



New York City Council

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

Department of Education

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Committee on Education

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Summary and Highlights

Table 1
Department of Education
(dollars in thousands)

| | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Preliminary | Difference 2010 – 2011* |
|------------------------------|------------------------|-------------------------|---------------------------|-----------------------------|------------------------------------|
| Personal Services | \$12,508,813 | \$13,003,964 | \$12,819,580 | \$12,809,629 | (\$194,335) |
| Other than Personal Services | 5,397,684 | 5,377,107 | 5,619,813 | 6,011,374 | 634,267 |
| Total | \$17,906,497 | \$18,381,071 | \$18,439,393 | \$18,821,002 | \$439,931 |

**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 Preliminary Budget.*

The Preliminary Plan introduces a variety of budget cuts and other adjustments that produce an overall \$440 million increase in the Department's budget since the Fiscal 2010 budget was adopted. The DOE's budget will grow to \$18.82 billion next year from \$18.31 billion last June. All of the growth is in the other-than-personal-services ("OTPS") budget, which is projected to grow by \$634.3 million or 12 percent. Given the City's efforts to curtail budget growth and limit spending generally, and the DOE's multiple rounds of budget cuts included in the last several Financial Plans, the growth in OTPS spending is tremendous. This growth is driven primarily by increased spending on special education services. Projected pupil transportation cost increases also contribute to OTPS growth. (See Table 2 on page 4.)

Personal Services ("PS") spending, on the other hand, is projected to fall by almost \$200 million. Service reductions will be necessary to produce this drop, as employee wages continue to climb. The Preliminary Plan registers a reduction of 456 non-pedagogical positions and 15 pedagogical positions. However, this headcount drop is associated with administrative spending, it does not correspond to the over \$232 million drop in personal spending by schools. Budget cuts or PEGs introduced in the Preliminary Plan total \$113.2 million in Fiscal 2010 and \$316.8 million in Fiscal 2011.

Education related spending includes more than just the DOE's budget, however. The two greatest categories of education spending budgeted outside of the DOE's agency budget are pensions and debt-service, which will total \$4.35 billion next year and comprise a significant financial obligation of the City. Both will continue to escalate in Fiscal 2011. Pension spending will grow by \$212.5 million and debt service spending will increase by \$95.4 million. Other non-DOE education related costs included in the City's budget are fringe benefits costs of \$171.3 million, judgments and claims of \$46 million, and legal services totaling \$17.5 million.

Considering the non-Departmental components of the education budget, the City will spend about \$23.17 billion on the public school system next year, up from \$22.5 billion this year. This amounts to 36.4 percent of the City's entire \$63 billion expense budget for Fiscal 2011. The overall increase is funded with a \$409.5 million boost in City funds and a \$261.2 million increase in State aids, which are offset by a \$167.2 million drop in federal funds.

Fiscal 2011 Preliminary Plan Highlights

- **PEGS:** The January Plan includes 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 Department’s collective bargaining reserve for Fiscal 2011 now includes funding sufficient to award a four percent wage increase in each of the first two-years of the next collective bargaining agreements with the UFT and CSA. If adopted, the PEG would lower the reserve.

Lowering the projected wage increases for the Department’s teachers and principals allows the DOE to avoid imposing additional service 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 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.

- **Contingency Plan:** If the Governor’s proposed State Budget for 2010-2011 were adopted, the Department would face a state revenue reduction of \$492.9 million. Such a reduction could require the DOE to eliminate as many as 8,519 teaching jobs, 1,500 through attrition and 7,019 through lay offs. Since the Governor’s Executive Budget for 2010-2011 was released, the State has identified an additional revenue shortfall of about \$800 million, which could force even steeper cuts to the State school aids that support the City’s public schools. (See page 5.)
- **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 registers 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 January Plan budget for Fiscal 2011 differs from the Adopted Budget for Fiscal 2010. To demonstrate the relative sizes of each of the DOE’s UAs, the final column shows the percentage of the DOE’s budget devoted to each area.

The funding section of Table 2 shows how the functions of the agency are financially supported. The State funds almost 45 percent of the Department’s operations, while the City carries about 41 percent. If one were to combine the funding summaries for the DOE’s expense and the City’s education-related pension and debt service spending the split between City and State funding would be about equal. 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.

Table 2
Department of Education Budget Summary
Dollars in Thousands

| | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Current | 2011 Jan Plan | *Difference 2010–2011 | Percent of 2011 |
|---|------------------------|------------------------|-------------------------|-------------------------|--------------------------|----------------------------------|----------------------------|
| Budget by Unit of Appropriation | | | | | | | |
| 401-GE Instr. & Sch Leadership – PS | \$5,462,568 | \$5,767,430 | \$5,350,163 | \$5,656,806 | \$5,365,397 | \$15,234 | 28.51% |
| 402- GE Instr. & Sch Leadership - OTPS | \$650,692 | \$631,802 | \$471,413 | \$531,750 | \$556,526 | \$85,113 | 2.96% |
| 403-SE Instr. & Sch Ldrshp - PS | \$1,042,235 | \$1,143,228 | \$1,382,402 | \$1,034,779 | \$1,039,742 | (\$342,659) | 5.52% |
| 404-SE Instr. & Sch Ldrshp - OTPS | \$3,338 | \$3,695 | \$6,424 | \$6,424 | \$6,825 | \$401 | 0.04% |
| 481-Categorical Programs PS | \$1,270,713 | \$1,249,527 | \$1,504,630 | \$1,503,437 | \$1,511,486 | \$6,856 | 8.03% |
| 482-Categorical Programs OTPS | \$772,537 | \$710,535 | \$708,131 | \$747,766 | \$710,320 | \$2,189 | 3.77% |
| 415-School Support Org. – PS | \$191,485 | \$202,264 | \$188,658 | \$188,658 | \$188,732 | \$734 | 1.00% |
| 416-School Support Org. –OTPS | \$21,945 | \$17,401 | \$20,204 | \$20,204 | \$20,204 | \$0 | 0.11% |
| 421-Citywide SE - PS | \$890,613 | \$945,900 | \$1,000,859 | \$928,964 | \$938,964 | (\$61,895) | 4.99% |
| 422-Citywide SE - OTPS | \$189,789 | \$227,246 | \$224,305 | \$294,305 | \$324,154 | \$99,848 | 1.72% |
| 423-SE Inst. Support –PS | \$216,252 | \$233,988 | \$291,360 | \$219,465 | \$229,465 | (\$61,895) | 1.22% |
| 424- SE Inst. Support-OTPS | \$173,160 | \$212,647 | \$200,890 | \$270,890 | \$300,739 | \$99,848 | 1.60% |
| 435-School Facilities - PS | \$408,179 | \$412,963 | \$394,417 | \$399,383 | \$395,360 | \$943 | 2.10% |
| 436-School Facilities - OTPS | \$167,358 | \$336,074 | \$150,326 | \$166,710 | \$150,094 | (\$232) | 0.80% |
| 438-Pupil Transportation - OTPS | \$966,878 | \$968,460 | \$1,004,986 | \$1,004,986 | \$1,059,281 | \$54,295 | 5.63% |
| 439-School Food Services - PS | \$188,268 | \$198,717 | \$196,898 | \$196,898 | \$196,898 | \$0 | 1.05% |
| 440-School Food Services - OTPS | \$182,829 | \$184,997 | \$196,322 | \$196,322 | \$222,073 | \$25,751 | 1.18% |
| 442-School Safety - OTPS | \$204,086 | \$217,002 | \$290,137 | \$290,167 | \$295,621 | \$5,484 | 1.57% |
| 444-Energy & Leases - OTPS | \$391,680 | \$393,840 | \$442,595 | \$442,595 | \$434,845 | (\$7,750) | 2.31% |
| 453-Central Administration - PS | \$181,020 | \$188,951 | \$181,062 | \$181,562 | \$144,731 | (\$36,330) | 0.77% |
| 454-Central Administration - OTPS | \$217,830 | \$182,681 | \$179,792 | \$182,091 | \$181,083 | \$1,291 | 0.96% |
| 470-SE Pre-K Contracts - OTPS | \$637,848 | \$739,296 | \$764,657 | \$764,657 | \$839,276 | \$74,618 | 4.46% |
| 472-Charter/Contract/Foster Care - OTPS | \$635,026 | \$764,305 | \$853,845 | \$900,518 | \$1,139,926 | \$286,081 | 6.06% |
| 474-Non-Public School and FIT - OTPS | \$61,092 | \$61,440 | \$63,969 | \$71,317 | \$71,146 | \$7,177 | 0.38% |
| 461-Fringe Benefits - PS | \$2,216,628 | \$2,314,142 | \$2,484,103 | \$2,512,583 | \$2,678,550 | \$194,447 | 14.23% |
| 491-Collective Bargaining | \$22,396 | \$41,156 | \$320,773 | \$216,510 | \$349,766 | \$28,994 | 1.86% |
| Total Department | \$16,977,034 | \$17,903,053 | \$18,381,071 | \$18,439,393 | \$18,821,002 | \$439,931 | 100.00% |
| City Funds | NA | NA | \$7,374,935 | \$7,311,411 | \$7,720,888 | \$345,953 | 41.02% |
| Other Categorical | NA | NA | \$62,970 | \$126,411 | \$62,970 | \$0 | 0.33% |
| State | NA | NA | \$8,178,277 | \$8,069,062 | \$8,439,476 | \$261,199 | 44.84% |
| Federal-CD | NA | NA | \$10,000 | \$9,477 | \$5,000 | (\$5,000) | 0.03% |
| Federal-Other | NA | NA | \$2,746,105 | \$2,907,652 | \$2,583,884 | (\$162,221) | 13.73% |

| Department of Education Budget Summary (cont'd) | | | | | | | |
|--|------------------------|------------------------|-------------------------|-------------------------|--------------------------|----------------------------------|----------------------------|
| | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Current | 2011 Jan Plan | *Difference 2010-2011 | Percent of 2011 |
| Intra-City | NA | NA | \$8,784 | \$15,379 | \$8,784 | \$0 | 0.05% |
| TOTAL | \$16,977,034 | \$17,903,053 | \$18,381,071 | \$18,439,393 | \$18,821,002 | \$439,931 | 100.00% |
| Positions | | | | | | | |
| FT Pedagogical Positions | 112,852 | 112,993 | 111,993 | 111,993 | 111,978 | (15) | |
| FT Non-Pedagogical Positions | 10,760 | 10,733 | 9,859 | 9,859 | 9,403 | (456) | |
| TOTAL | 123,612 | 123,726 | 121,852 | 121,852 | 121,381 | (471) | |

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 City's Financial Plan now assumes that the DOE will receive \$5.74 billion in Foundation Aid this year, and \$6.19 billion next year.

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.

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 | \$2,000 |
| 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 | \$25,510 |
| Local Initiatives | \$1,772 |
| TOTAL | \$27,282 |

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 8);
2. Special Education (page 17);
3. Fringe Benefits and Collective Bargaining (page 19);
4. School Support Services (page 20);
5. Central Administration (page 21);
6. School Food Services (page 23);
7. School Facilities, Energy and Leases (page 25);
8. Pupil Transportation (page 27);
9. School Safety (page 29);
10. Special Education Pre-Kindergarten (page 31);
11. Charters/Contract/Foster Care (page 33); and
12. Non-Public Schools and FIT (page 35).

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 Preliminary Plan are discussed as are spending trends. Some of the critical performance indicators included in the *Mayor's Management Report* related to the DOE are displayed.

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>.

Citywide, spending on public schools will total about \$9.19 billion next year, approximately \$232.9 million less than had been budgeted for Fiscal 2010 at adoption, as displayed in Table 4. For consistency in presentation, the Fiscal 2010 Adopted Budget is compared to the Fiscal 2011 Preliminary Budget. However, as a practical matter, a comparison of the Fiscal 2010 budget for public schools as of the January Plan to the projected budget for next year makes more sense. 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. When a fiscal year ends and all school expenditures have been recorded, the UAs for schools are in complete alignment with school-level budgets.

During the course of this school year, as principals established their school budgets, it became apparent that UA 403 – Special Education Instruction & School Leadership - PS was overfunded while UA 401 – General Education Instruction & School Leadership - PS was underfunded. UA 403 has dropped considerably since adoption, and most of that \$342 million drop has been shifted into UA 401, and has therefore left schools' funding relatively steady during this year. (Compare 2010 Adopted to 2010 Jan. Plan.)

The projection for next year, however, is that school budgets will suffer a \$232.9 million overall cut. This cut will fall almost entirely on PS in general education instruction and school leadership (compare UA401 for 2010 Preliminary Plan and UA 401 for 2011 Preliminary Plan). The drop will continue the redistribution of the DOE's resources towards special education and away from general education. Special Education spending by schools is not expected to fall in Fiscal 2011. The estimate for special education stems from the expectation that placements in special education will continue to grow, the average mix of services will continue to richen, and from the recognition that special education services are mandated and thus immune from the budget axe.

The school cuts projected for Fiscal 2011 are not associated with PEGs or budget cuts introduced in the City's Preliminary Financial Plan for Fiscal 2011. The drop results principally from three actions. First, in the Adopted Budget for Fiscal 2010, the City added \$100 million in City funds to UA 401 because the school PEGs in the Fiscal 2010 budget were determined to be too steep. The \$100 million was transferred from Carter Cases (see p. 32) to schools but was not carried forward into Fiscal 2011, thus leaving a gap for schools next year. Second, the State has pulled \$128.9 million in federal stimulus funding out of the DOE's Fiscal 2011 allocation to fill a hole in the State's budget this year. Alignment of the DOE's budget for stimulus funding in UA 401 with the State's budget required a further reduction of \$70.1 million in UA 401

for Fiscal 2011. Finally, a re-estimate of State school aids for next year has produced an additional \$166.5 million drop in funding in UA 401.

**Table 4
Public Schools Budget Summary**

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|--------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|
| GE Instr. & School Ldrshp | \$6,113,260 | \$6,399,232 | \$5,821,576 | \$6,188,556 | \$5,921,924 | \$100,348 |
| UA 401 - PS | 5,462,568 | 5,767,430 | 5,350,163 | 5,656,806 | 5,365,397 | 15,235 |
| UA 402 - OTPS | 650,692 | 631,802 | 471,413 | 531,750 | \$556,526 | 85,113 |
| SE Instr. & School Ldrshp | \$1,045,573 | \$1,146,923 | \$1,388,826 | \$1,041,203 | \$1,046,567 | (\$342,258) |
| UA 403 - PS | 1,042,235 | 1,143,228 | 1,382,402 | 1,034,779 | 1,039,742 | (342,659) |
| UA 404 - OTPS | 3,338 | 3,695 | 6,424 | 6,424 | 6,825 | 401 |
| Categorical Programs | \$2,043,250 | \$1,960,062 | \$2,212,761 | \$2,251,203 | \$2,221,806 | \$9,045 |
| UA 481 – PS | 1,270,713 | 1,249,527 | 1,504,630 | 1,503,437 | 1,511,486 | 6,856 |
| UA 482 - OTPS | 772,537 | 710,535 | 708,131 | 747,766 | 710,320 | 2,189 |
| TOTAL SCHOOL FUNDING | \$9,202,083 | \$9,506,217 | \$9,423,163 | \$9,480,962 | \$9,190,297 | (\$232,866) |

The four-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 \$315 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. The growth shown in Table 5 below is actually smaller than the growth in class sizes that the DOE had expected to see given the magnitude of the school cuts. 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>.)

**Table 5
Performance Measures**

| | FY 07 | FY 08 | FY 09 | 4-Month Actual FY10 | Target FY 10 |
|--------------------|-------|-------|-------|---------------------------|-----------------|
| Average class size | | | | | |
| - Kindergarten | 20.7 | 20.6 | 20.7 | 21.7 | * |
| - Grade 1 | 21.3 | 21.1 | 21.3 | 22.0 | * |
| - Grade 2 | 21.1 | 21.1 | 21.4 | 22.2 | * |
| - Grade 3 | 21.3 | 21.0 | 21.9 | 22.5 | * |
| - Grade 4 | 23.9 | 23.5 | 23.4 | 24.4 | * |
| - Grade 5 | 25.0 | 24.1 | 24.2 | 24.7 | * |
| - Grade 6 | 26.0 | 25.5 | 25.6 | 25.8 | * |
| - Grade 7 | 27.2 | 26.2 | 26.5 | 26.6 | * |
| - Grade 8 | 27.2 | 26.6 | 26.8 | 27.4 | * |

School Headcount

Table 6 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 8,683 part-time positions could represent many thousands more people who work in schools. This headcount table shows that public schools had the equivalent of 109,303 jobs in November 2009. In June 2008 there were 116,438 school employees, 103,183 of whom were pedagogs. This drop of 6,002 pedagogs 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 6
Department of Education School Headcount Actuals as of November 2009

| 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 | 58,261 | 1,562 | 2,423 | 62,246 | 380 | 52 | 7,306 | 7,738 | 60,203 | 9,781 | 69,984 |
| 401-Reimbursable | 4,020 | 242 | 13 | 4,275 | 30 | - | 231 | 261 | 4,292 | 244 | 4,536 |
| 403-SE Instr. & Schl Leadership | 10,685 | 6,712 | 21 | 17,418 | 44 | 3 | 2 | 49 | 17,441 | 26 | 17,467 |
| 403-Reimbursable | 78 | 1 | - | 79 | 2 | - | - | 2 | 81 | - | 81 |
| 481-Categorical Programs | 11,721 | 3,288 | 1,593 | 16,602 | 155 | 16 | 462 | 633 | 15,164 | 2,071 | 17,235 |
| Grand Total | 84,765 | 11,805 | 4,050 | 100,620 | 611 | 71 | 8,001 | 8,683 | 97,181 | 12,122 | 109,303 |

Source: December 2009 Financial Status Report

Performance Measures for Public Schools

The PMMR presents a range of performance measures for public schools that are related to students’ academic achievement, such as scores on standardized tests and graduation rates, school performance such as Quality Review and Progress Report grades, and a variety of input and output measures. The indicators present a broad overview of the Department’s schools and can be useful for tracking broad trends in student achievement and student enrollment data. Many of the performance statistics that the Administration considers critical measures are reproduced here.

Many of the performance statistics shown in the next table do not include targets, even though individual schools do set performance targets for themselves. The DOE should attempt to report target performance statics in all critical areas. As is the case with school budgets, additional information about individual schools’ performance is available on-line through each school’s “Statistics” link on the school’s web-page.

Table 7
Performance Measures

| | FY 07 | FY 08 | FY 09 | 4-Month Actual FY10 | Target FY 10 |
|---|---------|---------|---------|---------------------|--------------|
| Percent of schools with scores of Well Developed on School Quality Reviews | NA | NA | 16.8% | NA | * |
| Percent of schools with scores of Proficient on School Quality Reviews | NA | NA | 67.5% | NA | * |
| Percent of schools with scores of Underdeveloped with Proficient Features on School Quality Reviews | NA | NA | 14.0% | NA | * |
| Percent of schools with scores of Underdeveloped on School Quality Reviews | NA | NA | 1.6% | NA | * |
| Percent of schools receiving an A on school Progress Report | 23.0% | 38.0% | 75.1% | NA | * |
| Percent of schools receiving a B on school Progress Report | 39.0% | 41.0% | 17.0% | NA | * |
| Percent of schools receiving a C on school Progress Report | 26.0% | 15.0% | 5.7% | NA | * |
| Percent of schools receiving a D on school Progress Report | 8.0% | 4.0% | 1.9% | NA | * |
| Percent of schools receiving an F on school Progress Report | 4.0% | 2.0% | 0.2% | NA | * |
| Student enrollment as of October 31 in grades pre-kindergarten to 12 (000) (Preliminary unaudited) | 1,042.1 | 1,035.3 | 1,029.5 | 1,036.7 | * |
| Average daily attendance (%) | 89.0% | 89.8% | 90.0% | 92.2% | 90% |
| Students in grades 3 to 8 meeting or exceeding standards - English Language Arts (%) | 50.8% | 57.6% | 68.8% | NA | 62% |
| - Math (%) | 65.1% | 74.3% | 81.8% | NA | 78% |
| Percent of all students in cohort graduating from high school in 4 years (NYSED) | 52.8% | 60.7% | NA | NA | * |
| Percent of students with disabilities in cohort graduating from high school in 4 years (NYSED) | 18.3% | 25.1% | NA | NA | * |
| Percent of all students in cohort dropping out from high school in 4 years (NYSED) | 15.8% | 13.5% | NA | NA | * |
| Percent of students with disabilities in cohort dropping out from high school in 4 years (NYSED) | 22.9% | 21.6% | NA | NA | * |
| Students enrolled as English Language Learners (000) | 140 | 148 | 149 | NA | * |
| English Language Learners testing out of ELL programs within 3 years (%) | 50.8% | 52.5% | 50.6% | NA | 57% |

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 \$6 billion a year, which is close to ten percent of the City’s entire \$63.6 billion expense budget. Most of school spending is for pedagogical staff salaries, overtime, and per session pay. The budget shows that schools will employ almost 60,000 pedagogical staff next year, and an additional 1,800 non-pedagogical staff.

Table 8
UAs 401 & 402 General Education and School Leadership Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|-------------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|
| Personal Services | \$5,462,568 | \$5,767,430 | \$5,350,163 | \$5,656,806 | \$5,365,397 | \$15,235 |
| 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 | 111,330 | 116,965 | (94,364) |
| Full-Time Salaried - Pedagogical | 4,561,614 | 4,701,192 | 4,432,848 | 4,764,732 | 4,453,973 | 21,124 |
| 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 | \$531,750 | \$556,526 | \$85,113 |
| Contractual Services | 205,708 | 228,334 | 32,539 | 33,024 | 31,039 | (1,500) |
| Fixed and Misc Charges | 574 | 605 | 34,708 | 33,746 | 34,989 | 280 |
| Other Services and Charges | 62,504 | 70,062 | 43,759 | 44,871 | 43,759 | 0 |
| Property and Equipment | 217,935 | 189,732 | 140,236 | 139,655 | 134,942 | (5,294) |
| Supplies and Materials | 163,971 | 143,069 | 220,171 | 280,454 | 311,798 | 91,627 |
| TOTAL | \$6,113,260 | \$6,399,232 | \$5,821,576 | \$6,188,556 | \$5,921,924 | \$100,348 |
| Funding | | | | | | |
| City Funds | N/A | N/A | \$944,149 | \$1,325,208 | \$1,241,670 | \$297,521 |
| Federal – Other | N/A | N/A | 432,344 | 528,863 | 236,677 | (195,667) |
| State | N/A | N/A | 4,445,083 | 4,334,485 | 4,443,577 | (1,506) |
| TOTAL | N/A | N/A | \$5,821,576 | \$6,188,556 | \$5,921,924 | \$100,348 |
| 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 | 59,800 | (11) |
| TOTAL | 69,774 | 69,616 | 61,621 | 61,621 | 61,608 | (13) |

January 2010 Financial Plan Changes

The \$195.7 million drop in federal funding shown in Table 8 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 9
UAs 403 & 404 Special Education and School Leadership Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. 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) |

Preliminary 2011 Financial Plan Changes

The Preliminary Plan moves \$380 million in Fiscal 2010 and \$300 million in Fiscal 2011 out of special education into general education instruction and school leadership. The Plan includes no other funding initiatives related to this service area. The Fiscal 2011 budget for school-based special education is essentially the same as the current Fiscal 2010 budget, and it is almost entirely for pedagogical PS spending. This implies that the DOE expects the special education enrollment and service level in schools to remain relatively flat between this year and next. Upward enrollment trends in school age special education and in pre-school special education programs may require schools to devote additional resources to special education in Fiscal 2011.

Table 10
Performance Measures

| | FY 07 | FY 08 | FY 09 | 4-Month Actual FY10 | Target FY 10 |
|---|---------|---------|---------|---------------------|--------------|
| Students receiving special education services (Preliminary Unaudited) | 182,730 | 195,201 | 206,760 | 192,340 | * |
| Special education enrollment | | | | | |
| - school-age | 162,714 | 173,856 | 184,020 | 176,484 | * |
| - Public school | 149,129 | 154,881 | 162,034 | 160,851 | * |
| - Non-public school | 13,585 | 18,975 | 21,986 | 15,633 | * |
| Special education enrollment - pre-school | 20,016 | 21,345 | 22,740 | 15,856 | * |
| Students in special education scoring below standards progressing into a higher level | | | | | |
| - English Language Arts (%) | 47.1% | 55.3% | 73.2% | * | * |
| - Math (%) | 35.8% | 45.9% | 60.1% | * | * |

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 11
UAs 481 & 482 Categorical Programs Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|----------------------|
| Personal Services | \$1,270,713 | \$1,249,527 | \$1,504,630 | \$1,503,437 | \$1,511,486 | \$6,856 |
| Additional Gross Pay | 7,934 | 4,937 | 40,032 | 40,441 | 40,032 | 0 |
| Fringe Benefits | 259,612 | 271,036 | 307,638 | 307,638 | 307,638 | 0 |
| Full-Time Salaried - Civilian | 32,981 | 30,693 | 82,224 | 33,443 | 33,003 | (49,221) |
| Full-Time Salaried - Pedagogical | 797,913 | 912,066 | 1,040,480 | 1,087,598 | 1,096,557 | 56,077 |
| Other Salaried and Unsalaries | 171,879 | 30,414 | 32,844 | 32,904 | 32,844 | 0 |
| Overtime - Civilian | 395 | 380 | 1,413 | 1,413 | 1,413 | 0 |

| UAs 481 & 482 Categorical Programs Spending (Cont'd) | | | | | | |
|---|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------|
| | 2008 | 2009 | 2010 | 2010 | 2011 | Difference |
| | Actual | Actual | Adopted | Jan. Plan | Jan. Plan | 2010-2011 |
| Other Than Personal Services | \$772,537 | \$710,535 | \$708,131 | \$747,766 | \$710,320 | \$2,189 |
| Contractual Services | 450,054 | 438,190 | 291,131 | 302,316 | 288,863 | (2,268) |
| Fixed and Misc Charges | 50,043 | 9,701 | 9,284 | 9,284 | 9,284 | 0 |
| Other Services and Charges | 160,489 | 161,176 | 167,980 | 181,598 | 167,980 | 0 |
| Property and Equipment | 24,365 | 18,254 | 48,705 | 48,775 | 48,705 | 0 |
| Supplies and Materials | 87,586 | 83,214 | 191,030 | 205,793 | 195,486 | 4,456 |
| TOTAL | \$2,043,250 | \$1,960,062 | \$2,212,761 | \$2,251,203 | \$2,221,806 | \$9,045 |
| Funding | | | | | | |
| City Funds | N/A | N/A | \$90 | \$90 | \$90 | \$0 |
| Federal – Other | N/A | N/A | 1,708,089 | 1,739,935 | 1,717,133 | 9,045 |
| Intra City | N/A | N/A | 8,111 | 14,707 | 8,111 | 0 |
| Other Categorical | N/A | N/A | 34,700 | 34,700 | 34,700 | 0 |
| State | N/A | N/A | 461,771 | 461,771 | 461,771 | 0 |
| TOTAL | N/A | N/A | \$2,212,761 | \$2,251,203 | \$2,221,806 | \$9,045 |
| Headcount | | | | | | |
| FT – Non- Peds | 675 | 677 | 612 | 612 | 612 | 0 |
| FT - Peds | 11,489 | 10,699 | 18,474 | 18,474 | 18,472 | (2) |
| TOTAL | 12,164 | 11,376 | 19,086 | 19,086 | 19,084 | (2) |

Preliminary 2011 Financial Plan Changes

The Preliminary Plan includes several Fiscal 2010 initiatives that add ARRA support to particular programs. These include \$4.9 million for McKinney-Vento assistance for homeless students, \$90,000 for a culinary arts program, \$1.4 million for an adult practical nursing program, \$188,000 for an automotive repair program, and \$174,000 for an internet and computing certificate program.

Table 12
Department of Education Categorical Headcount Actuals as of November 2009

| Categorical Program | Full-Time Actuals | | | | Part-Time (FTE) Actuals | | | | Totals | | |
|--|-------------------|--------------|--------------|---------------|-------------------------|---------------|------------|------------|--------------|----------------|-----------------------|
| | PEDs | Ed Para PEDs | Non-PEDs | TOTAL | Per Diem PEDs | Hourly Admin. | Non-PEDs | TOTAL | Total PEDs | Total Non-PEDs | Grand Total FT / FTEs |
| Citywide Instr. & Oper. Admin. | 37 | 0 | 12 | 49 | 0 | 0 | 0 | 0 | 37 | 12 | 49 |
| Universal Pre-K (State) | 571 | 729 | 0 | 1,300 | 0 | 0 | 0 | 0 | 1,300 | 0 | 1,300 |
| Default Code (positions to be scheduled) | 20 | 1 | 33 | 54 | 0 | 0 | 1 | 1 | 21 | 34 | 55 |
| General Ed Instruction- Schools | 6,043 | 386 | 428 | 6,857 | 132 | 1 | 419 | 552 | 6,561 | 848 | 7,409 |
| SE Instruction-Schools | 626 | 1,515 | 26 | 2,167 | 0 | 15 | 1 | 16 | 2,141 | 42 | 2,183 |
| Non-Public Schools | 338 | 6 | 7 | 351 | 8 | 0 | 0 | 8 | 352 | 7 | 359 |
| Central School Programs | 145 | 34 | 73 | 252 | 1 | 0 | 0 | 1 | 180 | 73 | 253 |
| Title I Grants to LEAs, ARRA | 3,366 | 31 | 0 | 3,397 | 14 | 0 | 41 | 55 | 3,411 | 41 | 3,452 |
| IDEA, ARRA | 618 | 586 | 0 | 1,204 | 0 | 0 | 0 | 0 | 1,204 | 0 | 1,204 |
| Teacher Centers, ARRA | 39 | 0 | 1 | 40 | 0 | 0 | 0 | 0 | 39 | 1 | 40 |
| Reimbursable Adjustments | (82) | 0 | 1,013 | 931 | 0 | 0 | 0 | 0 | (82) | 1,013 | 931 |
| TOTAL | 11,721 | 3,288 | 1,593 | 16,602 | 155 | 16 | 462 | 633 | 5,164 | 2,071 | 17,235 |

Source: December 2009 Financial Status Report

Table 12 provides a snap shot of the DOE's headcount that is funded with categorical grants. The totals do not match the budgeted headcount for categorical programs exactly due to the usual mid-year misalignment. By the year end close, additional school personnel will be recorded as categorical program staff. Table 12 shows the relative significance of some of the categorical supports. It also shows that all of the personnel, other than those scheduled in "Citywide Instructional and Operational Administration" and "Non-Public Schools" are school staff.

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.

Table 13
UAs 421, 422, 423 & 424 Central Special Education Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|--|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|
| Personal Services UA 421 | \$674,361 | \$711,912 | \$709,499 | \$709,499 | \$709,499 | \$63 |
| 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 | 660,745 | 25,537 |
| Other Salaried and Unsalaries | 23,163 | 23,083 | 22,842 | 22,842 | 22,842 | 0 |
| Overtime - Civilian | 1,015 | 717 | | | | 0 |
| Other Than Personal Services UA 422 | \$16,629 | \$14,599 | \$23,415 | \$23,415 | \$23,415 | \$0 |
| 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 | 7,616 | 0 |
| SUBTOTAL UA 421 & 422 | \$690,991 | \$726,511 | \$732,914 | \$732,914 | \$732,914 | \$0 |
| Personal Services UA 423 | \$216,252 | \$233,988 | \$291,360 | \$219,465 | \$229,465 | (\$61,895) |
| 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 | 120,578 | (49,538) |
| Other Salaried and Unsalaries | 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 | \$300,739 | \$99,848 |
| Contractual Services | 170,754 | 209,751 | 195,515 | 265,515 | 295,363 | 99,848 |
| 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 | \$530,204 | \$37,954 |
| TOTAL | \$1,080,402 | \$1,173,146 | \$1,225,164 | \$1,223,269 | \$1,263,118 | \$37,954 |
| Funding | | | | | | |
| <i>City Funds</i> | N/A | N/A | \$908,490 | \$905,990 | \$870,843 | (\$37,647) |
| <i>Federal – CD</i> | N/A | N/A | 29,481 | 30,086 | 30,086 | 605 |
| <i>Other Categorical</i> | N/A | N/A | 3,000 | 3,000 | 3,000 | 0 |

| UAs 421, 422, 423 & 424 Central Special Education Spending (Cont'd) | | | | | | |
|--|------------------------|------------------------|-------------------------|---------------------------|---------------------------|---------------------------------|
| | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
| <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 | \$1,263,118 | \$37,954 |

Preliminary 2011 Financial Plan Changes

Spending on related services 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 \$100 million increase in Fiscal 2011. The Preliminary Plan transfers a portion of the PEG savings into UA 424 to cover the projected cost increases. The \$39.8 million increase in Fiscal 2011 will support cost and enrollment growth in central special education programs. The Plan also registers funding shifts between PS and OTPS units of appropriation to match actual spending patterns.

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.

Fringe Benefits and Collective Bargaining

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

Table 14
UAs 461 & 491 Fringe Benefits & Collective Bargaining

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|-----------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|-------------------------|
| Fringe Benefits –PS | \$2,216,628 | \$2,314,142 | \$2,484,103 | \$2,512,583 | \$2,678,550 | \$194,447 |
| Additional Gross Pay | 75 | 53 | 75 | 75 | 75 | 0 |
| Fringe Benefits | 2,216,553 | 2,314,090 | 2,483,931 | 2,512,508 | 2,678,475 | 194,544 |
| Full-Time Salaried - Civilian | 0 | 0 | 97 | 0 | 0 | (97) |
| Collective Bargaining - PS | \$22,396 | \$41,156 | \$320,773 | \$216,510 | \$349,767 | \$28,993 |
| Additional Gross Pay | 22,396 | 41,156 | 0 | 0 | 0 | 0 |
| Amounts to be Scheduled | 0 | 0 | 320,773 | 216,510 | 349,766 | 28,994 |
| TOTAL | \$2,239,024 | \$2,355,298 | \$2,804,876 | \$2,729,093 | \$3,028,317 | \$223,440 |
| Funding | | | | | | |
| City Funds-461 | | | \$1,911,382 | \$1,896,712 | \$2,086,157 | \$174,774 |
| Federal-461 | N/A | N/A | 212,386 | 214,595 | 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 | 348,170 | 360,850 | 12,680 |
| City Funds-491 | N/A | N/A | 167,421 | 63,158 | 87,720 | (79,701) |
| State-491 | N/A | N/A | 153,352 | 153,352 | 262,046 | 108,694 |
| TOTAL | N/A | N/A | \$2,804,876 | \$2,729,093 | \$3,028,317 | \$223,440 |

PEGs in the Preliminary Financial Plan

The plan to reduce the Department's spending growth revolves almost entirely around a revised estimate of the cost of the forthcoming collective bargaining agreements between the City and 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, in accordance with the settlement pattern of the other municipal labor unions. The Preliminary Plan revises this estimate and assumes that both unions will settle for wage increases of two percent for up to \$70,000 in salary or no more than \$2,828 per employee per year. Non-union managerial employees of the DOE have already been given the same salary adjustments, although other non-union, managerial employees of the City were given higher cost of living salary adjustments.

The Administration has pointed to the reductions to the budget's central collective bargaining reserve to establish that the DOE's remains quite generous. The Preliminary Plan cuts funding from the City's central collective bargaining reserve based on the assumption that settlements reached with other municipal labor unions in the next round of settlements will be funded with employee give-backs.

School Support

Funding budgeted for School Support Organizations supports the field-based administrative and operational positions in the internal school support organizations, 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.

Table 15
UAs 415 & 416 School Support Organization Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|-------------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------------|
| Personal Services | \$191,485 | \$202,265 | \$188,658 | \$188,658 | \$188,732 | \$74 |
| 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 | 61,995 | 61,995 | 0 |
| Full-Time Salaried - Pedagogical | 99,636 | 127,961 | 98,671 | 98,671 | 98,745 | 74 |
| Other Salaried and Unsalariated | 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 | \$20,204 | \$0 |
| 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 | 18,291 | 0 |
| TOTAL | \$213,430 | \$219,666 | \$208,862 | \$208,862 | \$208,936 | \$74 |
| Funding | | | | | | |
| City Funds | N/A | N/A | \$87,911 | \$87,911 | \$87,985 | \$74 |
| State | N/A | N/A | 120,951 | 120,951 | 120,951 | 0 |
| TOTAL | N/A | N/A | \$208,862 | \$208,862 | \$208,936 | \$74 |
| Headcount | | | | | | |
| FT – Non- Peds | 1,260 | 1,084 | 1,105 | 1,105 | 1,105 | 0 |
| FT - Peds | 980 | 1,023 | 992 | 992 | 992 | 0 |
| TOTAL | 2,240 | 2,107 | 2,097 | 2,097 | 2,097 | 0 |

Preliminary 2011 Financial Plan Changes

The Preliminary Plan does not make any changes to the school support budget despite the fact that the Department has announced plans to restructure and overhaul the school support system. All schools will have to join a network of other schools that will be given both instructional and operational support by a central organization. The ISCs may be phased out. 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. It remains unclear whether the planned reorganization will have any impact on the Department's budget, although the restructuring was not designed to produce any savings.

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.

Table 16
UAs 453 & 454 Central Administration Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|-------------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------------|
| Personal Services | \$181,021 | \$188,951 | \$181,062 | \$181,562 | \$144,731 | (\$36,330) |
| 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 | 147,421 | 110,775 | (36,147) |
| 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 | \$182,091 | \$181,083 | \$1,291 |
| Contractual Services | 153,376 | 123,360 | 113,842 | 114,952 | 119,531 | 5,689 |
| Fixed and Misc Charges | 296 | 1,993 | 408 | 409 | 408 | 0 |
| Other Services and Charges | 39,460 | 38,045 | 25,234 | 25,804 | 23,011 | (2,223) |
| Property and Equipment | 10,554 | 5,549 | 8,858 | 8,858 | 8,944 | 87 |
| Supplies and Materials | 14,143 | 13,734 | 31,450 | 32,069 | 29,188 | (2,262) |
| TOTAL | \$398,851 | \$371,632 | \$360,854 | \$363,653 | \$325,815 | (\$35,039) |
| Funding | | | | | | |
| City Funds | N/A | N/A | \$248,864 | \$251,663 | \$228,225 | (\$20,639) |
| Federal – Other | N/A | N/A | 34,908 | 34,908 | 34,908 | 0 |
| Other Categorical | N/A | N/A | 4,487 | 4,487 | 4,487 | 0 |
| State | N/A | N/A | 72,595 | 72,595 | 58,195 | (14,400) |
| TOTAL | N/A | N/A | \$360,854 | \$363,653 | \$325,815 | (\$35,039) |
| Headcount | | | | | | |
| FT – Non- Peds | 2,116 | 2,103 | 2,099 | 2,099 | 1,645 | (454) |
| FT - Peds | 202 | 193 | 204 | 204 | 204 | 0 |
| TOTAL | 2,318 | 2,296 | 2,303 | 2,303 | 1,849 | (454) |

Preliminary 2011 Financial Plan Changes

As shown in Table 16, the headcount total in the Preliminary Budget for Fiscal 2011 is 1,849 – 454 positions below the Fiscal 2010 level. The PS budget is lower by \$35 million. These drops are due to an initiative included in the Fiscal 2010 Adoption Financial Plan that increased headcount and the budget in UA 453 by 454 positions and \$35 million for Fiscal 2010 only. While the Administration has not explained why these increases in UA 453 were necessary, the action suggests that the DOE was unable to achieve its November 2008 Financial Plan PEG that would have cut 284 positions from UA 453 and saved \$14.6 million

in Fiscal 2010. Since the DOE does not provide any reporting on how or whether it has achieved savings included in the City's Financial Plan, it is difficult to gauge how well aligned its offices are with the budget.

A simple comparison of the actual headcount in central administration does, however, suggest that the DOE has not reduced headcount in UA 453 as much as projected. According to the DOE's *December 2009 Financial Status Report*, as of November 2009 there were 2,337 central administrative employees, 34 over the budgeted headcount. (p. 13). A year earlier in November 2008, according to the *January 2009 Financial Status Report*, there were 2,432 central administrative employees (p. 16). Therefore, during the past year the actual headcount has dropped by 95 – far fewer than the 284 positions targeted in the November 2008 PEG. Whether and how the DOE expects to reduce headcount in UA 453 to 1,849 position in Fiscal 2011 remains unclear.

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/>.

In addition to feeding students, the DOE strives to use its school food program and its food policies to improve students' health and well being. According to the DOE, "the DOE's School Food and Nutrition Program follows healthy food guidelines in the development of meals for the school breakfast and lunch programs and is in the process of raising the nutritional quality of food served to New York City students." The Department has recently become the subject of ridicule because of the newly revised Chancellor's Regulation A-812. The regulation seeks to restrict student access to "junk" foods during the school day by requiring that all food sold to students meet the same high nutritional standards as food provided by School Food. However, some of the foods that the DOE considers to have high nutritional standard are Doritos and Pop Tarts, while home-baked goods are prohibited.

Table 17
UAs 439 & 440 School Food Services Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010-2011 |
|-------------------------------------|------------------|------------------|------------------|-------------------|-------------------|-------------------------|
| Personal Services | \$188,268 | \$198,717 | \$196,898 | \$196,898 | \$196,898 | \$0 |
| 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 | 67,019 | 67,019 | 0 |
| Other Salaried and Unsalaries | 116,882 | 123,524 | 127,664 | 127,664 | 127,664 | 0 |
| Overtime - Civilian | 2,097 | 1,821 | 1,515 | 1,515 | 1,515 | 0 |
| Other Than Personal Services | \$182,829 | \$184,997 | \$196,322 | \$196,322 | \$222,073 | \$25,751 |
| 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 | 36,413 | 36,413 | 0 |
| Property and Equipment | 4,777 | 4,683 | 1,231 | 1,231 | 1,690 | 459 |
| Supplies and Materials | 154,121 | 155,349 | 148,611 | 148,611 | 173,903 | 25,292 |
| TOTAL | \$371,097 | \$383,714 | \$393,220 | \$393,220 | \$418,971 | \$25,751 |
| Funding | | | | | | |
| City Funds | N/A | N/A | \$49,731 | \$49,731 | \$66,819 | \$17,088 |
| Federal - Other | N/A | N/A | 320,398 | 320,398 | 328,702 | 8,304 |
| State | N/A | N/A | 23,091 | 23,091 | 23,450 | 359 |
| TOTAL | N/A | N/A | \$393,220 | \$393,220 | \$418,971 | \$25,751 |
| Headcount | | | | | | |
| TOTAL FT - Non- Peds | 1,933 | 1,913 | 1,769 | 1,769 | 1,769 | 0 |

Preliminary 2011 Financial Plan Changes

The Preliminary Plan does not include any actions related to school food. The \$25.8 million increase shown is associated with projected, rising food costs.

Performance Measures

The PMMR include only two output measures related to the DOE’s food programs. The simple counts of the average number of lunches and breakfasts served each day are inadequate measures of the Department’s performance in the area of its food service operations and its related health and nutrition programs. School meals are a critical source of nutrition for hundred of thousands of children in the City, and the DOE has tried to use its food service operation and food policies to improve the health and well being of children. This significant public service mission should be recognized in the PMMR and the Administration should introduce performance measures related to the DOE’s wellness and nutrition goals.

Table 18
School Food Performance Measures

| | FY 07 | FY 08 | FY 09 | 4-Month Actual FY10 | Target FY 10 |
|---------------------------------|---------|---------|---------|---------------------|--------------|
| Average lunches served daily | 627,915 | 624,266 | 623,039 | 657,406 | * |
| Average breakfasts served daily | 198,804 | 198,990 | 205,317 | 213,717 | * |

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.

The \$4 million drop shown in Table 19 for PS corresponds with the discontinuation of the Council's restoration of \$4 million of a Fiscal 2010 PEG related to custodial services.

Table 19
UAs 435, 436 School Facilities & 444 Energy and Leases Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|-------------------------------------|------------------|--------------------|------------------|--------------------|-------------------|-------------------------|
| Personal Services | \$408,179 | \$412,963 | \$394,417 | \$399,383 | \$395,360 | \$943 |
| Additional Gross Pay | 8,398 | 1,322 | 350 | 350 | 350 | 0 |
| Fringe Benefits | 2,288 | 2,216 | 1,000 | 1,000 | 1,000 | 0 |
| Full-Time Salaried - Civilian | 60,972 | 61,329 | 51,295 | 56,262 | 56,239 | 4,943 |
| Other Salaried and Unsalariated | 333,135 | 345,683 | 339,793 | 339,793 | 335,793 | (4,000) |
| Overtime - Civilian | 3,385 | 2,414 | 1,978 | 1,978 | 1,978 | 0 |
| Other Than Personal Services | \$559,039 | \$729,914 | \$592,921 | \$609,305 | \$584,939 | (\$7,982) |
| Contractual Services | 137,165 | 144,565 | 119,859 | 132,359 | 113,159 | (6,700) |
| Fixed and Misc Charges | 0 | 158,546 | 0 | 1,385 | 1,384 | 1,384 |
| Other Services and Charges | 2,418 | 7,781 | 7,372 | 7,422 | 7,372 | 0 |
| Other Services and Charges (UA 444) | 325,738 | 350,485 | 399,167 | 399,167 | 391,417 | (7,750) |
| Property and Equipment | 362 | 336 | 139 | 139 | 563 | 423 |
| Supplies and Materials | 27,412 | 24,846 | 22,956 | 25,404 | 27,617 | 4,661 |
| Supplies and Materials (UA 444) | 65,942 | 43,355 | 43,428 | 43,428 | 43,428 | 0 |
| TOTAL | \$967,218 | \$1,142,877 | \$987,338 | \$1,008,688 | \$980,299 | (\$7,039) |
| Funding | | | | | | |
| City Funds | N/A | N/A | \$785,046 | \$785,046 | \$783,324 | (\$1,722) |
| Federal – CD | N/A | N/A | 10,000 | 7,467 | 5,000 | (5,000) |
| Intra City | N/A | N/A | 673 | 673 | 673 | 0 |
| Other Categorical | N/A | N/A | 8,000 | 30,500 | 8,000 | 0 |
| State | N/A | N/A | 183,619 | 185,003 | 183,303 | (316) |
| TOTAL | N/A | N/A | \$987,338 | \$1,008,688 | \$980,299 | (\$7,039) |

Preliminary 2011 Financial Plan Changes

The Preliminary Plan includes only minor actions related to school facilities. The Plan recognizes revenue of \$22.5 million in Fiscal 2010 to cover capital-eligible repairs completed by School Facilities staff.

Performance Measures

The PMMR includes the statistics shown in Table 20 related to the Division of School Facilities. The DOE uses these ratings to determine how to prioritize repair work. Pursuant to PEGs included in the Fiscal 2010 Budget, the Division of School Facilities focuses its work almost entirely on emergency repairs and conditions rated “poor”. To improve the relevance of these indicators, the report should report the numbers of buildings rather than the percentage and it should show the number of students who attend the

schools. The Administration should also consider including quality measures associated with school custodians.

Performance Measures

| Table 20 | | | | | |
|--------------------------------|-------|-------|-------|---------------------|--------------|
| | FY 07 | FY 08 | FY 09 | 4-Month Actual FY10 | Target FY 10 |
| School building ratings | | | | | |
| - Good condition (%) | 2.9% | 2.4% | 1.7% | NA | * |
| - Fair to good condition (%) | 32.4% | 37.1% | 46.2% | NA | * |
| - Fair condition (%) | 64.6% | 60.3% | 52.0% | NA | * |
| - Fair to poor condition (%) | 0.2% | 0.1% | 0.2% | NA | * |
| - Poor condition (%) | 0.0% | 0.0% | 0.0% | NA | * |

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 21
UAs 438 Pupil Transportation Spending

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|-------------------------------------|------------------|------------------|--------------------|--------------------|--------------------|-------------------------|
| Other Than Personal Services | | | | | | |
| Contractual Services | \$873,876 | \$883,758 | \$906,470 | \$906,051 | \$959,236 | \$52,765 |
| Fixed and Misc Charges | 83,712 | 79,451 | 86,042 | 89,392 | 89,392 | 3,350 |
| Other Services and Charges | 3,046 | 2,922 | 2,719 | 4,662 | 4,662 | 1,942 |
| Property and Equipment | 393 | 409 | 502 | 1,629 | 2,739 | 2,237 |
| Supplies and Materials | 5,851 | 1,921 | 9,252 | 3,252 | 3,252 | (6,000) |
| Total | \$966,878 | \$968,460 | \$1,004,986 | \$1,004,986 | \$1,059,281 | \$54,295 |
| Funding | | | | | | |
| <i>City Funds</i> | N/A | N/A | \$366,905 | \$366,905 | \$404,397 | 37,492 |
| <i>Other Categorical</i> | N/A | N/A | 300 | 300 | 300 | 0 |
| <i>State</i> | N/A | N/A | 637,781 | 637,781 | 654,584 | 16,803 |
| TOTAL | \$966,878 | \$968,460 | \$1,004,986 | \$1,004,986 | \$1,059,281 | \$54,295 |

Metropolitan Transportation Authority Budget Cuts

The MTA budget for CY2010 includes a plan to phase out the student Metrocard program beginning next year. All middle and high school students above the sixth grade who are eligible for transportation to and from school now receive free MetroCards for use on New York City Transit buses and subways. Additional students receive half-fare MetroCards for use on buses. Stemming from a 1995 three-way agreement between the City, the State and the MTA, both the City and the State paid the MTA \$45 million a year for student MetroCards. Last year the State unilaterally reduced its payment to \$15 million a year. This cut, coupled with the MTA's huge budget deficit, lead the MTA to cancel the free fare program for students.

The Preliminary Plan carries the \$45 million MTA payment in the DOE's budget, as in past years. However, given the MTA's decision to cease subsidizing student MetroCards, it is unlikely that the projected student transportation budget is accurate. The MTA has demanded payment of \$214 million a year to continue the student MetroCard program. The DOE may be required to make higher payments to the MTA for student MetroCards next year.

Bus Contracts

The DOE is in the process of renegotiating its contracts with the bus companies that provide yellow bus service to students, including special education pre-kindergarten routes. Several contracts have been presented to the Panel for Education Policy for their approval. These all contain several concessions from the bus companies, and the terms of the contract extensions are staggered. The budgetary impact of the contract extensions is unclear at this time. The Preliminary Fiscal 2011 Budget carries a \$52.8 million or 5.8 percent increase for bus contracts based on the projected contractual cost increases and service changes.

Performance Measures

The PMMR includes no measures related to student transportation despite the fact that the DOE's pupil transportation program is one of the largest services provided by any City agency. It is a program costing more than \$1 billion a year and serving about 500,000 people. The Department keeps track of its bus contractors and should have the ability to report statistics related to the safety, timeliness, and efficiency of the bus services. The Administration should include reporting on student transportation in the Mayor's Management Report.

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.

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 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 |

In order to curtail budget growth, the Department’s budget has been through seven rounds of budget cuts. Almost every service area of the Department has felt the budget crunch except for school safety. The DOE has not sought to impose efficiency improvements or overtime controls on school safety. The Department has claimed that the Police Department is responsible for establishing the appropriate size of the school safety force, while the Police Department claims they operate the division within the bounds of the resources provided by the Department. The refusal of each agency involved in school safety to taken accountability for the division’s budget does nothing to assure one that the school safety budget should again be left untouched, while other key service areas are cut.

The PMMR includes three statistics related to school safety, as shown below. These are reported in both the Police and Education Department’s sections of the report. Like most of the PMMR indicators, the crime and incident statistics are useful only for tracking broad, citywide trends. The PMMR does not report the school safety information collected on the parents, students, and staff annual surveys, nor does it provide any information about the relative safety of different types of schools. Finally, the report makes no mention of the deep dissatisfaction with the school safety operations among many students, parent and advocacy groups. The PMMR’s reporting on school safety should be expanded and improved.

Performance Measures

| Table 23 | | | | | |
|------------------------------------|--------------|--------------|--------------|----------------------------|---------------------|
| | FY 07 | FY 08 | FY 09 | 4-Month Actual FY10 | Target FY 10 |
| <i>School safety</i> | | | | | |
| - <i>Seven major crimes</i> | 1,164 | 1,042 | 902 | 206 | * |
| - <i>Other Criminal categories</i> | 4,635 | 4,533 | 3,559 | 594 | * |
| - <i>Other Incidents</i> | 8,687 | 7,456 | 5,843 | 919 | * |

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 24
UA 470 Special Education Pre-Kindergarten Contract Payments

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. 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 | 410,639 | 440,726 | 30,090 |
| 685-Direct Education Services | 197,813 | 246,470 | 219,055 | 219,055 | 250,663 | 31,308 |
| Contractual Services TOTAL | \$637,848 | \$739,296 | \$764,657 | \$764,657 | \$839,276 | \$74,618 |
| Funding | | | | | | |
| <i>City Funds</i> | N/A | N/A | \$317,173 | \$317,173 | \$356,795 | \$39,621 |
| <i>Other Categorical</i> | N/A | N/A | 318 | 318 | 318 | 0 |
| <i>State</i> | N/A | N/A | 447,166 | 447,166 | 482,163 | 34,997 |
| TOTAL | N/A | N/A | \$764,657 | \$764,657 | \$839,276 | \$74,618 |

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 \$74.6 million or 9.76 percent. Transportation spending will grow by \$12.9 million from \$135 million to \$147.9 million. Tuition payments will go up by \$30.1 million from \$410.6 million to \$440.7 million. Related services spending will grow from \$219.1 million to \$250.7 million; a \$31.6 million increase. Both an increase in the number of children services and a rise in the cost of all of the contractual services are contributing to the growth in spending. Further, many children need a fuller, more intense level of service than had previously been the norm.

The DOE considers special education pre-kindergarten spending uncontrollable. The services provided are mandatory and the DOE cannot therefore reduce or eliminate the services to cut spending. Further, tuition rates are set by the State Department of Education making it difficult for the DOE to negotiate directly with providers over price. Bussing prices are established by the DOE through negotiations with the private, for-profit providers, but the DOE has not been able to cut spending here. The Enrollment and Costs Table below demonstrates how enrollment and costs have risen since Fiscal 2006. The current and outyear enrollment and cost projections are based on historical trends.

| DOE – Non-Public School SE Pre-K Enrollment and Costs | | | | | | | | |
|--|-----------------|-----------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 |
| | Actual | Actual | Actual | Actual | Projected | Projected | Projected | Projected |
| SE Pre-K Enrollment | 27,647 | 29,316 | 32,031 | 33,981 | 36,049 | 38,243 | 40,571 | 43,041 |
| -growth rate | 5.07% | 6.04% | 9.26% | 6.09% | 6.09% | 6.09% | 6.09% | 6.09% |
| Super Start/Targeted Pre-K | 1,073 | 1,101 | 1,104 | 1,120 | 1,136 | 1,152 | 1,169 | 1,186 |
| -growth rate | 18.56% | 2.61% | 0.27% | 1.44% | 1.44% | 1.44% | 1.44% | 1.44% |
| Total Enrollment | 26,574 | 28,215 | 30,927 | 32,861 | 34,913 | 37,091 | 39,402 | 41,855 |
| -growth rate | 4.58% | 6.18% | 9.61% | 6.25% | 6.25% | 6.25% | 6.25% | 6.25% |
| Tuition Cost/Child | \$18,321 | \$19,423 | \$19,818 | \$20,525 | \$21,257 | \$22,015 | \$22,800 | \$23,614 |
| Related Services Costs/ Child | \$15,625 | \$14,946 | \$15,116 | \$15,420 | \$15,731 | \$16,048 | \$16,371 | \$16,701 |
| Av. Total Cost/Child | \$17,303 | \$17,646 | \$17,829 | \$18,279 | \$18,826 | \$19,390 | \$19,972 | \$20,572 |

Source: Fiscal 2010 Executive Budget Monitors Report. New York City Office of Management and Budget, pp. 10b-10c.

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 25
UA 472 Charter/Contract/Foster Care Payments

| <i>Dollars in Thousands</i> | 2008 Actual | 2009 Actual | 2010 Adopted | 2010 Jan. Plan | 2011 Jan. Plan | Difference 2010–2011 |
|-------------------------------------|------------------------|------------------------|-------------------------|---------------------------|---------------------------|---------------------------------|
| Other Than Personal Services | | | | | | |
| Contractual Services | \$609,205 | \$740,721 | \$823,248 | \$869,921 | \$1,109,329 | \$286,081 |
| Fixed and Misc Charges | 25,821 | 23,585 | 30,597 | 30,597 | 30,597 | 0 |
| TOTAL | \$635,026 | \$764,305 | \$853,845 | \$900,518 | \$1,139,926 | \$286,081 |
| Charter School Spending | \$211,858 | \$310,882 | \$417,884 | \$417,884 | \$570,223 | \$152,339 |
| Funding | | | | | | |
| <i>City Funds</i> | N/A | N/A | \$609,881 | \$656,554 | \$867,629 | \$257,748 |
| <i>State</i> | N/A | N/A | 243,964 | 243,964 | 272,297 | 28,333 |
| TOTAL | N/A | N/A | \$853,845 | \$900,518 | \$1,139,926 | \$286,081 |

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 \$286.1 million next year, an increase of 33.5 percent. Most of this increase is related to charter school enrollment growth, as show on Table 25 above.

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 Preliminary Financial Plan projects that it will rise to \$13,821 in Fiscal 2011. The Plan assumes that Charter school enrollment will grow from 30,542 children to 36,950 students next year and that there will be 100 charter schools in the City. These assumptions were made in the Fiscal 2010 Executive Budget and have not yet been updated. The State held the Fiscal 2009 charter school rate flat into Fiscal 2010, and the Governor's Executive Budget proposes to do the same. If the rate is not increased in Fiscal 2011, the Financial Plan may be over-funded for Charter Schools, but only if the projected enrollment increases are accurate.

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 by \$29.8 million to \$292.8 million, and out-of-state contract school spending will rise by \$4 million to \$39.4 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 \$100 million more on Carter Cases next year for a total of \$196.2 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.

| UA 474 Non-Public Schools & FIT | | | | | | |
|--|-----------------|-----------------|-----------------|------------------|------------------|-------------------|
| <i>Dollars in Thousands</i> | 2008 | 2009 | 2010 | 2010 | 2011 | Difference |
| | Actual | Actual | Adopted | Jan. Plan | Jan. Plan | 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 in the November and January Plans

| | FY 2010 | | | FY 2011 | | |
|--|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|
| | City | Non-City | Total | City | Non-City | Total |
| DOE Budget as of 2010 Adoption 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) | \$0 | \$0 | \$0 |
| 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) |
| Total PEGs | (\$64,906,016) | \$0 | (\$64,906,016) | (\$202,215,963) | \$0 | (\$202,215,963) |
| New Needs | | | | | | |
| HIP HMO Rate Increase | \$3,499,000 | \$0 | \$3,499,000 | \$24,093,000 | \$0 | \$24,093,000 |
| Total New Needs | \$3,499,000 | \$0 | \$3,499,000 | \$24,093,000 | \$0 | \$24,093,000 |
| 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 SDRA | \$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 |
| 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 Intra-city | \$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 Intra-city | \$0 | \$4,600,000 | \$4,600,000 | \$0 | \$0 | \$0 |
| School Wellness Intra-city | \$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) | \$0 | (\$107,216,858) | (\$107,216,858) |

| | FY 2010 | | | FY 2011 | | |
|---|------------------------|-------------------------|-------------------------|------------------------|-------------------------|-------------------------|
| | City | Non-City | Total | City | Non-City | Total |
| UFT&CSA CB - CTL for Federal Portion | \$49,583,988 | \$0 | \$49,583,988 | \$114,234,049 | \$0 | \$114,234,049 |
| Total Other Adjustments | \$46,158,826 | \$73,569,698 | \$119,728,524 | \$104,174,283 | (\$472,287,643) | (\$368,113,360) |
| Total Changes | (\$15,248,190) | \$73,569,698 | \$58,321,508 | (\$73,948,680) | (\$472,287,643) | (\$546,236,323) |
| DOE Budget as of January 2011 Plan | \$7,359,686,645 | \$11,079,705,954 | \$18,439,392,599 | \$7,835,496,262 | \$10,985,506,181 | \$18,821,002,443 |

**Continued from previous page*