

Impact of State Legislature Proposals for Foundation Aid's Regional Cost Index

New York City
Independent
Budget Office



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This January, Governor Hochul released her Executive Budget, which included several changes to New York State's Foundation Aid formula, the single largest State revenue stream for school districts. These changes followed the release of recommendations commissioned by the State from the Rockefeller Institute of Government.

In a recent [report](#), the New York City Independent Budget Office (IBO) analyzed the potential impact on New York City (NYC) of the Rockefeller Institute's recommendations, including two of the recommendations included in the Governor's Executive Budget. This week, the State Senate and State Assembly each released their own budget proposals, both of which included adjustments to the Foundation Aid formula.

At the request of Advocates for Children of New York (AFC), IBO estimated the impact of proposals from the state legislature to adjust for regional cost differences. Other changes suggested by either the Governor or legislators could also affect New York City. In this analysis, IBO estimated the impact on revenue to New York City Public Schools (NYCPS) had the **changes to regional cost** been implemented during the current fiscal year, 2025.

The current formula adjusts for regional cost differences using a regional cost index (RCI) from 2006, which considers New York City and Long Island as one region. The Rockefeller Institute recommended using a national district-level measure, the comparable wage index for teachers, or CWIFT (see IBO's [CWIFT explainer](#)).

- **IBO estimated a switch to the scaled CWIFT would have increased NYC's 2025 allocation by \$306 million.**

While the Governor's Executive Budget included no changes to the formula's adjustment for regional cost differences, the State Senate and State Assembly each proposed new adjustments for regional cost differences.

- **The State Senate proposal would have increased NYC's 2025 allocation by \$272 million.**
- **The State Assembly proposal would have increased NYC's 2025 allocation by \$188 million.**

As with the estimates in IBO's February 2025 report, these are independent of other proposed changes to the formula (that is, they do not reflect the net impact of implementing all changes proposed by each entity, such as updates to poverty measures). Impacts of various proposed changes are not necessarily additive, given the complex nature of the formula.

Impact on NYC Revenue of Proposed Changes to Adjust for Regional Cost Differences			
Recommended by...	Region	NYC RCI	IBO Estimate
Current Formula and Governor's Executive Budget	Long Island/NYC	1.425	\$0
Rockefeller Institute (CWIFT)	NYC	1.469	+\$306 million
State Senate	NYC	1.464	+\$272 million
State Assembly	Long Island/NYC	1.452	+\$188 million

SOURCE: IBO analysis of 2024-2025 (fiscal year 2025) Foundation Aid data

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