental health-related services emerged as the top priority among superintendents statewide. In the previous six annual surveys, increasing extra academic help for struggling students led all priorities.
- In open-ended comments, superintendents attributed the increasing priority on mental health services to growing needs among children and families, arising from the effects of poverty and economic insecurity and from the influence technology, including social media.
- Findings on school district financial condition can be summarized as "stable to modestly positive." For example, for the third consecutive year, more superintendents reported their school district's financial condition had improved rather than worsened – but only by 24% to 13%, with both figures lower than in 2016. 62 percent of superintendents reported no change in financial condition, an increase from 53 percent in 2016.
- Importantly, the share of superintendents reporting improvement in financial condition has *never* risen above 31% in any of the Council's seven annual surveys going back to 2011.
- Similarly, asked how their district budget for the current year had affected specific student services, more superintendents reported positive impacts than negative. But never in any of the seven annual surveys has a statewide majority of superintendents reported a positive impact for any student service.
- The percentage of superintendents expressing optimism about their district's ability to fund adequate services looking ahead three years increased by nine points, but moved only from 20% to 29%. 70% of superintendents remain pessimistic, including 7% of superintendents who responded that their districts are not able to fund adequate services now. These districts are predominantly rural, small, and higher in student poverty.
- Asked to identify *any factors* causing concern in thinking about their districts' financial outlook, superintendents most frequently name inadequate state aid (90%), increasing needs of students (84%), expected increases in fixed or hard to control costs, such as pensions and health insurance (83%), the tax cap (81%), and additional costs arising from state and federal mandates (70%).
- Asked to name *the one factor* which causes them the *greatest concern* in thinking about their districts' financial outlook, 50% of superintendents cited the possibility of inadequate state aid (up from 44% in 2016), 16% named the tax cap (down from 28% in 2016), 15% picked increasing student needs (up from 10% in 2016), and 11% chose expected increases in fixed or hard to control costs.
- The most positive financial finding in the survey is that the percentage of superintendents expressing concern about their districts' reliance upon reserves to pay recurring costs declined from 64% to 38%, reflecting roughly a 20-point shift of superintendents from "somewhat concerned" to "not concerned, our reliance on reserves is limited."
- 34% of superintendents responded that finding an adequate number of qualified teachers is a significant problem, the second highest percentage for any item, after capacity to help students with non-academic needs. 72% of North Country superintendents identified finding qualified teachers as a significant problem, as did 59% of Southern Tier superintendents and 51% of rural superintendents.

INTRODUCTION AND OVERVIEW

Improvements in the financial condition of New York's public schools are not keeping pace with the needs of the children they serve. That is the central finding of the 2017 survey on school finances by the New York State Council of School Superintendents.

For the third year in a row, more superintendents told the Council that the financial condition of their districts improved rather than worsened over the prior year. But the figures are very low: 24 percent reported improvement, 13 percent reported worsening financial condition. Both figures are down from the year before, while the percentage of superintendents reporting no change in their districts' financial condition rose, from 53 percent to 62 percent.

But the most striking results from the Council's 2017 survey reveal growing concern about the needs of children and ability of schools to meet them. Most dramatically, the percentage of superintendents identifying increasing student mental health-related services as a funding priority rose from 35 percent in 2016, to 52 percent this year.

The survey yielded other signs of mounting concern among school district leaders about the needs of school-children. For example, capacity to help students with non-academic needs was cited as a "significant problem" by 45 percent of superintendents, more than any other item.

A Mohawk Valley superintendent observed,

> *While the funding and educational models of our schools have largely stayed the same, the needs of students and communities have continued to increase. We cannot simply maintain the status quo due to the increasing mental health, special education, and ELL [English Language Learner] needs while the fiscal conditions and employment prospects of our communities continue to worsen.*

Some Improvement in Financial Outlook – But Not Much

Gains in current financial condition attest that recent increases in state aid have helped some districts begin to recover from damage they endured during the Great Recession and its immediate aftermath. But *never* in any of the Council's now seven annual surveys have more than a third of superintendents said their districts' financial condition improved over the preceding year. So it is probable that the ability of many districts to support adequate services deteriorated badly in the first year or two of the Council's surveys, with little recovery in the years since.

In the same vein, Council surveys have also asked how annual district budgets have affected specific student services. More superintendents now anticipate positive effects rather than negative, but *never* in the seven years has a majority of superintendents statewide reported improvement in *any* area.

A Capital Region superintendent wrote,

> *We are still recovering from the 2008 economic downturn where staffing and programmatic cuts were extremely deep. We are trying to add back a little each year, but still well below where we were in 2008. This has created huge inequities in available student opportunities compared with our wealthier suburban neighbors. While we are getting by financially, we are not back to pre-2008 staffing levels, even ten years later with enrollment levels remaining roughly the same. This opportunity gap is a loss for our students and their futures.*

The positive impact of state aid increases averaging 5.5 percent over the past four years (excluding New York City) has been diminished by the impact of the school property tax cap. Advertised as a "2 percent tax cap," the base for the cap has been below 2 percent for each of the last four years, reaching a low of 0.12 percent for 2016-17.

While there have been modest advances in current financial condition, pessimism about the future remains prevalent. The survey yielded a nine point increase in the percentage of superintendents reporting that they are somewhat or very optimistic about the ability of their districts to fund adequate services looking ahead three years or so. But that merely took the share of superintendents professing any degree of optimism from 20 percent to just 29 percent. Seventy percent of superintendents remain pessimistic in their extended outlook, including 7 percent who said their districts cannot fund adequate services *now*, the equivalent of roughly 50 districts perhaps in a state of educational insolvency.

Thinking ahead 3 years or so, how optimistic or pessimistic are you about whether your district will be able to fund programs and services adequate to the needs of your students?

Asked what factors cause concern in considering the financial prospects of their schools, five items stand out among all the responses – inadequate state aid, the tax cap, increasing student needs (including students in poverty, students for whom English is not their first language, and students with disabilities), expected increases in fixed or hard to control costs such as pensions and health insurance, and costs arising from state or federal mandates, each picked by at least 70 percent of superintendents.

Asked to name the one factor evoking the greatest worry, 50 percent of superintendents cited the prospect of inadequate state aid, followed by the tax cap, chosen by 16 percent. Presumably reflecting the increase in the cap from near zero a year ago to 1.26 percent this year and to a level neighboring 2 percent in the year to come, the share of superintendents citing the impact of the tax cap as their greatest financial worry declined from 28 percent 16 percent.

Which issues cause concern in thinking about the financial outlook for your district?

	A concern	Greatest concern
Inadequate state aid	90%	50%
The tax cap	81%	16%
Increasing needs of students	83%	15%
Expected increases in fixed or hard to control costs (e.g., pensions, health insurance)	84%	11%
Declining student enrollment	48%	5%
Other (Please specify)	10%	2%
Additional costs arising from state or federal	70%	1%
Increasing student enrollment	7%	0%
Costs due to students enrolling in charter schools	10%	0%
Poor or uncertain community support for schools	7%	0%

Mounting Concern Among School Leaders About the Needs of Children

Again, however, more dramatic than any changes in district financial condition is the rising concern over student needs revealed in the Council's latest survey.

The Council began surveying New York's school superintendents about district finances in 2011. Every year, the Council has asked, if your district were to receive more funding than what would be required to meet mandates and maintain current services, what would be your top three priorities for additional support? In the first six annual surveys, expanding extra academic help for struggling students was the leading priority every year. This year, however, it was passed by increasing student mental health, counseling, social work and related services. The share of superintendents choosing mental health-related services as a priority surged by 17 points in one year – from 35 percent in 2016 to 52 percent in 2017.

If your district were to receive an increase in funding beyond what would be needed to fund state mandates and your current level of services, what would be your top three priorities for the use of that funding?

Growing concern over the needs of students emerges in other findings from the Council survey:

- "Capacity to help to students in meeting non-academic needs, including, for example, health and mental health issues" was cited by 45 percent of superintendents as a significant problem – more than any other issue listed.
- The share of superintendents citing increasing student needs as their greatest concern in thinking about their district's financial prospects rose from 10 percent to 15 percent from last year to this, more than for any other factor.
- As evidence that improving mental health-related services has been an growing concern, the percentage of superintendents reporting that annual district budgets have had a positive impact on that program area increased more than for any other service, both over the past year and over the last three years, more than tripling, from 11 percent in 2014 to 34 percent this year.
- Only 15 percent of superintendents responded that "Substance abuse (including opioid abuse) by students or family members of students" is not at all a problem for their districts, a lower figure than for all but two other circumstances posed. In three upstate regions, 5 percent of superintendents or fewer said that substance abuse was not at all a problem.
- Two-thirds of superintendents chose at least one student support option as one of their three funding priorities, and nearly half picked two.

Emphasis on the growing needs of schoolchildren among the survey's responding superintendents is no surprise to Council staff. It has become evident through conversations and other anecdotal exchanges over the past year or so. But it does raise the question, why the growing concern now, and especially the priority on mental health services?

Three possible explanations for the increased focus on student needs are: (1) Needs are in fact increasing; (2) Access to services has been reduced; (3) Perhaps schools have progressed in addressing other priorities, allowing them attach greater emphasis to student needs.

IN THEIR OWN WORDS

Capital Region Small City: My belief is due to a steady increase in poverty, parents/guardians are more stressed at home which causes children to come to school stressed, carrying a lot more anxiety than normal. They're anxious over their home life, where their next meal is coming from and trauma they suffer due to poverty. No data to back this up, just my experience dealing with my population on a daily basis.

Western New York Rural: My rural district has made it a priority to hire a school social worker in order to better address the growing number of students with families in crisis. We have counselors and school psychologists but are finding there is not enough time to address the growing number of families in crisis that impede a student's ability to be successful. I attribute this to increasing poverty, lack of adequate local and county mental health services as well as increases in the number of families dealing with the difficulties of addiction to drugs and alcohol.

Long Island Suburb: I think that the surge in the influence of technology on our society is a significant factor in the increase in mental health needs of our children. This can be linked to three technology-related factors. First, the unprecedented access to unfiltered information. This information overload leads to confusion for many youngsters. Second, technological advancements have increased the expectations for the pace of our lives. Finally, and most importantly, technology tends to isolate children. Video gaming and social media (I like to call it anti-social media) all too often cause our children to be in virtual lock boxes.

Finger Lakes Rural: In our rural Finger Lakes community, the population of families eligible for a free or reduced price lunch grows every year. In my experience here, the need for mental health services for students is directly proportional to the number of families receiving social services. The distance between those of means and those on public assistance appears to be growing wider on a variety of scales including school readiness, academic stamina, coping skills and social-emotional development.

IN THEIR OWN WORDS

North Country Rural: Public education has as much to gain from improving the lives of children outside of school and early in life as it does from burdensome demands based on schools and classrooms. Until we are willing to direct our energy, attention, and resources to critical areas that are needed before children can be ready for schooling -- areas like health care, housing, family stability, high quality child care, early literacy programs -- we will always feel as if we are paddling upstream. Investing in America's children in all areas of their lives will pay dividends many times over -- in successful public schools, and in building the kind of hopeful society we wish to be.

Long Island Suburb: Even with the decline in enrollment, the students require many more support services than in the past. Coupled with the fact that 1 out of every 3 students is on Free or Reduced Lunch, the cost of education is growing as well.

While acknowledging that the third explanation may apply for some districts, superintendents dismiss it as a significant consideration. More do cite reductions in services as a factor, but most believe that the needs of children coming to their schools are greater.

On several measures, the state of New York's children is better than for that of the nation as a whole and has been improving. But one indicator of growing mental health difficulties is that the percentage of New York's adolescents reporting a "major depressive episode" increased from 7.3 percent in 2011-12 to 11.9 percent in 2014-15.[1]

If students needs have been growing, especially mental health needs, then it must be asked, why? In discussion, superintendents most often cite two factors: rising levels of poverty and economic insecurity among school families and the influence of technology. Some also mention the opioid epidemic and general economic anxiety felt by families.

Poverty among schoolchildren has been increasing faster than total enrollment has been declining

SOURCES: Kids' Well-Being Indicator Clearinghouse, NYS Council on Children and Families (FRPL) and NYS Education Department School Aid data (enrollment)

Percentages of Public School Students Receiving Free/Reduced Price Lunches

SOURCE: Kids' Well-Being Indicator Clearinghouse, NYS Council on Children and Families (FRPL) and NYS Education Department School Aid data (enrollment)

New York's unemployment rate has come down sharply since 2011, the first year of the Council's survey. But total employment upstate has barely moved, suggesting either a decline in total population, reduced participation in the labor force, or both. In any event, childhood poverty has remained above what it was before the Great Recession. While overall enrollment declined by roughly 90,000 students statewide since 2007-08, the number of students from families poor enough to qualify for the federal school lunch program has increased by nearly 190,000 students. The share of children participating in the lunch program increased in every region outside New York City, both in the aftermath of the financial system collapse and ensuing recession (2007-08 through 2011-12) *and again* in the years since (2011-12 through 2015-16).

Technology is cited as affecting children in two ways – directly and through the parenting they receive. One North Country superintendent referenced a September 2017 *Atlantic* article whose title asked, "Have Smartphones Destroyed a Generation?" The article notes encouraging trends: declines in smoking, drug use, and alcohol consumption among teenagers. But it observes "Rates of teen depression

and suicide have skyrocketed since 2011," and explains that 2012 was a tipping point, the year that the share of Americans with smartphones passed 50 percent. It reports surveys by the National Institute on Drug Abuse finding, "Teens who spend more time than average on screen activities are more likely to be unhappy," and "There's not a single exception. All screen activities are linked to less happiness, and all nonscreen activities are linked to more happiness."[2]

Another superintendent from the same region recounted observing two mothers interacting with infant children, one absorbed by her phone, the other interacting continuously her child. She concluded, asking, "Which child will be better prepared for school?"

This report cannot resolve the validity of reasons behind the rising concern cited by superintendents about the needs of the children they serve. But the concerns revealed in the survey echo conversations with superintendents, other educators and others working with children. Surveys of the public at-large suggest that wider recognition of the need to tackle out-of-school impediments to in-school success. *Phi Delta Kappan*'s "49th Annual Poll of the Public's Attitudes Toward the Public Schools" found Americans supporting an assortment of "wrap-around" services to students who do not have access to them elsewhere, including after-school programs (92 percent), mental health services (87 percent) and general health services (79 percent). Support was even greater among New Yorkers than in the nation as a whole.[3]

Conclusion

Through our surveys, the Council seeks to illuminate problems confronting schools as a first step toward developing remedies. Last year the Council proposed a four-part "financial sustainability agenda" to address the tenuous financial circumstances our survey identifies among many school systems:

- Update and phase-in the Foundation Aid formula enacted in 2007 following the end of the Campaign for Fiscal Equity school finance litigation, to give schools more adequate, equitable and predictable state funding.
- Make adjustments to the property tax cap to support multi-year planning, including for example, making the cap a straight 2 percent, plus or minus exclusions, rather than the current lesser of 2 percent or change in the Consumer Price Index over the prior calendar year.
- Take steps to help schools reduce or control costs or produce more impact for children within existing resources.
- Give schools access to reserves like those available to local governments, starting with a reserve for teacher pension obligations.

A theme in the Council's advocacy is that, if the state is not going to change rules which drive up costs while restricting the ability to raise local revenue to meet those costs, then it must fund those rules -- by providing adequate increases in state aid to all districts. The Council will be refining our sustainability agenda before the start of the 2017-18 legislative session.

The Council has not formulated complete recommendations to address the mounting concern over growing needs of schoolchildren or the needs for mental health services in particular. But a beginning approach is to ask, who should do what?: What should the Council do to support its members in

IN THEIR OWN WORDS

Western New York Rural: We do not have the resources to support the social and emotional challenges of students and families. We would need to reduce academic programs in order to support additional non-academic programs.

Southern Tier City: Students coming to kindergarten are bringing significant levels of need bot academic and social/emotional. The lack of Mental Health Services in counties has put the burden of provision of these services on the schools and we are ill prepared to deliver the level of service children and families need. As a result students fail to perform and lag academically and soon enough exhibit significant deficits in achievement that make them qualify for Special Education services which is burgeoning and very expensive. Add the difficulty in finding qualified and capable teachers with the right certifications and we are heading for a crisis.

North Country Rural: This is a significant issue for [my district]. The perfect alignment in small rural communities of poverty, limited access to quality care and difficulty getting there. We also have limited access to training for parents on how to interact with young children. This is a result of poverty, multiple jobs to make ends meet, limited quality child care and families that are not together with extended members under one roof. We are also seeing a drug epidemic and the results being manifested in children who fall to a low priority on the "care spectrum."

We are also seeing the first generation of children who have parents with access to technology so the lack of socialization of young children is rampant. I observed two mothers caring for children at the same time. Both involved a diaper change. One mother said nothing to the child, took care of the task and continued to follow Facebook on her cell phone. There was limited visual contact with the child and no verbal contact. The second mother talked to the child through the entire process... The two interactions were at the opposite end of the extremes for the parenting we see when we get students entering. Which of these two children will be ready for school in 3 years?

Western New York Rural: I am concerned about how federal decisions may impact our school district. Health care and Medicaid changes could have disastrous financial implications on public school districts. I hope our legislators are prepared to make tough decisions on services and mandates, because we will not be able to absorb increased costs at the local level.

addressing these issues? What should school districts do? What should the state and federal governments be requested to do?

A continuing series of mental health summits convened with leadership by the New York State School Boards Association and participation by the Council and other groups is promoting discussions of what schools and districts can do. The Council's survey findings suggest that our priorities should include identifying effective practices among districts to share with members and conveying other information about how schools can help families access existing services.

On the advocacy front, the findings should not be taken as an argument for creating a new School Aid categorical formula for mental health services. While just over half of superintendents indicated that increasing mental health services would be a priority for their schools, nearly as many identified other priorities. Rather, part of updating the Foundation Aid formula should be to reassess the adequacy of factors aimed at assuring adequate support in addressing pupil needs in general.

One of the greatest advocacy priorities, however, will be to preserve what schools and families have now. Potential action on health care funding at the federal level could have catastrophic consequences. All the major proposals thus far to repeal and replace the Affordable Care Act would cut Medicaid funding to New York State by billions of dollars. Those cuts could directly affect schools, by forcing the state to curtail Medicaid support which schools rely upon now to pay for screening, health, mental health, and special education services for students.

Even more alarming, the cuts would create massive state budget deficits, compelling funding reductions for many state services, including School Aid.

Finally, the Cuomo Administration has estimated that the proposals would jeopardize health care coverage for 2.7 million New Yorkers. Children comprise 42 percent of the state's Medicaid beneficiaries, suggesting over one million of New York's children could lose access to health care.

As advocates for children, school leaders cannot stay on the sidelines in debates over health care in the nation's capital.

OVERALL FISCAL CONDITION

The Council's annual school finance surveys have asked superintendents three questions broadly assessing the overall financial condition of their school districts:

- Compared to one year ago, how has the financial condition of your district changed, in terms of its ability to fund services meeting expectations of parents in the community?
- To what extent, if at all, are you concerned that your district is relying upon reserves and fund balance to pay for recurring operating costs?
- Thinking ahead three years or so, how optimistic or pessimistic are you about whether your district will be able to fund programs and services adequate to the needs of your students.

The results for 2017 reveal limited improvements in overall financial condition, but a crucial point is that in none of the Council's now seven annual finance surveys has more a third of superintendents ever reported improvement in their districts' financial condition.

The first of the Council's finance surveys was conducted in the summer of 2011, months after the largest total dollar reduction in state aid to education ever enacted. That year, 75 percent of school superintendents reported their district's financial condition had worsened and 80 percent reported their district budgets had eliminated teaching positions that year.

It was not until the 2015-16 school year that more superintendents indicated their district's financial condition had improved rather than worsened, by 31 percent to 18 percent, with the remaining 51 percent anticipating no change in financial condition.

IN THEIR OWN WORDS

Central New York Suburb: Holding onto existing programs has become the measuring bar of a budget win. Status quo cannot become the norm. Our students face a world that requires a new generation of learning opportunities that flat funding won't support.

Finger Lakes Rural: We are required to make the budget work each year. Doing so should NOT suggest that we receive adequate or equitable state aid. Our board of education will always find a way to make the dollar and cents of each budget year work because we are required to do so. Those efforts don't mean that the district is functioning at adequate, appropriate, or acceptable levels. For example, we have been without a school business official, transportation director, and facilities director for the last 5 years. Our board of education has supported decisions from our administrators to allocate scarce funding to teaching and learning while forgoing these needed positions. We are only able to do so because we have hard working, dedicated, committed, and completely vested employees. Just because we make it work, doesn't mean that it is working!

Mid-Hudson Valley Suburb: Our district has developed several programs to help our students learn and grow, but have been able to fund very few. We still develop these programs (enrichment, readiness, early literacy), but have been unable to fund them to the extent we would like. As a result, our status quo is fine, but we are not improving as rapidly as we know we can. It is entirely due to not receiving sufficient funding in state aid and all the financial demands that are mandated, but not funded. We want to move forward, but are forced to stand still in areas we know need improvement. Every year's budget is frustrating. We are working hard to ensure our students' best education, but are not getting the financial support our students and staff deserve.

Lower Hudson Valley Rural: This was the first year in a number of years that we were able to add staff to address our need for mental health supports for students and educational assistance for staff, parents and students.

North Country Rural: Small rural school districts provide strong core educational experiences, but without additional state aid we are unable to provide the breadth of opportunities found in larger schools and suburban school districts. Our tax base is so small that a 2% increase doesn't cover annual cost increases in contracts and benefits to faculty and staff.

IN THEIR OWN WORDS

Mohawk Valley City: We live in an economically depressed area. State aid accounts for approximately 75% of our revenue. Our ability to knock on taxpayers' doors is extremely limited, and even if we were able to exceed the tax cap, we wouldn't be able to garner enough funding to offset our dependency on state aid to any great degree. Foundation aid needs to increase, and the entire mechanism for funding schools needs to be addressed differently. Children born and raised in this region should not be given a "basic" education while those raised in more prosperous regions have enriching opportunities as a result of geography. This creates an educational class system of sorts that furthers the gap between the rich and the poor.

Southern Tier Rural: We have no levers to pull on the revenue side of the budget. Our only option is on the expenditure side of the budget and since more than 2/3 of expenditures are personnel, our only real area with even limited flexibility is in the area of staffing.

Capital Region Suburb: [What the public needs to know] Balancing needs of students with competition for funding and the affordability of the school budget for the community. We need to change the way schools are funded so that it is not a conflict for community members to support a solid educational program.

Current Condition

As reported by superintendents responding to the Council's finance survey, the overall financial condition of school districts in New York State appears to be mostly stable. The percentage of superintendents reporting that the financial condition of their school district is "about the same" as a year ago increased from 53 percent in 2016 to 62 percent this year, while percentages reporting either improvement or deterioration decreased.

Compared to one year ago, how has the financial condition of your district changed, in terms of its ability to fund services meeting expectations of parents in the community?

Again, a key point in reviewing the history of responses to this question is that in each of the Council's now seven annual surveys, *no more than 31 percent of superintendents have ever reported improvement in their school district's financial condition*. This year, only 24 percent reported improvement, down from 31 percent in both 2015 and 2016.

The stabilization in this year's results probably reflects broad trends in school revenues in New York. The increase in School Aid in the 2017-18 state budget was smaller than in other recent years – 4.2 percent, compared to an average of 5.9 percent in the prior three years. But the allowable levy growth factor in the school property tax cap for this year was much greater this year than a year ago: 1.26 percent, up from 0.12 percent.

Consistent with the above interpretation, superintendents leading high poverty districts – those typically most heavily reliant upon state aid – were *two times more likely* than all respondents to have said their district's financial condition worsened (26 percent versus 13 percent). Superintendents of more property tax-dependent, low poverty districts were nearly twice likely as all superintendents to see improvement (45 percent versus 24 percent).[4]

Reliance on Reserves

One bright spot in the survey's findings on financial condition is a drop in the percentage of superintendents reporting concern about their districts' reliance on reserves to fund recurring costs.

In the Council's first finance survey (in 2011), 89 percent of superintendents professed concern about reliance on reserves, including 66 percent who said they were "very concerned." In ensuing years, there had been a steady movement of superintendents from "very concerned" to "somewhat concerned," so that a year ago, only 18 percent of superintendents remained "very concerned." But nearly two-thirds of superintendents still expressed some concern.

This year, overall concern about reliance on reserves to fund recurring costs fell from 64 percent to 38 percent, with most of the decline resulting from superintendents moving from "somewhat concerned," to "not concerned, our reliance on reserves is limited."

Still, in open-response comments submitted to our survey and in other anecdotal exchanges, superintendents commonly do share worries about the need for reserves. For example, a Mohawk Valley superintendent observed,

> *In the tax cap era, school districts need to be careful with the allocation of resources and prepare for the next mandate from GASB* [i.e., Governmental Accounting Standards Board] *or the federal government, or a dip in the economy that could severely impact the provision of state aid. Superintendents and school boards do not like to raise property taxes. It is prudent to house funds in legally constituted reserve accounts with funds that are already available without raising taxes.*

Concern about current reliance on reserves remains high among superintendents leading city districts (72 percent) and high poverty districts (81 percent).

IN THEIR OWN WORDS

North Country Rural: For the past few years we have been enjoying an improving economic climate bringing about decreasing pension costs, modest increases in health insurance, and substantial increases in state aid. However, policymakers, the media, and the public should understand that this situation is temporary. Just as our emergence from the Great Recession helped rebuild state coffers and yielded an upturn in the markets so will any cyclical downturn have an opposite impact on major budgetary revenue and expense areas. Without the ability to offset any downturn -- the tax cap prevents our ability to do so -- we should expect dramatic reductions in our ability to finance programs and once again face the prospect of having to make difficult and damaging cuts. If the tax cap is to remain -- and regretfully, I think it is -- we will need to reduce its rigidity so that local school boards have better options for offsetting future declines in state aid and eventual increases in pensions, health care, BOCES etc.

Capital Region Rural: With rising fixed costs, tax cap, and increasing regulatory requirements, we are very concerned about our ability to grow and adapt to prepare our students for a vibrant and complex 21st century future.

Finger Lakes City: Unfunded mandates with inadequate state aid = problems in the future.

Central New York Rural: Without an increase in state aid, we will all be in a lot of trouble. Especially rural districts.

Finger Lakes Rural: Most of our families are eligible for public assistance. The best way to lift our students out of generational poverty is to equitably fund school systems like ours so that we can prepare our students to compete with the best and brightest from more affluent communities. I'm also very concerned about the potential impact of federal education funds to NYS. Fewer federal dollars will mean decreased state aid. State aid accounts for 67% of our annual revenue to cover 67% of our operating expenses.

North Country Rural: We are heavily reliant on state aid so fluctuations can have a significant impact on programs. Our poverty rate is rising while enrollment is dropping. Students tend to have more significant emotional and academic challenges.

Outlook for the Future

Asked to think ahead three years or so, 29 percent of superintendents responded that they are now somewhat or very optimistic that their district will be able to fund services adequate to the needs of their students. That is an increase of nine points from a year ago. But 70 percent of superintendents remain pessimistic, including 7 percent who say their districts cannot fund adequate services now.

Thinking ahead 3 years or so, how optimistic or pessimistic are you about whether your district will be able to fund programs and services adequate to the needs of your students?

The last figure suggests that there are nearly 50 districts in the state whose superintendents believe they are now "educationally insolvent." Based on our survey responses, two-thirds of these districts serve rural communities. Eighty percent educate fewer than 2,500 students and one-third serve fewer than 1,000. In two-thirds of these districts, over 40 percent of students are estimated to qualify for free or reduced price lunches. *All* of their superintendents cite the possibility of inadequate state aid as *a concern* in thinking about the financial outlook for their district and 86 percent name it as their *greatest concern*; the remainder cite increasing student needs. Over 70 percent are concerned about reliance on reserves.

As with our other overall fiscal condition questions, city and high poverty school district superintendents tend to be most pessimistic.

Both last year and this year, the Council's surveys found divergence between immediate and longer-term outlook among superintendents. Particularly a year ago, those leading

higher poverty, more state aid-dependent districts were typically more positive about their financial position for that year, but more pessimistic looking ahead. For superintendents serving more affluent, property tax-dependent districts, the reverse has been true.

The diverging outlooks a year ago probably reflected what was happening with primary revenue sources – higher poverty districts were less affected by that year's near zero tax cap, while even large percentage increases in state aid for the more affluent districts were not enough to offset the impact of the very low tax cap on their main revenue source.

In this year's survey, patterns in current year perspective are less sharply defined, but longer-term pessimism remains prevalent among superintendents leading higher poverty school districts.

Factors Causing Financial Concern

We also asked superintendents what factors cause them concern in thinking about the financial prospects for their schools, then which one factor causes them the greatest concern. As the greatest concern, the possibility of inadequate state aid stands out this year, chosen by 50 percent of superintendents. The share picking the tax cap as the greatest concern dropped from 28 percent a year ago to 16 percent, presumably reflecting the increase in the allowable levy growth factor to 1.26 percent this year, up from the near zero cap the year before. There was a five point increase in the percentage of superintendents citing increasing student needs as their greatest concern (from 10 percent to 15 percent).

Which issues cause concern in thinking about the financial outlook for your district?

	2016		2017	
	A concern	Greatest concern	A concern	Greatest concern
Inadequate state aid	91%	44%	90%	50%
The tax cap	89%	28%	81%	16%
Increasing needs of students (e.g., increasing student poverty or increasing numbers of English Language Learners, recently arrived immigrant children, or students with disabilities)	78%	10%	83%	15%
Expected increases in fixed or hard to control costs (e.g., pensions, health insurance)	76%	9%	84%	11%
Declining student enrollment	47%	5%	48%	5%
Other (Please specify)	10%	2%	10%	2%
Additional costs arising from state or federal mandates	NA	NA	70%	1%
Increasing student enrollment	5%	0%	7%	0%
Costs due to students enrolling in charter schools	NA	NA	10%	0%
Poor or uncertain community support for the schools	10%	0%	7%	0%

IN THEIR OWN WORDS

Lower Hudson Valley Suburb: The lack of certainty for annual budget development ... is like playing "Wheel of Fortune". We don't know what the tax cap and/or state aid will be entering the budgeting process and whether we will 'lose a turn' or hit a high $dollar number on the wheel.

Southern Tier Suburb: With the property tax cap, all roads now lead to state aid. Thus, the entire budgeting process has become a bit of a roller coaster ride with the ability of the state to support the public schools as the key element.

Western New York Rural: We have lost the ability to do any meaningful long term financial (or programmatic) planning. The tax cap strangles us, we are very dependent upon state aid, and we have to keep within 4% in reserves (while municipal gov't. level is 10%). These are challenging parameters as mandates, health insurance costs, and TRS payments increase or change annually, but we find a way to do it and then subject our efforts to a public vote.

Long Island Suburb: For 2017-2018, the increase in healthcare premiums for employees was almost the same as the allowable tax levy increase under the cap. This means that all other increases need to be paid for through our increase in state aid.

Mohawk Valley Rural: In the tax cap era, school districts need to be careful with the allocation of resources and prepare for the next mandate from GASB [Governmental Accounting Standards Board] or the federal government or a dip in the economy that could severely impact the provision of state aid. Superintendents and school boards do not like to raise property taxes. It is prudent to house funds in legally constituted reserve accounts with funds that are already available without raising taxes.

Asked to pick *any factor* causing financial worries, five items scored notably higher from the rest: inadequate state aid (90 percent); expected increases in fixed or hard to control costs such as pensions and health insurance (84 percent), increasing needs of students (83 percent), the tax cap (81 percent), and additional costs arising from state and federal mandates (70 percent).

The high share of superintendents picking increases in fixed or hard to control costs as a leading concern might be a surprise, given that the mandated employer contribution rate for teacher pensions has now declined for three straight years. But superintendents repeatedly cite health insurance cost pressures as threats to their school systems' financial sustainability. A Mid-Hudson Valley superintendent explained,

Health care costs grew 25 percent this year with expected double digit cost increases in the future. Retirement costs have stabilized, but that is unpredictable going forward. Employee benefits and the requirement to maintain benefit levels is the greatest financial pressure going forward.

In nine of the 10 state regions used in this survey, the prospect of inadequate state aid ranked as the greatest concern; in the Lower Hudson Valley the tax cap tied with state aid at 32 percent in being most widely cited as the greatest financial concern. Fewer than 10 percent of superintendents serving rural, Southern Tier, Central New York and Western New York school districts picked the tax cap as their greatest concern.

In two regions, Western New York and the Southern Tier, over 20 percent of superintendents identified increasing needs of students as their greatest financial concern.

Declining student enrollment was named as a concern by 67 percent of rural superintendents and by over half of superintendents in six of the eight upstate regions.

2017-18 PROGRAM IMPACT

Each year, THE COUNCIL's surveys have asked superintendents how they perceive their school district budget's impact on specific operations and services. In recent years, we have limited the survey to inquiring exclusively about direct student services.

As with our findings regarding overall financial condition, the tendency is for greater numbers of superintendents to report no change as the impact of their 2017-18 district budget on specific student services, with declining numbers reporting either a positive or negative impact. Importantly, in no year has a majority of superintendents statewide reported a positive budget impact for *any* service.

Forty-two percent of superintendents said that their district budget would have a positive impact on core instruction in elementary grades, the highest percentage for any program or service.

The area, "Student counseling, social work, mental health or similar services" saw the largest increase in superintendents anticipating a positive budget impact, rising from 29 percent a year ago to 34 percent in this year's results. Since 2014, the share of superintendents foreseeing positive impact on this service area has tripled, again a steeper rate of improvement than for any other area.

What was the impact of this year's district budget decisions on each of the following areas of student services?

Program Area	Impact	2011	2012	2013	2014	2015	2016	2017
Instruction in English, Math, Science and Social Studies – All Grades	Positive	3%	NA	NA	NA	NA	NA	NA
	No Change	41%	NA	NA	NA	NA	[illegible]	[illegible]
	Negative	56%	NA	NA	NA	NA	NA	NA
Core Instruction in elementary grades	Positive	NA	13%	19%	27%	36%	47%	42%
	No Change	NA	[illegible]	[illegible]	[illegible]	52%	46%	[illegible]
	Negative	NA	41%	31%	26%	13%	8%	4%
Instruction in English, math, science, and social studies in the middle level grades	Positive	NA	11%	16%	21%	29%	34%	31%
	No Change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Negative	NA	33%	29%	24%	11%	4%	4%
Instruction in English, math, science, and social studies in high school	Positive	NA	10%	13%	18%	31%	36%	31%
	No Change	[illegible]	[illegible]	60%	[illegible]	[illegible]	58%	[illegible]
	Negative	NA	37%	27%	26%	12%	6%	5%
Extra academic help for students who need it – any level	Positive	2%	9%	16%	21%	34%	40%	37%
	No Change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Negative	59%	48%	45%	42%	26%	15%	16%
Advanced or enrichment classes	Positive	3%	8%	9%	14%	21%	28%	29%
	No Change	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Negative	41%	35%	35%	31%	21%	11%	12%
Career and technical education	Positive	NA	NA	NA	9%	21%	26%	26%
	No Change	NA	NA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Negative	NA	NA	NA	21%	10%	6%	5%
Second language instruction at the middle or high school levels	Positive	NA	NA	8%	7%	11%	12%	13%
	No Change	NA	NA	69%	[illegible]	[illegible]	80%	76%
	Negative	NA	NA	25%	21%	15%	8%	11%
Student counseling, social work, mental health or similar support services	Positive	NA	NA	6%	11%	23%	29%	34%
	No Change	NA	NA	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
	Negative	NA	NA	30%	28%	18%	11%	13%

"PROBLEMS"

This year, the Council asked superintendents to indicate to what extent each item in a collection of circumstances are problems for their districts. The list was not intended as an exhaustive compilation of every problem which might befall a school system. Rather, one continuing use of this question will be to explore correlations between financial conditions and other problems.

Most widely cited as a significant problem was "Capacity to help to students in meeting non-academic needs including, for example, health and mental health issues," cited by 45 percent of superintendents. Next was, "Finding an adequate number of qualified teachers," identified by 34 percent of superintendents. Thirty-two percent of superintendents reported that "Controversies over state policies causing a negative impact on schools" is a significant problem.

No other problem was characterized as "significant" by more than 20 percent of superintendents. But only 15 percent of superintendents reported that, "Substance abuse (including opioid abuse) by students or family members of students" is "not a problem at all" in their districts. Only two other areas were less frequently cited as problems.

Not surprisingly, superintendents citing capacity to help students with non-academic needs tended to be concentrated in higher poverty districts in cities or rural communities. In some cases, pupil needs may be less than in other districts, but access to services may also be less.

Teacher shortages are reported as most acute in poor, rural regions. For example, 72 percent of North Country superintendents said that finding an adequate number of qualified teachers is a significant problem, as did 62 percent of superintendents leading high poverty school districts. In open-ended comments, it was not unusual for North Country and Southern Tier superintendents to report difficulty in recruiting for *all* teaching positions.

IN THEIR OWN WORDS

North Country Rural: Not only the traditionally hard to find teacher (e.g. HS Math and Science, Technology, etc.), but also the general, run of the mill teachers like elementary and physical education are becoming hard to find.

Southern Tier Rural: The number of applicants is down in all areas. Math and science teachers are incredibly difficult to find. Certain types of special education certifications are very difficult to find.

Western New York Rural: We have found it difficult to find Special Education, Science, LOTE [i.e., languages other than English], and have had a minimal response to all of our teacher postings.

Invited to identify specific teaching fields for which finding acceptable candidates has been difficult, 66 percent of the responding superintendents cited the sciences, with about one-third of those specifically mentioning earth science, chemistry and physics. Another 54 percent identified special education as a shortage area, with many pointing to high school special education in particular. Half the responding superintendents named either middle level technology or family and consumer sciences or both as subject areas they had struggled to fill with qualified teachers. Thirty percent identified foreign language teaching positions as hard to fill. Shortages in some areas are more regionalized. For example, downstate superintendents were more likely to report difficulty in finding English as a new language or bilingual education teachers.

The survey suggests that already struggling schools are at-risk of falling further behind: 76 percent of the superintendents who said their schools are currently unable to fund adequate services indicate that finding an adequate number of qualified teachers is a significant problem. Difficulty in filling teaching positions also correlated with problems with low community expectations for schools, administrative capacity to implement state initiatives, and limited ability to obtain quality professional development; in each case more than 60 percent of superintendents naming those circumstances as significant problems said finding qualified teachers is also a significant problem.

"Controversies over state policies causing a negative impact on schools" drew the third highest percentage of superintendents citing it as a significant problem, with 32 percent of superintendents statewide doing so. But that figure is down by exactly half from 2015, the last time the Council inquired about the impact of policy controversies. Many of the factors influencing this result are probably not financial and thus not addressed in depth by this survey. But citing harmful controversies as a significant problem tended to correlate with general pessimism about finances, concerns about district capacity (both administrative and non-academic student support), and low community expectations.

FACTORS INFLUENCING TEACHER SALARY INCREASES

Teacher salaries are typically the largest single expenditure in virtually every school district's budget. This year, the Council's finance survey asked, for the first time, "Which of the following factors have the greatest influence toward increasing teacher salaries in your district?" Nine options were offered, including an "other" choice, and superintendents were asked to rank the top three influences. "Salaries for other districts in the region" ranked as the greatest influence by a wide margin, chosen by 81 percent of respondents as one of three leading influences. Next, in order, came the effect of the Triborough Law, need to attract qualified candidates, and real or perceived improvement in the district's financial condition.

Which of the following factors have the greatest influence toward increasing teacher salaries in your district? Please rank the top three influences.

	Rank 1	Rank 2	Rank 3	Weighted Rank (Score)	% as 1 of 3 leading influences
Salaries for other districts in the region	123	96	40	1 (601)	81%
The Triborough law which provides that "step" increases or salary increments continue under an expired collective bargaining agreement	83	39	43	2 (370)	52%
Need to attract an adequate number of acceptable candidates for teaching positions	56	55	40	3 (318)	47%
Real or perceived improvement in the district's financial outlook	18	71	61	4 (257)	47%
Cost of living considerations	18	25	57	5 (161)	31%
Changing membership on the school district's board of education	8	13	21	6 (71)	13%
Salaries for other occupations within the region	5	13	27	7 (68)	14%
Other (please explain below)	6	3	11	8 (35)	6%
Increases in the minimum wage	2	4	19	9 (33)	8%

The Triborough Law provides that, in the event a collective bargaining agreement expires, all its provisions remain in effect, including a guarantee of salary increments or "step" increases for each year of additional services. School district leaders commonly assert that Triborough puts them at a disadvantage in negotiations, since most bargaining unit members still receive some pay increase even under an expired contract.

A basic position of the Council is that, if the state is not going change rules which drive costs, it must fund those rules, with strong state aid increases.

PRIORITIES FOR FUTURE FUNDING

For the first time in the Council's seven annual school finance surveys, a new option leads in what superintendents statewide identify as their top priority should additional funding become available. Increasing mental health, social work, counseling or similar services supplanted extra academic help for struggling students as the most widely selected priority.

The survey asked, "What would be your top three priorities for funding if your district were to receive an increase in revenue beyond what would be needed to comply with mandates and maintain current

services, or realize a reduction in costs with similar impact (for example, a reduction in pension costs)?"

The surge in the percentage of superintendents selecting student mental health-related services as a priority is dramatic. This year, 52 percent of superintendents chose mental health and related services as one of their leading finding priorities, up from 35 percent in 2016 and from 22 percent in 2013.

If your district were to receive an increase in funding beyond what would be needed to fund state mandates and your current level of services, what would be your top three priorities for the use of that funding?

Priority Option (All options listed appeared in the top 10 in at least 1 of the 7 survey years)	2011	2012	2013	2014	2015	2016	2017
	Rank / Percentage of respondents citing as a top 3 priority						
Increase mental health,counseling, social work, or similar services for students	N.L.	N.L.	8/22%	2/30%	2/31%	2/35%	1/52%
Increase extra academic help for struggling students	1/64%	1/66%	1/53%	1/47%	1/51%	1/48%	2/35%
Increase enrichment/advanced classes	6/23%	3/37%	4/27%	3/27%	3/25%	3/28%	3/28%
Expand or initiate prekindergarten	N.L.	N.L.	N.L.	9/11%	9/13%	6/16%	4/18%
Reduce property tax levy	2/57%	2/38%	2/30%	6/19%	5/19%	4/23%	5/18%
Increase funding of reserves	4/29%	5/27%	7/22%	7/18%	7/16%	5/18%	6/15%
Improve facilities	N.L.	N.L.	9/12%	12/9%	12/11%	7/16%	7/13%
Increase career and technical education opportunities	N.L.	N.L.	13/8%	8/15%	7/16%	9/14%	8/15%
Expand professional development	5/28%	6/28%	3/30%	4/29%	4/25%	8/17%	9/17%
Extend the school day	N.L.	N.L.	N.L.	15/6%	10/10%	12/10%	10/9%
Reduce class sizes	3/30%	4/26%	5/20%	5/18%	8/15%	11/10%	11/10%
Strengthen administration	11/9%	8/17%	12/9%	11/9%	11/13%	15/11%	12/8%
Increase other student support services	7/24%	7/21%	11/9%	14/6%	16/9%	10/12%	15/7%
Purchase technology	8/12%	9/16%	6/26%	10/12%	15/8%	14/7%	18/6%
Improve maintenance	10/10%	10/8%	16/4%	18/5%	20/2%	20/7%	23/4%
Purchase instruction-related materials	9/10%	11/7%	10/12%	20/5%	19/3%	19/4%	24/2%

N.L. -- not listed as an option in that year
Rank is based on weighted score result (3 for 1st, 2 for 2nd, 1 for 3rd)

The priority given by superintendents to increasing mental health services is consistent with other findings in the survey. "Capacity to help students in meeting non-academic needs including, for example, health and mental health issues" was cited by 45 percent of superintendents as a significant problem, more than any other issue listed. Also, the share of superintendents citing increasing student needs as their greatest concern in thinking about their district's financial prospects increased from 10 percent to 15 percent from last year to this, more than for any other consideration. Finally, the percentage of superintendents reporting that annual district budgets have had a positive impact on mental health, counseling and social work increased more than for any other service area, both over the past year and past three years, more than tripling from 11 percent in 2014 to 34 percent this year and increasing by five points over 2016 while other areas remained roughly flat or declined.

Expanding mental health-related services was the leading priority among superintendents in each of the three community types (city, suburb, or rural), followed in each case by increasing extra academic help for struggling students.

Reducing the property tax levy has declined as a priority since the enactment of the tax cap and especially since the base for the cap dropped below 2 percent and remained there for four consecutive

years. Reducing class sizes has fallen as a priority over time as higher numbers of districts reported improvements in their overall financial condition.

Some past priorities appear linked to state initiatives. For example, "strengthen administration" peaked in the year the state mandated new teacher and principal evaluations systems were adopted and implemented, while "purchase instructional materials" was more widely chosen as a priority in the years when the Common Core standards were first implemented.

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[1] Substance Abuse and Mental Health Services Administration. "Behavioral Health Barometer: New York, Volume 4: Indicators as measured through the 2015." National Survey on Drug Use and Health, the National Survey of Substance Abuse Treatment Services, and the Uniform Reporting System. Rockville, MD, 2017

[2] Twenge, Jean M. "Have Smartphones Destroyed a Generation?" The Atlantic, September 2017

[3] "Academic Achievement Isn't the Only Mission: The 49th Annual Poll of the Public's Attitudes Toward the Public Schools." PDK, PDK International, September 2017, pdkpoll.org/assets/downloads/PDKnational_poll_2017.pdf. and "2017 PDK Poll of the Public's Attitudes Toward the public Schools: New York State Addition." September 2017.

[4] In this report, "high poverty districts" refers to school districts whose superintendents estimated more than 60 percent of students qualify for the federal Free or Reduced Price Lunch Program. "Low poverty" refers to districts with 10 percent or fewer students eligible.

NEW YORK STATE COUNCIL OF SCHOOL SUPERINTENDENTS
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2017 Legislative Agenda

K–12 Education Funding
Healthcare Reform
School Infrastructure
Child Nutrition

ASBO International *Believes...*

Adequate federal funding with minimal administrative burden is critical for schools to provide quality education services.

→ **Congress should prioritize federal funding for formula grants** under the Every Student Succeeds Act (ESSA) and Individuals with Disabilities Education Act (IDEA).

Federal support, flexibility, and funding are necessary for states and school districts to implement healthcare reforms and regulations.

→ **Congress should oppose Medicaid/CHIP funding cuts to states and schools**, including restructuring federal-state payments via block grants and per-capita caps.

Direct investment and other federal financial supports are needed to help school districts construct, renovate, and maintain K–12 facilities.

→ **Congress should assist schools by improving access to infrastructure financing options** such as federal and state funds, public-private partnerships (PPPs), and tax-credit bonds.

Schools need sustainable nutrition business models to provide students with affordable, nutritious, and delicious meals.

→ **Congress should reduce regulations and increase federal reimbursements** for child nutrition/school meal programs to help schools address administrative costs and burdens.

About ASBO International

Founded in 1910, the Association of School Business Officials International (ASBO) is a nonprofit organization that, through its members and affiliates, represents approximately 30,000 school business professionals worldwide. ASBO International is committed to providing programs, services, and a global network that promote the highest standards in school business. Its members support student achievement through effective resource management in various areas ranging from finance and operations to food services and transportation.

ASBO International members represent every aspect of K–12 school support services, including:

- School Finance
- Facilities Management
- Nutrition Management
- Procurement
- Technology
- Risk Management
- Legislative Affairs
- Human Resources

Learn more at asbointl.org

K–12 *Education Funding*

- **Resolve** sequestration responsibly, remove budget caps, and reinvest in education.
- **Increase** ESSA funding for Titles I, II, and IV formula grants. Schools need adequate resources to promote student success.
- **Increase** IDEA funding to match Congress' original pledge to pay 40% of the extra cost required to educate students with special needs.
- **Strengthen** career and technical education programs (i.e., increase funding, reduce administrative burdens, align with in-demand jobs, and empower local stakeholders).

Education Accounts for Only 2% of All Federal Spending

2017 Federal Expenses By Category

The U.S. spends two cents of every federal dollar on education. Increasing the investment to five cents of every dollar (5% of the budget) will improve student success, boost the economy, and free up state and local dollars for other education services.

Source: FY2018 OMB Budget. Chart adapted from the Committee for Education Funding, cef.org.

Healthcare Reform

- **Enhance** healthcare compliance training, resources, and other supports.
- **Reform** current regulations sensibly to address K–12 administrative burdens. Define full-time employees as working 35 hours/week, exempt substitute and hourly staff, etc.
- **Oppose** Medicaid/CHIP reforms that cut funding for states. Funding caps and block grants limit reimbursements for eligible service providers, including schools.

K–12 *Infrastructure*

- **Incorporate** schools into Congress' federal infrastructure package.
- **Increase** financing options and reduce red tape for K–12 infrastructure projects (e.g., federal funds, grants, PPPs, and qualified zone academy/school construction bonds).

School Nutrition

- **Increase** federal reimbursements for free/reduced-price meals and for administrative burdens from enacting new meal patterns and other regulations.
- **Oppose** changes to the Community Eligibility Provision (CEP), which enables high-poverty schools to serve meals to all students at no charge, improves meal program efficiency, and reduces administrative burdens.
- **Oppose** cuts to nutrition program funding, including block grants and funding caps, which cannot address recessions, rising poverty/food costs, and increased enrollment.

Get Straight to *the Heart* of School Funding Issues

Combining your ability to create change through policy with the expertise of school business practitioners on the frontlines of K–12 resource management, we can work together to create a world-class education system for all students. When it comes to understanding what school systems need to increase student success in the midst of funding cutbacks and dwindling resources, ASBO International is your direct source for finding answers.

Connect with ASBO International Today

Contact **asbousa@asbointl.org** to learn how you can be a champion for education and amplify the voice of school business officials and the students they serve.

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