



New York City Council

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Hearing on the Mayor's Fiscal Year 2011 Executive Expense Budget

Department of Education

May 24, 2010

Committee on Finance

Hon. Domenic M. Recchia, Jr., Chair

Committee on Education

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Summary and Highlights

Table 1
Department of Education
(dollars in thousands)

	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010 – 2011*
Personal Services	\$12,508,813	\$13,003,964	\$12,731,938	\$12,526,268	(\$477,696)
Other than Personal Services	5,397,684	5,377,107	5,725,126	5,920,773	\$543,666
Total	\$17,906,497	\$18,381,071	\$18,457,064	\$18,447,041	\$65,970

**The Difference column in this and all tables in this report shows the increase or decrease from the FY 2010 Adopted Budget to the FY 2011 Executive Budget.*

The Executive Plan introduces a variety of budget cuts and other adjustments that produce an overall \$66 million increase in the Department's budget since the Fiscal 2010 budget was adopted. The DOE's budget will remain relatively flat in Fiscal 2011 as compared to the current budget for Fiscal 2010. The Executive Plan projects a final Fiscal 2010 budget of \$18.46 billion and a Fiscal 2011 budget of \$18.45 billion. All of the projected spending growth is in the Other Than Personal Services ("OTPS") budget, which will climb to \$5.92 billion next year to support the Department's service contracts and purchases of supplies. The Personal Services ("PS") budget will drop by \$477.7 million and require the DOE to eliminate several thousand workers, most of them teachers.

A combination of mostly City, State and federal funds support the Department's operations. In developing the Executive Budget for Fiscal 2011 the City could only estimate the amount of State school aid for next year because the State has not yet adopted its budget. The City chose to use the Governor's Executive Budget Proposal, which would cut school aid by almost \$500 million, as the basis for its State school aid estimate. To implement this projected revenue loss, the Executive Plan introduced a series of PEGS that would reduce State aid to the Department by \$492.9 million next year and result in a loss of 6,414 pedagogical positions and 279 non-pedagogical positions. The Executive Plan also incorporates the PEG proposals introduced in the Preliminary Plan. All together the PEGS would reduce the Department's Fiscal 2011 budget by \$695.4 million; \$317.1 million in City Funds, and \$378.3 million in State funds.

The Executive Budget also includes a host of other adjustments to the DOE's budget. Changes include revisions of revenue estimates, cost increases, and technical changes. Collectively the changes increase the Fiscal 2011 budget by \$119 million. In combination with the PEGs, the Executive Plan initiatives decrease the DOE's Fiscal 2011 budget by \$374 million.

Fiscal 2011 Executive Plan Highlights

- **PEGS:** The Executive Plan leaves all of the PEGs that were introduced in the January Plan intact. No additional City-funds PEGs are included, however the impact of the loss of \$493 million in State support is reflected in the Fiscal 2011 Executive PEG package. The Plan shows that the \$493 million State cut would lead to a loss of 6,414 pedagogical jobs and 279 non-pedagogical jobs. The Department has outlined a series of cuts intended to achieve the PEGs.
 - **School Cuts (\$343.9 million):** The bulk of the Executive Plan budget cuts would fall on the schools. School budgets would be reduced by \$343.9 million and lead to elimination of 3,524 teachers through layoffs and another 1,995 through attrition.
 - **Special Education Summer School (\$51 million):** A proposed change to the State's reimbursement formula for mandated programs could require the DOE to eliminate another 872 teachers to produce the required savings.
 - **Learn to Work (\$3 million):** The DOE would reduce the internship stipends available to students in the Young Adult Borough Centers and transfer schools, and would cut the contract rate paid to CBOs for their administrative overhead costs to achieve this reduction. Funding for the Learn to Work program is \$44 million overall.
 - **Extended Use (\$5 million):** By more carefully scheduling the use of school buildings after school hours and increasing collection of use fees the DOE expects to be able to reduce the fees it pays for extended use without impacting service. The DOE has indicated that this PEG will be phased in Fiscal 2011 for a reduced savings of \$2.5 million.
 - **School Food Cuts (\$23.7 million):** The DOE plans to reduce spending on school food by reducing the variety of foods served to students and thereby reducing the staff required to prepare meals. DOE expects to eliminate the equivalent of 276 full time food service workers. Additional savings will be achieved by cutting the number of schools participating in the Universal School Food program.
 - **Restructure School Support Services (\$6.8 million):** On June 1 the DOE will replace all of the Integrated Service Centers and School Support Offices with new Children First Networks ("CFN"). The CFNs will be staffed with instructional and operational support personnel. The new school support model will require fewer staff as many will assume responsibilities previously held by more than one person. The restructuring will lead to the elimination of 50 employees, mostly through layoff.
 - **Central and Field Staff Reduction (\$7.7 million):** This PEG would reduce the central and field headcount by 245 positions, or five percent of the workforce. Job reductions would be through layoffs and elimination of vacancies.
 - **Central and Field Offices OTPS Efficiencies (\$27.5 million):** The DOE has yet to explain how this PEG will be achieved.
 - **Enrollment Support Operations (\$1.7 million):** This reduction would be achieved by reducing staff assigned to assist schools and families with enrollment issues and perhaps by producing fewer enrollment guides and brochures.
 - **ARIS Support (\$1.4 million):** Central staff who provide assistance to schools in using the ARIS system would be cut to achieve this savings, although the Financial Plan does not post a corresponding headcount reduction.

- **Technology Operations Streamlining (\$3.2 million):** This cut would be achieved by reducing contracted support for specialized applications and applications development. Many of the applications used by DOE staff are not new and helpdesk and support services are therefore no longer often required.
- **State Budget:** The Executive Plan assumes that the DOE will receive the amount of State school aid projected in the Governor's Executive Budget. This scenario is the "worst case" estimate that had been included in the Mayor's Contingency Plan budget released with the January Plan. The Governor's Executive Budget Proposal would cut school aid for the 2010-2011 year by \$465.9 million or 6.2% from the current year. (See: 2010-2011 Executive Budget Proposal, "2009-10 and 2010-11 Aids Payable".)
- **Other Adjustments:** New Needs and other adjustments in the Executive Plan total \$119 million.
 - **School Budget Roll:** The Executive Plan shifts an additional \$41 million out of schools' budgets for this year into next, bringing the total roll to \$81 million.
 - **Discontinuation of Federal Programs:** The Executive Budget eliminates federal funding for the Reading First Program, ends the School Innovation Block Grant, and almost entirely phases out the Drug Free Schools Program. The federal government has discontinued these categorical programs.
 - **ARRA Title I Reestimate:** The Executive Plan adjusts the revenue estimate for ARRA Title I funding by \$19.1 million in Fiscal 2010 and 2011. This raises the two-year total to \$707 million.
 - **Health Insurance Rate Increase:** An increase of \$20.4 million is included in the Plan to pay for employee health insurance cost increases.
 - **Fuel Cost Escalation:** The Plan boosts the estimate of spending on fuel by \$20.2 million.
 - **Heat, Light and Power Reestimate:** The estimate for spending on energy is reduced by \$10.7 million.

Fiscal 2011 Preliminary Plan Highlights

All of the adjustments to the Financial Plan introduced in the Preliminary Budget for Fiscal 2011 remain in the Plan. For a description of the Preliminary Financial Plan for Fiscal 2011 refer to the City Council Finance Division's "Briefing Paper on the Preliminary Fiscal 2011 Budget for the Department of Education" available at: http://council.nyc.gov/html/budget/PDFs/2011/pbr_doe_2011.pdf.

- **PEGS:** The January Plan included savings of City funds of \$113.2 million in Fiscal 2010 and \$316.8 million in Fiscal 2011. This savings would be derived by reducing the projected salary increases for United Federation of Teachers ("UFT") members and Council of Supervisors and Administrators ("CSA") members to two percent or no more than \$2,828 for any single employee. The savings would be achieved by reducing the Department's collective bargaining reserve for Fiscal 2011.

Lowering the projected wage increases for the Department's teachers and principals would allow the DOE to avoid imposing additional City-fund reductions on schools. Schools have implemented service cuts during this and prior school years in order to achieve the school PEGs imposed in prior Financial Plans. Cuts have included reductions in after-school and Saturday programs for students, elimination of teaching positions, job cuts for non-pedagogical staff, and increases to class sizes. Also, the proposed January Plan PEGs would produce savings sufficient to cover some of the cost increases associated with special education. In Fiscal 2010 \$46.6 million would be redirected to Carter Cases, and in Fiscal 2011 \$39.8 million would be transferred to Special Education related services.

- **Mid-Year State Reductions:** To close the current year gap in the State budget, the State has rolled a portion of the federal stimulus funding for education from Fiscal 2011 into Fiscal 2010 and dropped State aid to the Department by the same \$128.9 million. The Preliminary Plan registered this shift of federal funds out of Fiscal 2011 into Fiscal 2010, and removes another \$70.1 million in ARRA funding for Fiscal 2011 to align the Financial Plan with the State budget.

Department of Education

The Department of Education (DOE) provides primary and secondary education to over 1 million pre-kindergarten to grade 12 students in 32 school districts and over 1,500 schools, and employs approximately 79,000 teachers. DOE prepares students to meet grade level standards in reading, writing and math, and prepares high school students to pass Regents exams and to meet graduation requirements. The Department also operates the school food service program, maintains public school buildings and offices, and provides transportation services to students. Additionally, the DOE provides special education instructional services and related therapies to students enrolled in both public and private school settings. Finally, the Department distributes categorical supports to non-public schools and service providers.

Key Public Services Areas

- Improve academic performance.
- Ensure principal and teacher quality.
- Promote parental involvement in education.
- Ensure school safety.
- Ensure adequate and well-maintained classroom space.

Critical Objectives

- Increase student attendance.
- Improve performance on standardized English Language Arts and Math tests.
- Improve performance on Regents examinations.
- Increase graduation rates and decrease dropout rates for high school students.
- Improve the ability of non-English speaking students to learn English and improve academic progress.
- Ensure students are appropriately placed in special education.
- Ensure resources to support student academic performance.
- Increase the proportion of certified teachers and overall principal and teacher qualifications.
- Increase parent involvement in school programs.
- Address crime in schools.
- Improve building conditions.
- Work with the School Construction Authority to design, construct, modernize and repair durable, functional and attractive educational facilities, on schedule and within budget.

SOURCE: Mayor’s Management Report

The Department’s budget is divided into 26 units of appropriation (“UA”), each of which contains funding to support either personal services (“PS”) or other than personal services (“OTPS”) spending related to a particular service area or function. The following table displays the DOE’s budget by UA and shows how the Executive Plan budget for Fiscal 2011 differs from the Adopted Budget for Fiscal 2010.

The funding section of Table 2 shows how the functions of the agency are financially supported. The State funds about 43 percent of the Department’s operations, while the City carries about 42 percent. The federal government carries about 14 percent of the cost of public schools. The headcount section of the table shows the number of full-time (“FT”) jobs in the DOE’s budget’s position schedule. These are budgeted, not actual positions, and actual headcount can vary considerably from the position schedule. The PEGs introduced in the Executive Budget produce a headcount drop of 6,414 pedagogical jobs and 279 non-pedagogical positions. The additional 471 position drop corresponds to funding reductions included in prior financial plans. Also, the headcount figures reported here are full time employees. Schools employ

thousands of part time workers many of whom will loose their jobs or have their working hours reduced if the proposed budget cuts are approved.

Table 2
Department of Education Budget Summary
Dollars in Thousands

	2008 Actual	2009 Actual	2010 Adopted	2010 As of Exec	2011 Exec Plan	*Difference 2010–2011
Budget by Unit of Appropriation						
401-GE Instr. & Sch Leadership – PS	\$5,462,568	\$5,767,430	\$5,350,163	\$5,547,847	\$5,291,005	(\$59,158)
402- GE Instr. & Sch Leadership – OTPS	650,692	631,802	471,413	554,590	545,476	74,063
403-SE Instr. & Sch Ldrshp - PS	1,042,235	1,143,228	1,382,402	1,034,779	1,039,742	(342,659)
404-SE Instr. & Sch Ldrshp - OTPS	3,338	3,695	6,424	6,424	6,825	401
481-Categorical Programs PS	1,270,713	1,249,527	1,504,630	1,552,418	1,466,533	(38,098)
482-Categorical Programs OTPS	772,537	710,535	708,131	743,037	693,910	(14,221)
415-School Support Org. – PS	191,485	202,264	188,658	190,230	182,715	(5,943)
416-School Support Org. –OTPS	21,945	17,401	20,204	20,204	8,664,434	(11,540)
421-Citywide SE - PS	890,613	945,900	1,000,859	709,499	748,499	39,000
422-Citywide SE - OTPS	189,789	227,246	224,305	23,415	21,415	(2,000)
423-SE Inst. Support –PS	216,252	233,988	291,360	219,465	235,465	(55,895)
424- SE Inst. Support-OTPS	173,160	212,647	200,890	270,890	286,739	85,848
435-School Facilities - PS	408,179	412,963	394,417	400,683	391,372	(3,044)
436-School Facilities - OTPS	167,358	336,074	150,326	171,996	148,764	(1,562)
438-Pupil Transportation - OTPS	966,878	968,460	1,004,986	1,012,040	1,011,664	6,678
439-School Food Services - PS	188,268	198,717	196,898	199,335	196,118	(781)
440-School Food Services - OTPS	182,829	184,997	196,322	195,452	194,854	(1,468)
442-School Safety - OTPS	204,086	217,002	290,137	290,167	295,621	5,484
444-Energy & Leases - OTPS	391,680	393,840	442,595	443,843	467,884	25,290
453-Central Administration - PS	181,020	188,951	181,062	183,133	137,176	(43,886)
454-Central Administration - OTPS	217,830	182,681	179,792	182,678	153,569	(26,223)
470-SE Pre-K Contracts - OTPS	637,848	739,296	764,657	838,553	949,313	184,656
472-Charter/Contract/Foster Care – OTPS	635,026	764,305	853,845	900,518	1,064,926	211,081
474-Non-Public School and FIT – OTPS	61,092	61,440	63,969	71,317	71,146	7,177
461-Fringe Benefits - PS	2,216,628	2,314,142	2,484,103	2,483,535	2,536,000	51,897
491-Collective Bargaining	22,396	41,156	320,773	211,014	301,643	(19,130)
TOTAL Department	\$16,977,034	\$17,903,053	\$18,381,071	\$18,457,064	\$18,447,039	\$65,968
Funding						
City Funds	NA	NA	\$7,374,935	\$7,275,229	\$7,795,085	\$420,150
Other Categorical	NA	NA	62,970	126,411	94,970	32,000
State	NA	NA	8,178,277	8,072,755	7,970,831	(207,446)
Federal-CD	NA	NA	10,000	9,547	5,000	(5,000)
Federal-Other	NA	NA	2,746,105	2,949,375	2,572,369	(173,736)
Intra-City	NA	NA	8,784	23,747	8,784	0
TOTAL	\$16,977,034	\$17,903,053	\$18,381,071	\$18,457,064	\$18,447,039	\$65,968
Positions						
FT Pedagogical Positions	112,852	112,993	111,993	111,993	105,564	(6,429)
FT Non-Pedagogical Positions	10,760	10,733	9,859	9,859	9,124	(735)
TOTAL	123,612	123,726	121,852	121,852	114,688	(7,164)

New York State Executive Budget for 2010-2011

The governor's proposed budget for New York State would cut education aid statewide by \$1.1 billion or five percent. The Executive Budget recommends maintaining operating formula aid categories at current levels. However, the largest formula aid category, Foundation Aid, would continue to be frozen through 2011-12 and the full phase-in of Foundation Aid would be extended to a ten-year period (complete in 2016-17) rather than the seven-year period assumed in current law. Foundation Aid is the key source of budgetary support for public schools in the City.

The State Executive Budget also recommends a one-time budget cut worth \$1.4 billion statewide. The cut would be comprised of a one-year \$2.1 billion Gap Elimination Adjustment for the 2010-11 school year, partially offset by the use of the remaining \$726 million of the *American Recovery and Reinvestment Act* (ARRA) State Fiscal Stabilization Fund - Education Fund award. The reduction is structured so that a low-wealth district will face a smaller percentage cut than a higher-wealth district. In addition, the GEA is adjusted for student need, administrative efficiency, and residential tax burden. The impact of this on the Department of Education would be a loss of about \$500 million. Finally, the Governor has proposed to shrink the State's reimbursement rate for mandatory summer special education programs from 70 percent to 42 percent, shifting \$51 million in costs onto the City. The Governor's proposals are reflected in the City's Executive Budget for Fiscal 2011.

City Council Initiatives

A small, but significant part of the DOE's budget is funding added by the New York City Council to support particular programs or functions. These include a variety of initiatives that fund community-based organizations (CBOs) working with schools and students throughout the City such as the Dropout Prevention & Intervention Initiative and the Urban Advantage Program. The largest initiative, Teacher's Choice, reimburses public school teachers and other school staff for supplies purchased for use in student instruction. The full-day Pre-Kindergarten funding allowed the Department to expand from half- to full-day UPK programs in several CBOs throughout the City. The \$4 million for custodial operations partially reversed a budget cut proposed by the Administration for Fiscal 2010.

Table 3

Council Changes to the FY 2010 Budget

Dollars in Thousands

Dropout Prevention & Intervention	\$2,075
Executive Leadership Institute (CSA)	300
National Foundation for Teaching Entrepreneurship	110
Teacher's Choice	13,000
Urban Advantage-Science Education	2,500
Young Women's Leadership Foundation	300
Custodial Operations	4,000
Full Day Universal Pre-Kindergarten	2,750
Chess-in-the-Schools, Inc.	300
Peter Vallone Scholarship (Fashion Institute of Technology)	250
Subtotal	\$25,585
Local Initiatives	\$1,782
TOTAL	\$27,367

Agency Functions

The Department of Education is charged with many tasks related to education. In the following pages all of the DOE's functions, as defined by the DOE's budget's UA structure, are described. For direct service areas, meaning functions and services performed by DOE employees, the related PS and OTPS units of appropriation are paired. In the non-direct service areas, meaning functions that the DOE contracts out to private providers and programmatic funding allocations that flow through the DOE's budget to non-public schools and service providers, only OTPS units of appropriation exist. These functions are bundled into the following 11 programs:

1. Public Schools (page 9);
2. Special Education (page 16);
3. Fringe Benefits and Collective Bargaining (page 18);
4. School Support Services (page 19);
5. Central Administration (page 21);
6. School Food Services (page 23);
7. School Facilities, Energy and Leases (page 24);
8. Pupil Transportation (page 26);
9. School Safety (page 27);
10. Special Education Pre-Kindergarten (page 28);
11. Charters/Contract/Foster Care (page 29); and
12. Non-Public Schools and FIT (page 31).

The description of each UA or UA pair includes a table that shows the budget for each, along with funding summary and full-time headcount information. Significant changes introduced in the Executive Plan are discussed, as are spending trends.

Public Schools

The City's almost 1,600 public schools each have an individual school budget that is funded by the Department through a variety of allocation formulas and pass-throughs. All of the funding that is allocated to schools to support their operations is budgeted centrally within UAs 401, 402, 403, 404, 481 and 482 (although not all of the money budgeted in these UAs funds schools' budgets). In this section, the portions of the DOE's budget that fund the public schools' budgets and support school-based jobs will be discussed as a whole, and then the three UA pairs (UAs 401 & 402 -General Education Instruction and School leadership; UAs 403 & 404-Special Education Instruction and School Leadership; and UAs 481 & 482 - Categorical Programs) will be examined.

The City's budget does not include information on how much money any individual school receives, it does not show how many employees any particular school has or what specific courses of study are available. The budget information is citywide. More detailed school-level budgetary information is made available by the DOE on its website. See: <http://schools.nyc.gov/default.aspx>. However, the Department has yet to release the preliminary school budgets for the 2010-2011 school year. It is therefore not known how the money for schools that is in the DOE's budget will be allocated among schools in Fiscal 2011. The Department plans to release the school budgets on June 1.

Citywide, spending on public schools will total about \$9.04 billion next year, approximately \$379.7 million less than had been budgeted for Fiscal 2010 at adoption, as displayed in Table 4. Also presented in final column of Table 4 is a comparison of the Fiscal 2010 budget for public schools as of the Executive Plan to the projected budget for next year. Because the DOE gives principals broad leeway in scheduling their school allocations and the ability to shift school funds around throughout the year, the DOE's budget, which is modified only a few times a year, is often out of alignment with actual school spending patterns. As the school year progresses and additional expenditures are made by schools the accuracy of the DOE's UAs for school spending improves. The current Fiscal 2010 budget is therefore a more accurate measure of school spending than the Adopted Budget for Fiscal 2010.

The school cuts projected for Fiscal 2011 are associated with the State budget PEGs introduced in the Executive Financial Plan for Fiscal 2011, and with changes introduced in prior plans.

Table 4
Public Schools Budget Summary

	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference* 2010-2011	Difference* 2010-2011 at Exec
GE Instr. & School Ldrshp	\$6,399,232	\$5,821,576	\$6,102,437	\$5,836,481	\$14,905	(\$265,957)
UA 401 - PS	5,767,430	5,350,163	5,547,847	5,291,005	(59,158)	(256,842)
UA 402 - OTPS	631,802	471,413	554,590	545,476	74,063	(9,114)
SE Instr. & School Ldrshp	\$1,146,923	\$1,388,826	\$1,041,203	\$1,046,567	(\$342,258)	\$5,364
UA 403 - PS	1,143,228	1,382,402	1,034,779	1,039,742	(342,659)	4,963
UA 404 - OTPS	3,695	6,424	6,424	6,825	401	401
Categorical Programs	\$1,960,062	\$2,212,761	\$2,295,455	\$2,160,443	(\$52,319)	(135,012)
UA 481 - PS	1,249,527	1,504,630	1,552,418	1,466,533	(38,098)	(85,886)
UA 482 - OTPS	710,535	708,131	743,037	693,910	(14,221)	(49,127)
TOTAL SCHOOL FUNDING	\$9,506,217	\$9,423,163	\$9,439,096	\$9,043,491	(\$379,672)	(395,605)

* The column "Difference 20-10-2011" compares the FY10 budget at Adoption to the FY11 Exec. Budget. The final column compares the FY10 budget as of the FY11 Exec. Budget to the FY11 Exec. Budget.

The three-year view of school budgets displayed in Table 4 makes clear the fact that city schools' resources dwindled in 2010 and 2011. Looking back to Fiscal 2009 from Fiscal 2011 shows a \$463 million drop in school budgets. Since school costs, especially PS costs, have continued to grow, schools have and will continue to make service cuts.

School budgets were reduced by about \$400 million this school year. Reports from schools indicate that they have absorbed cuts this year by laying off or reducing the hours of their school aides and other non-pedagogical staff, cutting after-school programs and clubs, reducing teaching positions, and increasing class sizes. The class size reports provided by the DOE and published in the PMMR demonstrate the impact of school budget cuts. Average class sizes have increased in all grades. Additional details on class sizes, including school-specific statistics, are available on the Department's website. (See: <http://schools.nyc.gov/AboutUs/data/classsize/classsize.htm>.) If the PEGs in the Executive Plan are adopted, according to the DOE, average class sizes would increase by another 3 students.

School Headcount

Table 5 displays the most current actual headcount information available for school-based employment. Headcount information provided by the DOE is richer than that in the city's budget in that it provides details on part-time employees and shows the number of jobs supported by categorical funds but budgeted outside of the categorical programs UA. It is important to remember that the part-time employment figures have been converted into full-time equivalents, so the 8,790 part-time positions could represent many thousands more people who work in schools. This headcount table shows that public schools had the equivalent of 108,414 jobs in January 2010. In June 2008 there were 116,438 school employees, 103,183 of whom were pedagogical employees. This drop of 6,022 pedagogical employees is responsible, in large part, for the rise in average class sizes. Further jobs losses in schools should be expected next year given the projected drop in school PS spending.

Table 5
Department of Education School Headcount Actuals as of January 2010

Unit of Appropriation	Full-Time Actuals				Part-Time (FTE) Actuals				Total		
	PEDs	Ed Para PEDs	Non-PEDs	TOTAL	Per Diem PEDs	Hourly Admin.	Non-PEDs	TOTAL	Total PEDs	Total Non-PEDs	Grand Total FT / FTEs
401-GE Instr. & Schl Leadership	57,617	1,416	2,471	61,504	389	12	7,395	7,835	59,422	9,917	69,339
401-Reimbursable	4,136	241	14	4,391	29	-	241	270	4,406	255	4,661
403-SE Instr. & Schl Leadership	11,150	6,594	17	17,761	45	2	1	48	17,789	20	17,809
403-Reimbursable	79	1	-	80	2	-	-	2	82	-	82
481-Categorical Programs	11,770	3,529	589	15,888	163	17	455	635	15,462	1,061	16,523
Grand Total	84,752	11,781	3,091	99,624	628	31	8,092	8,790	97,161	11,253	108,414

Source: February 2010 Financial Status Report

UAs 401 & 402 General Education and School Leadership Spending

The first two units of appropriation in the DOE's budget support the core school programs – general education instruction and school leadership. This is a vast category that encompasses classroom teachers, substitute teachers, coaches, core subject area teachers, school administrators, assistant principals, deans, guidance counselors, school aids, text books, copying, teaching artists and all the other many personnel and supplies that schools use. As the table below indicates, this area of spending is huge, amounting to about \$5.84 billion in Fiscal 2011. Most of school spending is for pedagogical staff salaries, overtime, and per session pay. The budget shows that schools will employ 54,281 pedagogical staff next year, and an additional 1,808 non-pedagogical staff.

<i>Dollars in Thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Exec. Plan	Exec. Plan	2010–2011
Personal Services	\$5,462,568	\$5,767,430	\$5,350,163	\$5,547,847	\$5,291,005	(\$59,158)
Additional Gross Pay	433,567	404,821	289,077	288,837	287,552	(1,525)
Amounts to be Scheduled	179	0	0	0	0	0
Fringe Benefits	46,401	84,748	81,392	81,392	81,392	0
Full-Time Salaried - Civilian	79,406	89,726	211,330	113,351	109,388	(101,942)
Full-Time Salaried - Pedagogical	4,561,614	4,701,192	4,432,848	4,653,752	4,387,157	(45,691)
Other Salaried and Unsalaries	336,981	482,616	333,415	408,415	423,415	90,000
Overtime – Civilian	4,256	4,164	2,100	2,100	2,100	0
P.S. Other	163	162	0	0	0	0
Other Than Personal Services	\$650,692	\$631,802	\$471,413	\$554,590	\$545,476	\$74,063
Contractual Services	205,708	228,334	32,539	32,677	31,039	(1,500)
Fixed and Misc Charges	574	605	34,708	33,003	32,405	(2,304)
Other Services and Charges	62,504	70,062	43,759	46,467	40,759	(3,000)
Property and Equipment	217,935	189,732	140,236	138,520	134,942	(5,294)
Supplies and Materials	163,971	143,069	220,171	303,923	306,332	86,161
TOTAL	\$6,113,260	\$6,399,232	\$5,821,576	\$6,102,437	\$5,836,481	\$14,905
Funding						
<i>City Funds</i>	N/A	N/A	\$944,149	\$1,284,259	\$1,450,328	\$506,179
<i>Federal – Other</i>	N/A	N/A	432,344	498,269	236,677	(195,667)
<i>Other Categorical</i>	N/A	N/A	0	0	32,000	32,000
<i>State</i>	N/A	N/A	4,445,083	4,319,909	4,117,477	(327,606)
TOTAL	N/A	N/A	\$5,821,576	\$6,102,437	\$5,836,481	\$14,905
Headcount						
FT – Non- Peds	1,966	2,111	1,810	1,810	1,808	(2)
FT – Peds	67,808	67,505	59,811	59,811	54,281	(5,530)
TOTAL	69,774	69,616	61,621	61,621	56,089	(5,532)

The four-year view of the resources available for General Education Instruction and School Leadership demonstrate how the City's share of funding for the core program of the DOE has continued to grow, while the State's support has contracted. Both the \$327.6 million State funding drop and the \$195.7 million federal funding drop are actually due to State cuts. The State funding drop results from the Governor's proposal to slash unrestricted school aid next year. This aid, Foundation Aid, has typically been used by the DOE to fund the core school budgets. The federal aid drop shown is a shift of ARRA funding that the DOE had expected to receive in Fiscal 2011 to fill current year State budget gaps (see the Federal Funding discussion on the next page).

Executive 2010 Financial Plan Changes

- **PEGS:** The Executive Plan targets most of the State budgets cuts directly at school budgets.
 - **School Cuts (\$343.9 million):** The bulk of the Executive Plan budget cuts would fall on the schools. School budgets would be reduced by \$343.9 million and lead to elimination 3,524 teachers through layoffs and another 1,995 through attrition.
 - **Special Education Summer School (\$51 million):** A proposed change to the States reimbursement formula for mandated programs could require the DOE to eliminate another 872 teachers to produce the required savings. This reduction is taken from the categorical aids portion of the DOE's budget, but it would impact school budget directly.
 - **Learn to Work (\$3 million):** The DOE would reduce the internship stipends available to students in the Young Adult Borough Centers and transfer schools, and would cut the contract rate paid to CBOs for their administrative overhead to achieve this reductions. Learn to Work is a \$44 million program that has not yet been cut.
- **School Budget Roll:** Each year, the DOE allows schools to roll a portion of their funding forward into the next year and the baseline budget includes a \$40 million roll. This year about half of all schools have collectively requested permission to roll \$81 million from Fiscal 2010 in Fiscal 2011. The Executive Plan records the \$41 million roll not anticipated in the baseline. This year fewer schools have funds to roll and the per school amounts are lower than last year.
- **Federal Funding:** The \$195.7 million drop in federal funding shown in Table 6 was included in the Preliminary Plan. It is almost entirely due to the State's mid-year budget reductions that used federal stimulus funding for Fiscal 2011 to fill State budget cuts imposed in Fiscal 2010. The entire stimulus funding supporting schools is used to maintain pedagogical jobs that otherwise would have been eliminated this year due to the State and City budget cuts imposed on the DOE in Fiscal 2010. At adoption of the Fiscal 2010 budget, the City assumed that the State would allocate the federal stimulus funding over two years in equal amounts. That assumption has not held.

The Preliminary Plan moves \$128.9 million in *American Recovery and Reinvestment Act* ("ARRA") funding from Fiscal 2011 into Fiscal 2010 and cuts \$128.9 million in State aid in Fiscal 2010. The Plan also adjusts downward by \$70 million the estimate of Fiscal 2011 ARRA funding for schools to match the State's current projections.

The Preliminary Plan also cuts \$166.5 million in State funding for UA 401 in Fiscal 2011 pursuant to a re-estimate of revenue projections. Finally, as discussed earlier, the Plan shifts \$380 million in Fiscal 2010 and \$300 in Fiscal 2011 into UA 401 from UA 403 - Special Education Instruction and School Leadership to align the Department's budget with school's actual resource needs.

UAs 403 & 404 Special Education and School Leadership Spending

UAs 403 and 404 support the special education programs provided by schools, the largest of which is collaborative team teaching. Special education teachers, aids, and administrators and supplies and services purchased to support special education paid for by schools are funded through UAs 403 and 404. Almost all of the funding budgeted in these UAs is allocated directly to schools. Some of it, however, supports centrally administered programs and services that support the work of schools. Examples of such include professional development courses for school staff and some student assessment tools.

Table 7
UAs 403 & 404 Special Education and School Leadership Spending

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010–2011
Personal Services	\$1,042,235	\$1,143,228	\$1,382,402	\$1,034,779	\$1,039,742	(\$342,659)
Additional Gross Pay	6,126	2,480	7,677	7,681	7,677	0
Fringe Benefits	117	2,127	0	0	0	0
Full-Time Salaried - Civilian	89	825	41,925	6,925	8,479	(33,446)
Full-Time Salaried - Pedagogical	1,020,876	1,128,272	1,319,472	1,006,732	1,010,259	(309,213)
Other Salaried and Unsalariated	14,888	9,396	13,327	13,441	13,327	0
Overtime - Civilian	139	128	0	0	0	0
Other Than Personal Services	\$3,338	\$3,695	\$6,424	\$6,424	\$6,825	\$401
Contractual Services	485	769	2,215	2,215	2,215	0
Other Services and Charges	227	251	363	363	363	0
Property and Equipment	1,356	1,438	782	782	782	0
Supplies and Materials	1,269	1,236	3,064	3,064	3,465	401
TOTAL	\$1,045,573	\$1,146,923	\$1,388,826	\$1,041,203	\$1,046,567	(\$342,258)
Funding						
City Funds	N/A	N/A	\$626,830	\$246,830	\$275,514	(\$351,317)
Federal – Other	N/A	N/A	8,500	40,878	17,000	8,500
State	N/A	N/A	753,495	753,495	754,054	559
TOTAL	N/A	N/A	\$1,388,826	\$1,041,203	\$1,046,567	(\$342,258)
Headcount						
FT – Non- Peds	5	3	5	5	5	0
FT - Peds	19,422	20,510	19,496	19,496	19,495	(1)
TOTAL	19,427	20,513	19,501	19,501	19,500	(1)

The Executive Plan includes no changes to the Special Education Instruction and School Leadership budget. The \$342.3 reduction corresponds to a shift in funding into the general education budget for schools made to align school budgets more closely with their spending patterns.

UAs 481 & 482 Categorical Programs

An important component of every school's budget is the categorical aids that support particular student programs and services. UAs 481 and 482 in the Department's budget include most, but not all, categorical aids. Most, but not all of the funds budgeted in UAs 481 and 481 flow directly to public schools; some of it

supports categorical programs at non-publics schools. Since most of the categorical aids flow into public school budgets, they are included here.

These units of appropriation provide federal and state funds that are allocated for specific purposes, as well as grants and awards from non-public agencies and institutions. The largest federal program, Title I, provides schools with resources to support supplemental instructional services such as remedial reading and mathematics programs. Federal Title III program funds support bilingual instructional programs. Other school programs for which the Department receives federal categorical aids include vocational education, adult basic education, integration efforts, and math and science education. State categorical aids include employment preparation education and bilingual education, which bolster the federal programs. The State aids also support alcohol and substance abuse prevention programs.

Table 8
UAs 481 & 482 Categorical Programs Spending

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010–2011
Personal Services	\$1,270,713	\$1,249,527	\$1,504,630	\$1,552,418	\$1,466,533	(\$38,098)
Additional Gross Pay	7,934	4,937	40,032	40,736	40,032	0
Fringe Benefits	259,612	271,036	307,638	307,638	302,844	(4,794)
Full-Time Salaried - Civilian	32,981	30,693	82,224	66,282	29,834	(52,390)
Full-Time Salaried - Pedagogical	797,913	912,066	1,040,480	1,105,865	1,069,357	28,877
Other Salaried and Unsalaries	171,879	30,414	32,844	30,485	23,053	(9,791)
Overtime - Civilian	395	380	1,413	1,413	1,413	0
Other Than Personal Services	\$772,537	\$710,535	\$708,131	\$743,037	\$693,910	(\$14,221)
Contractual Services	450,054	438,190	291,131	303,553	285,457	(5,674)
Fixed and Misc Charges	50,043	9,701	9,284	9,287	9,284	0
Other Services and Charges	160,489	161,176	167,980	217,386	167,980	0
Property and Equipment	24,365	18,254	48,705	48,867	48,705	0
Supplies and Materials	87,586	83,214	191,030	163,942	182,483	(8,547)
TOTAL	\$2,043,250	\$1,960,062	\$2,212,761	\$2,295,455	\$2,160,443	(\$52,319)
Funding						
<i>City Funds</i>	N/A	N/A	\$90	\$90	\$90	\$0
<i>Federal – Other</i>	N/A	N/A	1,708,089	1,779,576	1,701,771	(6,318)
<i>Intra City</i>	N/A	N/A	8,111	18,788	8,111	0
<i>Other Categorical</i>	N/A	N/A	34,700	34,700	34,700	0
<i>State</i>	N/A	N/A	461,771	462,301	415,771	(46,001)
TOTAL	N/A	N/A	\$2,212,761	\$2,295,455	\$2,160,443	(\$52,319)
Headcount						
FT – Non- Peds	675	677	612	612	612	0
FT - Peds	11,489	10,699	18,474	18,474	17,600	(874)
TOTAL	12,164	11,376	19,086	19,086	18,212	(874)

Executive 2011 Financial Plan Changes

There are a host of initiatives in the Executive that touch the categorical programs budget. These include the following actions.

- **ARRA Funding:** The Executive Plan includes several adjustments to the projections for ARRA funding. The ARRA Title I estimate is revised upward by \$19.1 million for Fiscal 2010 and Fiscal 2011, funding for boiler fuel catalyts is added, and cuts to the Teacher Centers imposed mid-year by the State are recorded.
- **Intracity Payments:** The categorical programs area includes funding for a variety of collaborative programs. The Executive Plan records payments for Beacon school opening fees, school nurses, and a Fiscal 2010 GED testing initiative.
- **Discontinuation of Federal Programs:** The Executive Budget registers the discontinuation of three federal programs. A \$14.8 million reduction in Fiscal 2011 eliminates all federal funding for the Reading First Program, which has been winding down for a few years. Removal of \$3.6 million in Title V aid marks the end of the federal block grant for School Improvement. Finally the Fiscal 2011 cut of \$16.3 million in Title IV funding almost completely phases out the Drug Free Schools Program. All funding will be eliminated by Fiscal 2012.
- **Special Education Summer School (\$51 million):** A proposed change to the State's reimbursement formula for mandated summer school programs would transfer \$51 million in costs onto the DOE. The Executive Plan estimates that this cost shift could require the DOE to eliminate another 872 teachers to produce the required savings.

Special Education

Funding budgeted in UAs 421 and 422 provides for direct citywide special education instruction and school supervision for severely handicapped children in self-contained classrooms, home and hospital instruction along with appropriated funds for instructional support services and related services. District 75 schools are funded here. UAs 423 and 424 hold money used for centrally-managed special education related services such as occupational therapy, physical therapy and nurses. The Department uses both employees and contractual therapists to delivery mandated services to students. Funding budgeted here also pays for evaluations of students performed by school-based support teams.

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Jan. Plan	Difference 2010-2011
Citywide Special Education						
Personal Services UA 421	\$674,361	\$711,912	\$709,499	\$709,499	\$748,499	\$39,000
Additional Gross Pay	18,405	13,487	8,962	8,962	8,962	0
Fringe Benefits	213	235	66	66	66	0
Full-Time Salaried - Civilian	18,955	24,301	42,421	42,421	16,884	(25,537)
Full-Time Salaried - Pedagogical	612,610	650,089	635,208	635,208	699,745	64,537
Other Salaried and Unsalariated	23,163	23,083	22,842	22,842	22,842	0
Overtime - Civilian	1,015	717	0	0	0	0
Other Than Personal Services UA 422	\$16,629	\$14,599	\$23,415	\$23,415	\$21,415	(\$2,000)
Contractual Services	2,757	2,011	3,145	3,145	3,145	0
Other Services and Charges	3,811	3,272	5,122	5,122	5,122	0
Property and Equipment	4,631	4,389	7,532	7,532	7,532	0
Supplies and Materials	5,430	4,927	7,616	7,616	5,616	(2,000)
SUBTOTAL UA 421 & 422	\$690,991	\$726,511	\$732,914	\$732,914	\$769,914	\$37,000
Special Education Instructional Support						
Personal Services UA 423	\$216,252	\$233,988	\$291,360	\$219,465	\$235,465	(\$55,895)
Additional Gross Pay	17,987	7,400	1,728	1,728	1,728	0
Fringe Benefits	340	391	0	0	0	0
Full-Time Salaried - Civilian	68,910	91,494	96,179	74,283	83,822	(12,357)
Full-Time Salaried - Pedagogical	94,061	104,629	170,116	120,116	126,578	(43,538)
Other Salaried and Unsalariated	33,767	28,820	23,337	23,337	23,337	0
Overtime - Civilian	1,187	1,254	0	0	0	0
Other Than Personal Services UA 424	\$173,160	\$212,647	\$200,890	\$270,890	\$286,739	\$85,848
Contractual Services	170,754	209,751	195,515	265,515	281,363	85,848
Fixed and Misc Charges	0	0	0	2	0	0
Other Services and Charges	1,289	1,487	3,995	3,993	3,995	0
Property and Equipment	447	438	763	763	763	0
Supplies and Materials	669	971	617	617	617	0
SUBTOTAL UA 423 & 424	\$389,411	\$446,636	\$492,250	\$490,355	\$522,204	\$29,954
		\$1,173,14				
TOTAL	\$1,080,402	6	\$1,225,164	\$1,223,269	\$1,292,118	\$66,954
Funding						
<i>City Funds</i>	N/A	N/A	\$908,490	\$905,990	\$899,843	(\$8,647)
<i>Federal</i>	N/A	N/A	29,481	\$30,086	\$30,086	\$605

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Jan. Plan	2011 Jan. Plan	Difference 2010–2011
<i>Other Categorical</i>	N/A	N/A	\$3,000	\$3,000	\$3,000	\$0
<i>State</i>	N/A	N/A	284,193	\$284,193	\$359,189	\$74,996
TOTAL	N/A	N/A	\$1,225,164	\$1,223,269	\$1,292,118	\$66,953
Headcount						
FT – Non- Peds in UA 421	418	430	380	380	380	0
FT – Peds in UA 421	11,551	11,552	11,608	11,608	11,607	(1)
FT – Non- Peds in UA 423	1,542	1,655	1,406	1,406	1,406	0
FT – Peds in UA 423	1,400	1,511	1,408	1,408	1,408	0
TOTAL	14911	15148	14802	14802	14801	-1

* Continued from previous page

Executive 2011 Financial Plan Changes

Spending on related services provided to special education students such as occupational therapy and counseling is one of the primary cost drivers in the DOE's budget. Contractual services spending in UA 424 has risen considerably since Fiscal 2008, and the budget projects a further \$85.8 million increase in Fiscal 2011. This projected increase was lowered by \$14 million in the Executive Plan. Some of the increase is offset by a reduction in the projected spending on personal services in the same area. In combination, the PS and OTPS related services budget (UAs 423 and 424) grows by just about \$30 million in Fiscal 2011.

The Plan increased the spending estimate for Citywide Special Education Instruction (UA 421) by \$39 million. An increase in spending on teaching staff is expected, while the budget shows a decrease in non-pedagogical salaries. Headcount, however, remains essentially unchanged in the budget.

The overall \$67 million increase for central special education services is funded by a technical adjustment in the Executive Plan that transferred resources among various UAs in the Department's budget, leaving the above four UAs with a \$29 million increase in the Executive Plan. The remainder of the \$67 million increase shown results from changes made in the January Plan, which funded projected cost increases by transferring a portion of the PEGS savings derived from lowering the collective bargaining settlement estimate into UA 424. This increase was \$39.8 million.

On the whole, the Department's spending in this area continues to trend upward indicating both increasing costs and increasing special education enrollments. Further, the Department has indicated that students' special education service plans generally have been becoming richer, which also contributes to the increased costs. Special education related services are mandated and therefore generally are shielded from budget cuts.

Fringe Benefits and Collective Bargaining

The Department of Education, unlike other City agencies, maintains a unit of appropriation for fringe benefits costs, which include social security, health insurance, payments to welfare funds, annuity contributions, workers compensation and unemployment benefits. Another unit of appropriation holds reserves to fund costs associated with collective bargaining agreements.

Table 10
UAs 461 & 491 Fringe Benefits & Collective Bargaining

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010–2011
Fringe Benefits –PS	\$2,216,628	\$2,314,142	\$2,484,103	\$2,483,535	\$2,536,000	\$51,897
Additional Gross Pay	75	53	75	75	75	0
Fringe Benefits	2,216,553	2,314,090	2,483,931	2,483,460	2,535,925	51,994
Full-Time Salaried - Civilian	0	0	97	0	0	(97)
Collective Bargaining - PS	\$22,396	\$41,156	\$320,773	\$211,014	\$301,643	(\$19,130)
Additional Gross Pay	22,396	41,156	0	0	0	0
Amounts to be Scheduled	0	0	320,773	211,014	301,643	(19,130)
TOTAL	\$2,239,024	\$2,355,298	\$2,804,876	\$2,694,548	\$2,837,643	\$32,767
Funding						
City Funds-461			\$1,911,382	\$1,868,135	\$1,995,857	\$84,474
Federal-461	N/A	N/A	212,386	244,719	219,379	6,992
Other Categorical-461	N/A	N/A	12,165	53,106	12,165	0
State-461	N/A	N/A	348,170	317,575	308,600	(39,569)
City Funds-491	N/A	N/A	167,421	59,860	41,795	(125,626)
State-491	N/A	N/A	153,352	151,153	259,848	106,496
TOTAL	N/A	N/A	\$2,804,876	\$2,694,548	\$2,837,643	\$32,767

Executive 2011 Financial Plan Changes

The Executive Plan makes limited changes to the budgets for fringe benefits and collective bargaining. The most significant actions, in terms of size are the following. The Plan adds \$20.4 million to UA 461 in Fiscal 2011 to fund employee health insurance plan cost increases. In Fiscal 2010, \$30.6 million in ARRA funding is transferred out of general education and into UA 461 to cover fringe benefits. Finally, the PEGs introduced in the Executive Plan that show a headcount reduction include reductions to UA 461. The largest of these cuts are those targeted at pedagogical staff. The Plan also reflects several recent collective bargaining agreements, and transfers of funding out of the collective bargaining reserve and into the appropriate personal service areas are registered. Non-union employees, custodians, and many of the trades unions workers have recently received compensation increases, and these are shown in the Plan.

In addition to the changes in the Executive Plan, the budget for Fiscal 2011 reflects a significant reduction in the anticipated cost of the next collective bargaining increases with the UFT and the CSA. The Financial Plan had booked sufficient funds in the collective bargaining reserve to pay teachers, principals, and other affected union members salary increases of four percent in each of the two years covered by their next collective bargaining agreements. The Preliminary Plan lowered that estimate to two percent wage increases for up to \$70,000 in salary or no more than \$2,828 per employee per year. This change produced PEGs savings of \$356.9 million in Fiscal 2011. As the table above shows, the collective bargaining reserve still has \$301.6 million in Fiscal 2011.

School Support

Funding budgeted for School Support Organizations supports the field-based administrative and operational positions in the internal school support organizations (“SSOs, the learning support organizations and the empowerment support organization). This allocation also supports the community school superintendents, the community district education councils, family engagement staff, student placement offices and the five integrated service centers (“ISC”) the provide business, special education and operational support to schools.

On June 1 the DOE will launch a completely overhauled system of school support for all schools, modeled on the Empowerment School Organization. New Children First Networks will assume all field support functions. The Integrated Service Centers will be dissolved, as will the SSOs. The staffs of both will instead work for a new unit that provides instructional and operational support to a cluster of schools. Each cluster will have about 25 schools that will collectively determine how to staff their common support office. This is a major overhaul of the DOE’s field offices, and the form it will that is not yet certain.

Table 11
UAs 415 & 416 School Support Organization Spending

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010–2011
Personal Services	\$191,485	\$202,265	\$188,658	\$190,230	\$182,715	(\$5,943)
Additional Gross Pay	2,735	2,547	7,132	7,132	7,132	0
Fringe Benefits	(0)	3	718	718	718	0
Full-Time Salaried - Civilian	76,096	70,824	61,995	63,567	56,673	(5,322)
Full-Time Salaried - Pedagogical	99,636	127,961	98,671	98,671	98,050	(621)
Other Salaried and Unsalaries	12,332	323	19,361	19,361	19,361	0
Overtime - Civilian	687	607	780	780	780	0
Other Than Personal Services	\$21,945	\$17,401	\$20,204	\$20,204	\$8,664	(\$11,540)
Contractual Services	9,721	7,426	944	944	944	0
Other Services and Charges	3,984	3,760	640	640	640	0
Property and Equipment	3,562	2,684	329	329	329	0
Supplies and Materials	4,679	3,531	18,291	18,291	6,751	(11,540)
TOTAL	\$213,430	\$219,666	\$208,862	\$210,434	\$191,380	(\$17,483)
Funding						
City Funds	N/A	N/A	\$87,911	\$88,806	\$112,880	\$24,969
State	N/A	N/A	120,951	121,628	78,500	(42,452)
TOTAL	N/A	N/A	\$208,862	\$210,434	\$191,380	(\$17,483)
Headcount						
FT – Non- Peds	1,260	1,084	1,105	1,105	1,055	(50)
FT - Peds	980	1,023	992	992	969	(23)
TOTAL	2,240	2,107	2,097	2,097	2,024	(73)

Executive 2011 Financial Plan Changes

The Department has announced plans to restructure and overhaul the school support system and changes will go into effect on June 1. All schools will have to join a network of other schools that will be given both instructional and operational support by a central organization. Staff for the ISCs and the school support organizations are expected to be reassigned to a school network position. The new structure is modeled on

the empowerment school support organization. Although the DOE initially had explained that the school support reorganization was not designed to produce any budgetary savings, the Executive Plan reflects a saving produced by the initiative.

- **Restructure School Support Services (\$6.8 million):** On June 1 the DOE will replace all of the Integrated Service Centers and School Support Offices with new Children First Networks. The networks and their school clusters will be staffed with instructional and operational support personnel. The new school support model will require fewer staff as many will assume responsibilities previously held by more than one person. The restructuring will lead to the elimination of 50 employees, mostly through layoff on June 1, 2010.
- **Additional Field Reductions:** The Executive Plan contains several PEGS aimed at the central and field divisions, some of which will further reduce the field staff and OTPS budget. These PEGs are described in the “Central Administration” section of this report. The Department has yet to provide detailed descriptions of how these PEGs will be implemented.

Central Administration

U/As 415 and 416 include funding for the DOE's administrative offices. These include Teaching and Learning, Finance and Administration, and Operations. Additional central office functions include school safety, youth development and student services, special investigations, intergovernmental affairs, equal opportunity, public information, community affairs, legal services and labor relations, and the auditor general.

Chancellor Klein recently announced another restructuring of his cabinet and the central offices. The restructuring created several new Deputy Chancellor positions, each of whom will head a central division. The divisions are: the Division of Portfolio Planning; the Division of School Support and Instruction (replacing the Division of School Support); the Division of Performance and Accountability (replacing the Division of Accountability and Achievement Resources); the Division for Students with Disabilities and English Language Learners (replacing the Chief Achievement Office); the Division of Operations (replacing the Division of Infrastructure and Planning); the Division of Talent, Labor, and Innovation (replacing the Division of Strategy and Innovation); and the Division of Finance and Technology (replacing the Division of Enterprise Operations). In addition, the Chief Operating Officer of the Department will oversee and coordinate the work of all of the divisions. The realignment of the central offices is to take effect on July 1, 2010.

Table 12
UAs 453 & 454 Central Administration Spending

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010–2011
Personal Services	\$181,021	\$188,951	\$181,062	\$183,133	\$137,176	(\$43,886)
Additional Gross Pay	4,745	4,552	11,861	11,861	11,809	(51)
Fringe Benefits	0	5	0	0	0	0
Full-Time Salaried - Civilian	137,814	152,882	146,921	148,993	103,219	(43,702)
Full-Time Salaried - Pedagogical	31,255	24,517	17,603	17,603	17,606	3
Other Salaried and Unsalaries	6,666	6,435	2,801	2,801	2,745	(56)
Overtime - Civilian	1,754	1,298	1,875	1,875	1,796	(79)
P.S. Other	(1,214)	(738)	0	0	0	0
Other Than Personal Services	\$217,830	\$182,681	\$179,792	\$182,678	\$153,569	(\$26,223)
Contractual Services	153,376	123,360	113,842	114,520	103,325	(10,517)
Fixed and Misc Charges	296	1,993	408	421	408	0
Other Services and Charges	39,460	38,045	25,234	26,658	23,191	(2,043)
Property and Equipment	10,554	5,549	8,858	9,011	8,957	99
Supplies and Materials	14,143	13,734	31,450	32,069	17,688	(13,762)
TOTAL	\$398,851	\$371,632	\$360,854	\$365,812	\$290,745	(\$70,109)
Funding						
City Funds	N/A	N/A	\$248,864	\$253,298	\$217,300	(\$31,564)
Federal – Other	N/A	N/A	34,908	34,755	34,755	(152)
Other Categorical	N/A	N/A	4,487	4,487	4,487	0
State	N/A	N/A	72,595	73,271	34,202	(38,392)
TOTAL	N/A	N/A	\$360,854	\$365,812	\$290,745	(\$70,109)
Headcount						
FT – Non- Peds	2,116	2,103	2,099	2,099	1,423	(676)
FT - Peds	202	193	204	204	204	0
TOTAL	2,318	2,296	2,303	2,303	1,627	(676)

Executive 2011 Financial Plan Changes

- **Extended Use (\$5 million):** By more carefully scheduling the use of school buildings after school hours and increasing collection of use fees the DOE expects to be able to reduce the fees it pays for extended use without impacting service. The DOE has indicated that this PEG will be phased in during Fiscal 2011 for a reduced savings of \$2.5 million.
- **Central and Field Staff Reduction (\$7.7 million):** This PEG would reduce the central and field headcount by 245 positions, or five percent of the workforce. Job reductions would be through layoffs and elimination of vacancies.
- **Central and Field Offices OTPS Efficiencies (\$27.5 million):** The DOE has yet to explain how this PEG will be achieved.
- **Enrollment Support Operations (\$1.7 million):** This reduction would be achieved by reducing staff assigned to assist schools and families with enrollment issues and perhaps by producing fewer enrollment guides and brochures.
- **ARIS Support (\$1.4 million):** Central staff would provide assistance to schools in using the ARIS system would be cut to achieve this savings, although the Financial Plan does not post a corresponding headcount reduction.
- **Technology Operations Streamlining (\$3.2 million):** This cut would be achieved by reducing contracted support for specialized applications and applications development. Many of the applications used by DOE staff are not new and helpdesk and support services are therefore no longer often required.

School Food Services

The Department's Office of School Food runs the Department's breakfast and lunch programs. According to DOE, School Food works to promote healthy food choices by students and maintain high nutritional standards while offering delicious, healthy, and satisfying menu choices. School breakfast is served at every school before school starts and is free and available to any student. Lunch is served in all schools and is priced according to family income. School lunch is supported by the federal government and free and reduced price lunches are offered according to federal income eligibility guidelines. Students whose families' incomes exceed the federal cut off may purchase lunch for \$1.50. Menus for lunch and breakfast are posted in all schools, and are available on-line at <http://www.opt-osfns.org/osfns/>.

Table 13
UAs 439 & 440 School Food Services Spending

<i>Dollars in Thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Exec. Plan	Exec. Plan	2010-2011
Personal Services	\$188,268	\$198,717	\$196,898	\$199,335	\$196,118	(\$781)
Additional Gross Pay	6,492	6,649	700	700	700	0
Fringe Benefits	0	51	0	0	0	0
Full-Time Salaried - Civilian	62,797	66,673	67,019	69,455	77,019	10,000
Other Salaried and Unsalaries	116,882	123,524	127,664	127,664	116,884	(10,781)
Overtime - Civilian	2,097	1,821	1,515	1,515	1,515	0
Other Than Personal Services	\$182,829	\$184,997	\$196,322	\$195,452	\$194,854	(\$1,468)
Contractual Services	18,946	19,591	8,804	8,804	8,804	0
Fixed and Misc Charges	0	0	1,262	1,262	1,262	0
Other Services and Charges	4,985	5,373	36,413	35,914	27,153	(9,260)
Property and Equipment	4,777	4,683	1,231	1,730	1,730	499
Supplies and Materials	154,121	155,349	148,611	147,741	155,904	7,293
TOTAL	\$371,097	\$383,714	\$393,220	\$394,786	\$390,971	(\$2,248)
Funding						
City Funds	N/A	N/A	\$49,731	\$49,731	\$58,819	\$9,088
Federal - Other	N/A	N/A	320,398	322,834	328,702	8,304
State	N/A	N/A	23,091	22,221	3,451	(19,640)
TOTAL	N/A	N/A	\$393,220	\$394,786	\$390,971	(\$2,248)
Headcount						
TOTAL FT - Non- Peds	1,933	1,913	1,769	1,769	1,769	0

Executive 2011 Financial Plan Changes

The Executive Plan targets two PEGs at the school food program. Much of the PEG savings will be offset by cost increases. The above table shows that the food services budget will drop by \$2.2 million next year.

- **School Food Cuts (\$23.7 million):** The DOE plans to reduce spending on school food by reducing the variety of foods served to students and thereby reducing the staff required to prepare meals. DOE expects to eliminate the equivalent of 276 full time food service workers. The staff reductions will save approximately \$20 million. Additional savings will be achieved by cutting the number of schools participating in the Universal School Food program.

School Facilities, Energy & Leases

Funding in UAs 435, 436, and 444 supports the DOE's building maintenance and custodial operations, pays for utilities, and pays for leases.

Table 14
UAs 435, 436 School Facilities & 444 Energy and Leases Spending

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010–2011
Personal Services	\$408,179	\$412,963	\$394,417	\$400,683	\$391,372	(\$3,044)
Additional Gross Pay	8,398	1,322	350	350	250	(100)
Fringe Benefits	2,288	2,216	1,000	1,000	1,000	0
Full-Time Salaried - Civilian	60,972	61,329	51,295	57,562	57,351	6,056
Other Salaried and Unsalariated	333,135	345,683	339,793	339,793	330,793	(9,000)
Overtime - Civilian	3,385	2,414	1,978	1,978	1,978	0
Other Than Personal Services	\$559,039	\$729,914	\$592,921	\$615,839	\$616,649	\$23,728
Contractual Services	137,165	144,565	119,859	137,645	112,379	(7,480)
Fixed and Misc Charges	0	158,546	0	1,386	1,384	1,384
Other Services and Charges	2,418	7,781	7,372	7,422	7,357	(15)
Other Services and Charges (UA 444)	325,738	350,485	399,167	381,548	404,248	5,080
Property and Equipment	362	336	139	600	550	411
Supplies and Materials	27,412	24,846	22,956	24,943	27,095	4,139
Supplies and Materials (UA 444)	65,942	43,355	43,428	62,296	63,637	20,209
TOTAL	\$967,218	\$1,142,877	\$987,338	\$1,016,522	\$1,008,021	\$20,683
Funding						
<i>City Funds</i>	N/A	N/A	\$785,046	\$787,411	\$805,480	\$20,435
<i>Federal – CD</i>	N/A	N/A	10,000	7,805	5,000	(5,000)
<i>Federal-Other</i>	N/A	N/A	0	0	4,000	4,000
<i>Intra City</i>	N/A	N/A	673	4,958	673	0
<i>Other Categorical</i>	N/A	N/A	8,000	30,500	8,000	0
<i>State</i>	N/A	N/A	183,619	185,848	184,868	1,248
TOTAL	N/A	N/A	\$987,338	\$1,016,522	\$1,008,021	\$20,683
Full-Time Positions - Civilian	845	757	673	673	666	(7)

Executive 2011 Financial Plan Changes

The Executive Plan includes several adjustments related to facilities spending. Increasing fuel costs triggered a \$20.2 million increase in Fiscal 2011, while a drop in projected spending on heat and power is reflected in a \$10.7 million reduction. Lease cost increases total \$23.5 billion in Fiscal 2011.

- **Facilities PEG:** School facilities is subject to a \$6.3 million budget cut in the Executive Plan. These savings will be achieved by eliminating seven positions and by reducing the amount of repair work performed. The Adopted Budget for Fiscal 2010 also included a school facilities PEG. The DOE had explained that the Fiscal 2010 PEG would allow the Department to complete only emergency repairs. The DOE has explained that the school facilities will now trim the remaining excess in the division.

- **Custodian Cut:** In the Adopted Budget for Fiscal 2010 the City Council partially restored a PEG on school custodians. The \$4 million restoration was intended to prevent job cuts among custodians' employees. This PEG remains in the baselined Fiscal 2011 budget for custodians.

Pupil Transportation

According to the City's budget, funding budgeted in UA 438 supports the safe, reliable and efficient transportation service for the students of New York City. Almost 500,000 students take advantage of DOE-provided transportation services each school day. Services include door-to-door bus transportation for special education student in need of such, and stop-to-school yellow bus transportation for elementary school qualifying students. Older students receive free passes for common carrier bus and train lines. These include New York City Transit buses and trains and Staten Island Rapid Transit trains. Funding included in UA 438 does not include all of the DOE's spending on student transportation. Additional student transportation services are budgeted in UA 470 – Special Education Pre-K and other UAs, and administrative costs, including the Office of Pupil Transportation, associated with transportation are budgeted in the central administration UAs.

Table 15
UAs 438 Pupil Transportation Spending

<i>Dollars in Thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Exec. Plan	Exec. Plan	2010–2011
Other Than Personal Services						
Contractual Services	\$873,876	\$883,758	\$906,470	\$912,861	\$912,413	\$5,943
Fixed and Misc Charges	83,712	79,451	86,042	89,377	89,377	3,335
Other Services and Charges	3,046	2,922	2,719	4,622	4,622	1,902
Property and Equipment	393	409	502	1,929	1,929	1,427
Supplies and Materials	5,851	1,921	9,252	3,252	3,323	(5,929)
TOTAL	\$966,878	\$968,460	\$1,004,986	\$1,012,041	\$1,011,664	\$6,678
Funding						
<i>City Funds</i>	N/A	N/A	\$366,905	\$366,905	\$377,397	\$10,492
<i>Other Categorical</i>	N/A	N/A	300	300	300	0
<i>State</i>	N/A	N/A	637,781	644,836	633,967	(3,814)
TOTAL	\$966,878	\$968,460	\$1,004,986	\$1,012,041	\$1,011,664	\$6,678

The Executive Budget includes one PEG aimed at reducing bussing costs by \$3.4 million. The DOE plans to achieve this savings by eliminating bussing waivers for 7th and 8th grade students.

School Safety

The Department has, in essence, contracted-out its school security services to the New York City Police Department. The Department pays the NYPD via an intra-city payment to provide security services at all public schools. The security personnel who work in the schools are employees of the Police Department, not the DOE. A Memorandum of Understanding between the two departments outlines the Police Department's roles in securing the schools. The cost of the service to the DOE will approach \$300 million next year. The increase shown in the School Safety Spending table is due to a collective bargaining increase for certain of the NYPD's employees who work in the school safety division. The Executive Plan includes no initiatives related to School Safety.

Table 16
UA 442 School Safety Spending

<i>Dollars in Thousands</i>	2008	2009	2010	2010	2011	Difference
	Actual	Actual	Adopted	Exec. Plan	Exec. Plan	2010–2011
Other Than Personal Services						
Other Services and Charges	\$204,086	\$217,002	\$290,137	\$290,167	\$295,621	\$5,484
TOTAL	\$204,086	\$217,002	\$290,137	290,167	295,621	5,484
Funding						
<i>City Funds</i>	N/A	N/A	\$290,137	\$290,167	\$295,621	\$5,484
TOTAL	N/A	N/A	\$290,137	\$290,167	\$295,621	\$5,484

Special Education Pre-Kindergarten

The Department provides special education instructional services and related therapeutic services to pre-kindergarten aged children through contracts with non-public schools and private providers. None of the services funded in UA 470 are directly provided by DOE. The DOE also provides door-to-door bus transportation for these children.

Table 17
UA 470 Special Education Pre-Kindergarten Contract Payments

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010-2011
Other Than Personal Services						
669-Transportation of Pupils	\$86,464	\$91,428	\$134,962	\$134,962	\$147,887	\$12,925
670-Pay. to Contract Schools	353,571	401,398	410,636	471,300	531,874	121,238
685-Direct Education Services	197,813	246,470	219,055	232,290	269,553	50,498
Contractual Services TOTAL	\$637,848	\$739,296	\$764,657	\$838,553	\$949,313	\$184,656
Funding						
<i>City Funds</i>	N/A	N/A	\$317,173	\$348,920	\$403,432	\$86,259
<i>Other Categorical</i>	N/A	N/A	318	318	318	0
<i>State</i>	N/A	N/A	447,166	489,315	545,563	98,397
TOTAL	N/A	N/A	\$764,657	\$838,553	\$949,313	\$184,656

UA 470 includes three contractual service components as displayed above in Table 24. Spending on all three is projected to increase next year by a collective \$184.7 million, bring the special education pre-Kindergarten spending plan just to the \$1 billion threshold. This tremendous budget increase is driven by rising estimates of tuition and related services costs and student enrollment. The accuracy of these estimates, however, rests on a set of assumptions about average per capita tuition rates and service fees, historical trends, and enrollment. While special education spending has continued to trend upward during the past several years, the budget projects have often assumed overly large growth rates. Without more thorough back up data to test the assumptions that underlie this budget, it is difficult to accept that the Fiscal 2011 projections are accurate.

Charter/Contract/ Foster Care

Funding budgeted in UA 472 provides for the payments to charter schools, in-state and out-of-state contract schools, Carter cases, and non-resident tuition for foster care placements. Charter schools are privately operated schools that run under a charter issued by either the DOE, the State Education Department or the State University of New York. They are considered public schools, but they are funded through the DOE's contractual services budget. Contract schools are private schools authorized by the State to provide special education instructional services and related therapies to children with conditions or disabilities who cannot be appropriately served by the City's public schools. Carter Cases refer to cases in which the DOE reimburses parents for tuition costs at any private school after making a showing that the public school placement is inadequate. Finally, UA 472 includes funding to pay for schooling provided to foster care children placed outside the New York City school district.

Table 18
UA 472 Charter/Contract/Foster Care Payments

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010–2011
Other Than Personal Services						
Contractual Services	\$609,205	\$740,721	\$823,248	\$869,921	\$1,034,329	\$211,081
Fixed and Misc Charges	25,821	23,585	30,597	30,597	30,597	0
TOTAL	\$635,026	\$764,305	\$853,845	\$900,518	\$1,064,926	\$211,081
Funding						
<i>City Funds</i>	N/A	N/A	\$609,881	\$656,554	\$792,629	\$182,748
<i>State</i>	N/A	N/A	243,964	243,964	272,297	28,333
TOTAL	N/A	N/A	\$853,845	\$900,518	\$1,064,926	\$211,081
Charter School Spending	\$211,858	\$310,882	\$417,884	\$417,884	\$545,223	\$127,339
Carter Cases	\$144,142	\$145,179	\$96,228	\$142,901	\$151,228	\$55,000
In-State Contract Schools	\$212,012	\$247,133	\$262,993	\$262,993	\$294,780	\$31,787

Like UA 470, spending on Charter Schools, Contracts Schools, Carter Cases, and education for children in foster care is largely uncontrollable. UA 472 is expected to rise by \$211.1 million next year. This projected increase is lower than the increase carried in the January Plan. The Executive Budget lowers the Charter School budget for Fiscal 2011 by \$25 million, and the Carter Cases budget by \$45 million. Out-of-State Contract School spending growth is cut by \$7 million in this Plan. Only the Out-of-State Contract School spending is expected to decline year over year, however.

Charter schools are paid on a per capita basis by the DOE for all of the children they enroll, but the State sets the payment rate. The rate for Fiscal 2010 is \$12,443 per student and the Executive Financial Plan projects that it will remain the same in Fiscal 2011. The Plan assumes that Charter school enrollment will grow from 30,519 children to 39,932 students next year.

Contract schools are private schools that enroll students who have conditions that public schools cannot accommodate within public school settings. The so-called contract schools are authorized by the State to serve children, and DOE pays the associated tuition costs according to a fee schedule determined by the State. Contract schools are located within and outside of New York State. In-State contract school spending will rise to \$293.8 million, and out-of-state contract school spending will be \$31.7 million. Cost increases drive budget growth in this area.

Carter Cases are budgeted here, and are one of the major cost drivers in the DOE's budget. Carter Cases are the lawsuits brought by parents seeking reimbursement for tuition payments made on behalf of their children to attend private school. These cases stem from disagreements over whether public school placements are appropriate. When the DOE fails to prove that Carter Case children can be accommodated in public schools or in contract schools, the DOE must repay families for tuition payments when ordered to do so by a court. The DOE expects that it will spend about \$151.2 million on Carter Cases next year; spending this year will total \$149.2 million. This spending growth is considerable, especially in comparison to the Adopted Fiscal 2009 Carter Case budget of \$35.4 million.

Non-Public Schools & FIT

The DOE passes State aids for textbooks, library books, data processing supplies, and other school supplies to non-public schools. The Department also provides support for the Fashion Institute of Technology. Of the \$71.1 million budgeted in UA 474, \$45.4 million will support FIT, and the remaining \$25.7 million will support non-public schools in the City. The budget increase of \$7.2 million is associated with an increase in support for FIT. The DOE does not control the amount of funding budgeted in UA 474; all of the allocations are formulaic pass-throughs required by the State. The Executive Budget includes no initiatives related to UA 474.

Table 19

UA 474 Non-Public Schools & FIT

<i>Dollars in Thousands</i>	2008 Actual	2009 Actual	2010 Adopted	2010 Exec. Plan	2011 Exec. Plan	Difference 2010–2011
Other Than Personal Services						
Fixed and Misc Charges	\$37,947	\$38,197	\$38,197	\$45,544	\$45,374	\$7,177
Property and Equipment	19,499	19,667	21,364	21,364	21,364	0
Supplies and Materials	3,646	3,576	4,409	4,409	4,409	0
TOTAL	\$61,092	\$61,440	\$63,969	\$71,317	\$71,146	\$7,177
Funding						
<i>City Funds</i>	N/A	N/A	\$60,923	\$68,271	\$68,100	\$7,177
<i>State</i>	N/A	N/A	3,046	3,046	3,046	0
TOTAL	N/A	N/A	\$63,969	\$71,317	\$71,146	\$7,177

Appendix A: Budget Actions Since Fiscal Year 2010 Adoption

<i>Dollars in thousands</i>	FY 2010			FY 2011		
	City	Non-City	Total	City	Non-City	Total
DOE Budget as per the June 2010 Plan	\$7,374,934,835	\$11,006,136,256	\$18,381,071,091	\$7,909,444,942	\$11,457,793,824	\$19,367,238,766
Program to Eliminate the Gap (PEGs)						
CEO Program	(\$240,000)	\$0	(\$240,000)	(\$300,000)	\$0	(\$300,000)
CSA CB Recalculation - City	(1,115,998)	0	(1,115,998)	(11,086,768)	0	(11,086,768)
CSA CB Recalculation - Federal	(414,950)	0	(414,950)	(4,122,282)	0	(4,122,282)
Reduce Managerial Raises	(12,000,000)	0	(12,000,000)	(6,231,861)	0	(6,231,861)
CB Savings Redirected to 424 and 472	46,672,919	0	46,672,919	39,848,288	0	39,848,288
UFT CB Recalculation - City	(71,297,976)	0	(71,297,976)	(160,825,288)	0	(160,825,288)
UFT CB Recalculation - Federal	(26,510,011)	0	(26,510,011)	(59,798,052)	0	(59,798,052)
CSA CB Recalculation - State	(743,999)	743,999	0	(7,391,179)	7,391,179	0
UFT CB Recalculation - State	(47,531,984)	47,531,984	0	(107,216,858)	107,216,858	0
ARIS Support	0	0	0	0	(1,400,000)	(1,400,000)
Central Admin. OTPS Reduction	0	0	0	0	(7,669,723)	(7,669,723)
Central & Field Efficiency OTPS Savings	0	0	0	0	(24,958,600)	(24,958,600)
Enrollment Support Operations	0	0	0	0	(1,700,180)	(1,700,180)
Extended use	0	0	0	0	(5,000,000)	(5,000,000)
Facility & Infrastructure Reduction	0	0	0	0	(6,361,117)	(6,361,117)
Food Services Efficiencies	0	0	0	0	(23,650,000)	(23,650,000)
Learn To Work	0	0	0	0	(3,000,000)	(3,000,000)
Reduce Training Opportunities	0	0	0	0	(346,752)	(346,752)
Reduce Transportation Expenditures	0	0	0	0	(3,400,000)	(3,400,000)
Reduce Central and Field Admin Staff	0	0	0	0	(8,409,957)	(8,409,957)
Reduce General PS Budget	0	0	0	0	(2,100,000)	(2,100,000)
Restructure School Support	0	0	0	0	(6,800,000)	(6,800,000)
School Budget Cuts	0	0	0	0	(343,898,671)	(343,898,671)
Summer Special Education	0	0	0	0	(51,000,000)	(51,000,000)
Technology Operations Streamlining	0	0	0	0	(3,225,000)	(3,225,000)
Total PEGs	(\$113,181,999)	\$48,275,983	(\$64,906,016)	(\$317,124,000)	(\$378,311,963)	(\$695,435,963)
New Needs						
HIP HMO Rate Increase	\$3,499,000	\$0	\$3,499,000	\$24,093,000	\$0	\$24,093,000
HIP Rate Increase	2,959,000	0	2,959,000	20,388,000	0	20,388,000
Total New Needs	\$6,458,000	\$0	\$6,458,000	\$44,481,000	\$0	\$44,481,000
Other Adjustments						
ARRA IDEA 619	\$0	\$7,295,763	\$7,295,763	\$0	\$0	\$0
ARRA IDEA 611	0	604,886	604,886	0	604,886	604,886
ARRA IDEA 619 (Pre-K)	0	0	0	0	7,295,763	7,295,763
ARRA McKinney-Vento	0	4,936,367	4,936,367	0	0	0
ARRA State Deficit Reduction Assessment	0	0	0	0	(128,897,076)	(128,897,076)
ARRA Technical Adjustment	0	0	0	0	(70,121,226)	(70,121,226)
CD Backpay Adj	5,768,139	0	5,768,139	0	0	0
CD ARRA Redistribution	0	(523,013)	(523,013)	0	0	0
CEO Programs	(150,000)	0	(150,000)	948,000	0	948,000

<i>Dollars in Thousands</i>	Fiscal 2010			Fiscal 2011		
	City	Non-City	Total	City	Non-City	Total
DSF Revenue	\$0	\$22,500,000	\$22,500,000	\$0	\$0	\$0
FIT Collective Bargaining	7,347,843	0	7,347,843	7,427,065	0	7,427,065
DOE	0	17,417	17,417	0	0	0
Technical Adj.	1,248,000	0	1,248,000	0	0	0
Health Benefits Agreement Savings	(17,669,389)	0	(17,669,389)	(18,465,076)	0	(18,465,076)
Health Benefits Agreement	0	40,940,804	40,940,804	0	0	0
WEP Intracity	0	126,500	126,500	0	0	0
School Wellness	0	12,500	12,500	0	0	0
Metering Pilot	0	50,000	50,000	0	0	0
School Nurse Service ItraCity	0	4,600,000	4,600,000	0	0	0
School Wellness IntraCity	0	7,000	7,000	0	0	0
Kitchen Equipment	0	2,126,865	2,126,865	0	0	0
Teacher Centers	0	16,800,000	16,800,000	0	0	0
Teacher Mentor	0	886,000	886,000	0	0	0
Mobility Tax	0	421,257	421,257	0	(77,309)	(77,309)
SBS & DOE ARRA Programs	0	1,782,200	1,782,200	0	0	0
School Safety CB	30,245	0	30,245	30,245	0	30,245
State Aid Technical Adj.	0	19,261,135	19,261,135	0	(166,484,644)	(166,484,644)
CSA CB Adj. State Aid	0	(743,999)	(743,999)	0	(7,391,179)	(7,391,179)
UFT CB Adj. State Aid	0	(47,531,984)	(47,531,984)		(107,216,858)	(107,216,858)
UFT&CSA CB - CTL for Federal Portion	49,583,988	0	49,583,988	114,234,049	0	114,234,049
Beacon Opening Fees	386,816	610,000	996,816	0	0	0
Additional ECF Revenue	0	0	0	0	32,000,000	32,000,000
Teaching Center Cut -SDRA	0	(2,086,786)	(2,086,786)	0	0	0
ARRA Title I re-estimate	0	19,132,507	19,132,507	0	19,132,507	19,132,507
ARRA Boiler Fuel Catalysts & CD	0	69,735	69,735	0	4,000,000	4,000,000
FY10 Council Funds	9,500	0	9,500	0	0	0
Generator Plan	0	920,898	920,898	0	0	0
Expense-based State aid adjustment	0	435,868	435,868	0	0	0
GED Testing Initiative	0	95,000	95,000	0	0	0
Go Pass (NYC Service)	537,000	0	537,000	0	0	0
Fuel	9,868,128	0	9,868,128	20,209,300	0	20,209,300
Heat, Light and Power	(8,619,823)	0	(8,619,823)	(10,651,303)	0	(10,651,303)
Intra-City	0	2,989,734	2,989,734	0	0	0
IDEA Technical Adj.	0	14,872,617	14,872,617	0	0	0
Middle School Mentors (NYC Service)	22,250	0	22,250	0	0	0
Mobility Tax	0	(743,247)	(743,247)	0	(2,584,106)	(2,584,106)
PLANYC Energy	0	3,364,654	3,364,654	0	0	0
Reading First Phase-Out	0	(5,146,983)	(5,146,983)	0	(14,751,306)	(14,751,306)
SE Pre-K State Revenue	0	42,148,766	42,148,766	0	63,400,190	63,400,190
State Health Surcharge	0	0	0	0	3,593,000	3,593,000
Surplus Roll	(40,957,687)	0	(40,957,687)	40,957,687	0	40,957,687
Technical Adjustments - Exec Plan	0	(17,107,056)	(17,107,056)	0	(36,541,015)	(36,541,015)
Title IV Phase Out	0	(5,498,797)	(5,498,797)	0	(16,337,694)	(16,337,694)

<i>Dollars in Thousands</i>	Fiscal 2010			Fiscal 2011		
	City	Non-City	Total	City	Non-City	Total
Title V Elimination	\$0	(\$590,678)	(\$590,678)	\$0	(\$3,558,475)	(\$3,558,475)
Total Other Adjustments	\$7,405,010	\$127,035,930	\$134,440,940	\$154,689,967	(\$423,934,542)	(\$269,244,575)
Total Changes	(\$99,318,989)	\$175,311,913	\$75,992,924	(\$117,953,033)	(\$802,246,505)	(\$920,199,538)
Agency Budget as per the Executive FY 2011 Plan	\$7,275,615,846	\$11,181,448,169	\$18,457,064,015	\$7,791,491,909	\$10,655,547,319	\$18,447,039,228

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