

Foundation Aid Formula Proposals Would Increase NYC Revenue But FY25's Revenue Was More Beneficial

New York State (NYS) Foundation Aid (FA) is the single largest State revenue stream for school districts. The Foundation Aid formula is complex, but at the highest level is a per-pupil dollar amount multiplied by a pupil count. The formula accounts for some student need (poverty, English language learners, and students with disabilities), district fiscal capacity, and regional cost variations.

Last year, in 2025, the New York City (NYC) Independent Budget Office (IBO) analyzed the potential impact on NYC revenue of various recommendations to change the FA formula, including:

- [impacts](#) of a set of recommendations from the Rockefeller Institute for Government; and
- [impacts](#) of recommendations from the State legislature.

Ultimately, the fiscal year 2026 State Enacted Budget resulted in NYC receiving an increase from the prior year, but about \$284 million less than what the previous (FY25) formula would have given NYC, based on IBO's estimates. Many proposed changes to the FA formula—including changes that would increase revenue to NYC—were not adopted.

NYC is [projected](#) to receive approximately \$10.83 billion in FA revenue in Governor Hochul's Fiscal Year 2027 Executive Budget, a 3.55% increase compared with last year. This proposed budget does not change the FA formula relative to current law.

In November 2025, Senator John Liu and Assembly Member Jo Anne Simon [wrote an op-ed](#) about two bills they introduced to change the FA formula, in part to address the fact that NYC was "shortchanged" in FY26 compared to what it would have received using the FY25 formula. These and other specific proposals to change the FA formula include:

- **increase the Regional Cost Index (RCI) for NYC** from 1.425 to 1.496 (NYS legislature bills [S.8125/A.9049](#));
- add a **0.32 weight for students experiencing homelessness** (students in temporary housing, or STH) and students in foster care (FC) (NYS legislature bills [S.8139/A.9048](#));
- add a **0.12 weight for students experiencing homelessness** ([NYS Board of Regents](#) proposal);
- **increase the weight for English language learners (ELLs)** from 0.53 to 0.60 ([NYS Board of Regents](#) proposal); and
- **change the weight for ELLs** from 0.53 to variable weights based on proficiency (updated proposal from the [Rockefeller Institute](#)).

FIGURE 1

Estimated Increase to NYC FY27 Foundation Aid Revenue from FA Proposals

Foundation Aid (FA) Formula Proposal	Dollar Change
Increase the Regional Cost Index (RCI) for NYC from 1.425 to 1.496	\$539,700,000
Add a 0.32 weight for students experiencing homelessness and students in foster care	\$280,300,000
Add a 0.12 weight for students experiencing homelessness	\$99,700,000
Increase the weight for English language learners (ELLs) from 0.53 to 0.60	\$68,500,000
Change the weight for ELLs from 0.53 to variable weights based on proficiency	\$49,800,000

SOURCE: IBO analysis of NYC's 2026-27 FOUNDATION-EST output report from NYS, NYS data on students experiencing homelessness and students in foster care, and NYC Public Schools data on ELLs.

NOTES: Impacts of various proposed changes are not necessarily additive, given the complex nature of the FA formula. To estimate what Foundation Aid Revenue to NYC would have been under the FY25 formula, IBO adjusts the weight for ELLs to 0.5, uses the 2000 Census poverty rate (33.56%) instead of the three-year average SAIPE rate (23.86%), and the three-year average free and reduced-price lunch (FRPL) rate used in the 2024-25 Foundation Aid calculation (74.01%) instead of the three-year average economically disadvantaged (ED) rate (77.06%). IBO uses counts of students experiencing homelessness (124,652) and students in foster care (4,839) from NYS in the 2024-25 school year to estimate the impact of proposals related to these students. For the Rockefeller Institute proposal of variable weights for ELLs, IBO uses the count of ELLs in the FOUNDATION-EST report from NYS, and assumes the portion of ELLs in each tier proposed by the Rockefeller Institute matches the portion of ELLs in these tiers in student-level ELL data from the 2024-2025 school year (65% are Tier 1, 17% are Tier 2, and 18% are Tier 3; these calculations exclude all ELLs with more than three years of service).

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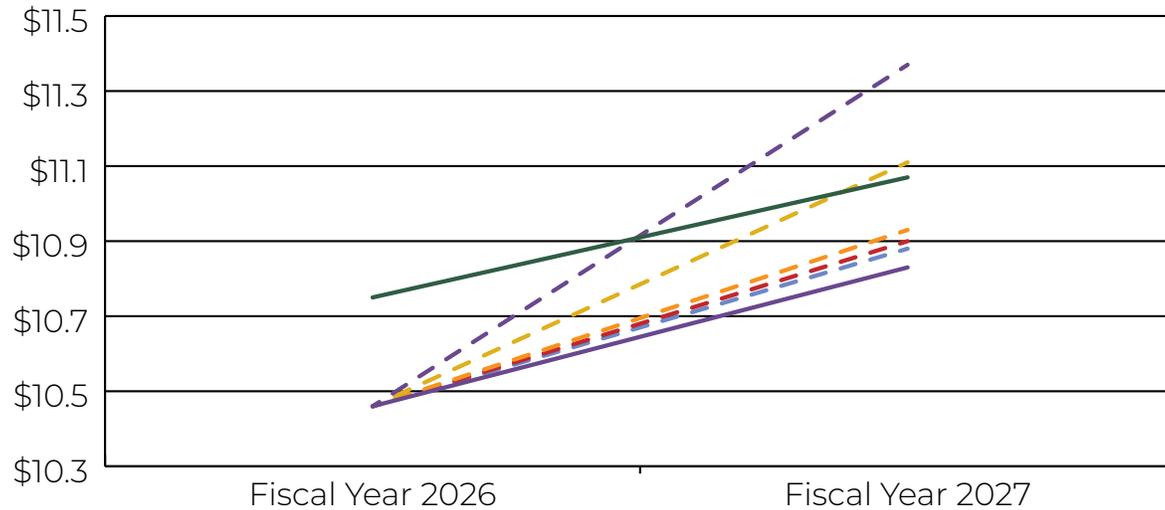
IBO estimates these proposals could significantly increase FA revenue for NYC. The figure identifies how each proposal would change FA revenue relative to the estimate under current law (which is the same as the Governor's proposed Executive Budget). For example, the proposal to increase NYC's RCI to 1.496 would increase FY27 FA revenue to NYC by approximately \$539.7 million (compared to the FY26 Current Law/FY27 Executive Budget estimate of \$10.83 billion). This increase would more than offset the difference between the amount NYC would expect to receive in FA revenue, had last year's changes not been included (FY25 Foundation Aid Formula).

FIGURE 2

Estimated Increase to NYC FY27 Foundation Aid Revenue from FA Proposals

- FY25 Foundation Aid Formula
- - Increase NYC RCI to 1.496
- - 0.12 Weight for STH
- - Variable Weights for ELLs
- FY26 Current Law/FY27 Executive Budget
- - 0.32 Weight for STH + FC
- - 0.60 Weight for ELLs

Total Foundation Aid Revenue for NYC, Dollars in Billions



SOURCE: IBO analysis of NYC’s 2026-27 FOUNDATION-EST output report from NYS, NYS data on students experiencing homelessness and students in foster care, and NYC Public Schools data on ELLs.
NOTES: See notes for Figure 1.

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