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2025 Legislative and State Budget Preview

December 3, 2024



2024-25 in Review

Notable Legislation – 2024 Legislative Session

- Governor acted upon
 - Annual Professional Performance Reviews (APPR)
 - Civil Service Tests
 - Data Protection
- Awaiting action by the Governor
 - Zero Emission Bus Amortization
 - Industrial Development Agency (IDA) Boards
 - School Temperature

2025 Federal Government Outlook

- President-Elect Donald Trump
 - Will be sworn in on January 20, 2025, term runs until January 20, 2029
 - Trump is ineligible to serve another term due to 22nd Amendment
- Vice President-Elect JD Vance (R-OH)
- Trump's appointments continue to be announced
 - Secretary of Education-Designate Linda McMahon
 - Former Administrator of US Small Business Administration
 - Recess Appointments?

2025 Federal Government Outlook

- Trump First-Term Education Positions
 - Proposed K-12 Spending Reductions (pre-COVID)
 - Pushed some decentralization and school choice
 - \$10,000 SALT Deduction Cap
- Trump Second Term Positions?
 - Breaking up US Dept. of Education
 - School Choice
 - SALT Deduction Modifications

2025 Federal Government Outlook

- US Senate
 - Republicans recaptured the majority, 53-47
 - New Senate Majority Leader, Sen. John Thune (R-SD)
 - Minority Leader, Sen. Chuck Schumer (D-NY)
- US House
 - Republicans held the majority, 220-214 (Results for seat in CA-13 are still pending)
 - Current Speaker of the House Mike Johnson (R-LA) expected to return
 - Minority Leader, Rep. Hakeem Jeffries (D-NY)

2025 Federal Government Outlook

- US House elections in New York State
 - New York has 26 seats in the House of Representatives
 - Previous NY House Delegation was 16 Democrats and 10 Republicans In 2025, NY House Delegation will be 19 Democrats and 7* Republicans.
 - Flipped Seats
 - CD-4 (D’Esposito) on Long Island – Lauren Gillen
 - CD-19 (Molinaro) in the Hudson Valley – Josh Riley
 - CD-22 (Williams) in Central New York – John Mannion
 - The count will change again when a special election is presumably held to fill the seat in CD-21 in the North Country, previously held by Republican Rep. Elise Stefanik, who has been nominated by President-Elect Trump to serve as UN Ambassador.

2025 Federal Government Outlook

- Brief overview of federal law
 - Statutes
 - Start as bills
 - Must pass both houses of Congress
 - Must be signed by the president
 - Administrative Law
 - Can be done by the executive branch alone
 - Executive orders from the president or agency-created regulations
 - As Congress has seen increasing gridlock in recent years, the number of executive orders has increased under multiple presidents
 - Overturning of the Chevron Doctrine
 - “Judge made” law
 - Cases decided by federal courts, including the US Supreme Court. These may interpret the US Constitution, statutes, agency regulations, or in some limited cases state laws.

2025 Federal Priorities

- Title I & Title II-A
- Individuals with Disabilities Education Act
- E-Rate
- SALT Deduction Cap

2025 State Government Outlook

- Governor Kathy Hochul
 - Was re-elected in 2022
 - Hochul is up for re-election in November 2026
- Lieutenant Governor Antonio Delgado
- Deputy Secretary for Education Maria Fernandez

2025 State Government Outlook

- State Senate
 - 63 seats, 32 needed for a majority
 - Democratic Majority: 41 Democrats, 22 Republicans
 - Senate Majority Leader Andrea Stewart-Cousins (D-Westchester)
 - Senate Minority Leader Rob Ortt (R-Erie)
- State Assembly
 - 150 seats, 76 needed for a majority
 - Democratic Veto-Proof Supermajority: 103 Democrats - 47 Republicans
 - Speaker of the Assembly Carl Heastie (D-Bronx)
 - Assembly Minority Leader Will Barclay (R-Onondaga)

2025 State Government Outlook

- Brief overview of state law
 - Statutes
 - Tend to cover broader areas than federal law due to enumerated power vs police power
 - Start as bills
 - Must pass both houses of the legislature
 - Must be signed by the Governor
 - Chapter Amendments?
 - State Budget
 - Administrative Law
 - Can be done by the executive branch alone
 - Executive orders from the governor or agency-created regulations
 - NY has a large and robust administrative state, meaning a large body of state regulation
 - Agency regulations must be subject to a rigorous and open process, including a 30-day public comment period
 - “Judge made” law
 - Cases decided by state courts, including the NY Court of Appeals. These may interpret the NYS Constitution, statutes, and agency regulations
 - State Constitution cannot contradict Federal Constitution, but may and frequently does, offer broader protections

2025 State Government Outlook

- January 2025 will begin a new two-year legislative biennial
- State Budget Timeline
 - Early January – Governor’s State of the State
 - Late January – Governor’s Executive Budget
 - Late January/Early February – Joint Legislative Budget Hearings
 - Mid-March – “One House” Budgets
 - April 1 – Budget is Due
- Session continues usually until early/mid-June

State Budget Projections

- State Financial Plan Update – October 2024

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

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

- November “Current Law” School Aid Database
 - \$1.7 billion school aid increase
 - \$1.44 billion in Foundation Aid

Rockefeller Institute – Foundation Aid Report

- Offers a “menu of options” for policymakers to consider
- Recognizes that schools are expected and mandated to do much more now than they were in 2007
- Recommendations are offered and “priced out” individually, and not within the context of other recommendations
- Stresses the importance of phase-ins (predictability)
- Notes that a “more complete analysis” could have been done if more time were allowed
- Suggests future periodic review of the formula

Rockefeller Institute – Foundation Aid Report

- Recommends updates and (generally) improvements to: the foundation aid base amount, regional cost index, poverty count, FRPL, ELL, district wealth calculations and inflation
- Recommends separate aid categories for students with disabilities, sparsity and acute enrollment growth
- Recommends to roll back save harmless and guaranteed minimum, with thresholds and caveats
- Offers potentially helpful recommendations on other relevant items, including set-asides, zero-emission buses, student mental health and fund balance limit

2025 State Priorities – Fiscal Overview

- Foundation Aid 2024-25
 - \$934 million total increase (+3.9%), preservation of “save harmless” (but no minimum increase) and lower than current law inflationary increases for all others
- Foundation Aid formula update and improvement
 - Conduct new costing out study
 - Review and adjust the weightings for high-need students
 - Update poverty and cost measures
 - Account for the property tax cap in a district’s expected local contribution
 - Include pre-K through age 22
- Educational Conference Board (ECB) Recommendations

2025 State Priorities – Fiscal Overview

- Fully fund and maintain expense-based aids
- BOCES aidable salary cap and special services aid (CTE)
- Fully fund universal school meals
- Prior Year Aid Claims

2025 State Priorities – Policy Overview

- Zero Emission Bus Mandate
- Civil Service Reforms & Staff Shortages
- Fund Balance Limit and Reserve Funds
- Early Childhood
- Medicaid Expansion for Mental Health in Schools
- School Budget Votes and Elections

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