

THE COUNCIL OF THE CITY OF NEW YORK

Hon. Melissa Mark-Viverito
Speaker of the Council

Hon. Daniel Dromm
Chair, Committee on Education



Report on the Fiscal 2016 Preliminary Budget and the
Fiscal 2015 Preliminary Mayor's Management Report

Department of Education

March 25, 2015

Norah Yahya, Senior Legislative Financial Analyst

Finance Division

Latonia McKinney, Director

Regina Poreda Ryan, Deputy Director

Nathan Toth, Deputy Director

Chima Obichere, Unit Head

Madina Nizamitdin, Legislative Financial Analyst

Table of Contents

Department of Education.....	1
Fiscal 2016 Preliminary Budget Highlights	1
Funding Summary.....	4
City Funding	4
State Funding	4
Federal Funding.....	5
Other Categorical Funding.....	6
Miscellaneous Revenue	6
2015-2016 Executive State Budget Highlights	7
Council Initiatives	8
Financial Plan Summary.....	9
School Budgets	12
General Education Instruction & School Leadership	15
Special Education Instruction & School Leadership.....	18
Categorical Programs	19
Citywide Special Education & Special Education Instructional Support.....	21
Charter Schools	23
Contract Schools, Carter Cases, and Foster Care.....	24
Special Education Pre-Kindergarten	25
Pupil Transportation	26
School Facilities	27
Energy and Leases	28
School Food Services	29
Central Administration	31
School Support	33
Fringe Benefits & Collective Bargaining.....	34
School Safety	35
Non-Public Schools and FIT	36
Appendix A: Contract Budget	37
Appendix B: Miscellaneous Revenue.....	38
Appendix C: Budget Actions in the November and the Preliminary Plans	39

Department of Education

The Department of Education (DOE) provides primary and secondary education to over one million pre-kindergarten to grade 12 students in 32 school districts and 1,818 schools, and employs approximately 75,000 teachers. The 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.

In addition to providing standard K-12 education, the Department provides adult literacy education through its Office of Adult and Continuing Education (OACE). OACE is the largest provider of adult literacy education services in the state, offering over 900 classes for adults age 21 and over. It operates four Adult Learning Centers located in Brooklyn, Manhattan, Queens, and the Bronx and offers day and evening classes at more than 175 sites in all five boroughs.

This report presents an analysis of the Department of Education's Fiscal 2016 budget as proposed in the Preliminary Financial Plan and the Fiscal 2015 Preliminary Mayor's Management Report. It highlights significant budget actions included in the Financial Plan, followed by an overview of the 2015-16 State Executive Budget. DOE's Preliminary Budget as well as changes since the Adoption of the Fiscal 2015 Budget are presented in the Financial Plan Summary. A summary of the contract budget is presented in Appendix A. Miscellaneous revenue for the DOE in Fiscal 2016 are presented in Appendix B. Adjustments included in the November and Preliminary Financial Plans are summarized in Appendix C. Capital spending is reflected in a separate report on the School Construction Authority (SCA).

Fiscal 2016 Preliminary Budget Highlights

Table 1 - Department of Education Fiscal 2016 Preliminary Budget

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2013	2014	2015	2015	2016	2015 - 2016
Personal Services	\$12,693,656	\$13,064,265	\$13,290,889	\$13,344,843	\$13,807,102	\$516,213
Other Than Personal Services	6,538,759	7,021,022	7,458,434	7,561,322	7,781,256	322,822
DOE TOTAL	\$19,232,415	\$20,085,287	\$20,749,324	\$20,906,165	\$21,588,358	\$839,034

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The Fiscal 2016 Preliminary Budget is \$21.59 billion (including City and Non-City funds), which represents 27.8 percent of the City's \$77.7 total budget. The City's Fiscal 2016 Preliminary Budget totals \$77.7 billion which is \$2.70 billion more than the Fiscal 2015 Adopted Budget of \$75 billion. City funds (City tax and non-tax revenues, excluding Capital Budget transfers) total \$56.96 billion, up \$2.14 billion from \$54.82 billion in the Adopted Budget. It is important to note that the portion of the City's Budget devoted to Education exceeds the DOE's budget. Debt service and pension costs for the DOE is not included in Table 3, however, the City is still responsible for those payments. Debt service and pensions costs for DOE total \$5.65 billion for Fiscal 2016, an increase of \$216 million when compared to Fiscal 2015, for a total of (including pensions and debt service) \$27.24 billion in Fiscal 2016 for the DOE.

The DOE's Preliminary Budget for Fiscal 2016 reflects very limited programmatic changes; most of the increase is due to collective bargaining agreements. Other significant budgetary actions include additional funding for the renewal schools initiative, the Public Schools Athletic League (PSAL), teacher leadership positions, and funding for the Universal Pre-Kindergarten expansion.

The Budget also includes a significant increase to pedagogical headcount which is largely due to the increased enrollment of special education students. Finally, the DOE's Preliminary Budget estimates for State revenue have not been adjusted to match the proposed Executive State Budget for 2015-2016. Further details for the major changes include the following:

Renewal Schools. The Fiscal 2016 Preliminary Plan introduces funding for the Administration's renewal schools initiative. The Administration plans to invest \$150 million across the City to the 94 lowest performing schools under this initiative¹. Each school will receive roughly \$1.6 million in addition to the schools' base budget. The DOE selected schools using three criteria: schools that were identified as priority or focus schools by the State Department of Education; schools that demonstrated low academic achievement for each of the three prior years (2012- 2014); and schools that scored "proficient" or below on their most recent quality review². Fiscal 2015 only includes \$30.7 million for the renewal schools initiative; however, it is anticipated that all of the funding will be reflected in the Executive Budget for Fiscal 2016 and in the outyears.

Collective Bargaining. The November Plan included \$239.9 million for collective bargaining costs in Fiscal 2015 and \$506.4 million in Fiscal 2016. According to the Administration, the collective bargaining agreements for the DOE are 98 percent complete and they include:

- United Federation of Teachers (UFT) member salary increases, collectively totaling \$250.9 million in Fiscal 2015 and \$506.4 million in Fiscal 2016 and in the outyears.
- Health savings, of \$146.6 million in Fiscal 2015 and \$256.6 million in Fiscal 2016 and in the outyears.

Public Schools Athletic League (PSAL). According to the U.S. Department of Education's Office of Civil Rights, the City would have to add 3,862 more sports opportunities for female students in order to comply with Title IX laws. The DOE denies violating Title IX, but it has entered into an agreement to resolve the complaint by adding a modest increase of \$214,318 in Fiscal 2016 with an incremental rate increase in the outyears. The additional funding would add 12 varsity female teams for the school year which is less than one percent of the suggested number of teams by the U.S. Department of Education's Office of Civil Rights. The PSAL budget is not been entirely transparent and it is unclear how many female varsity teams the DOE believes satisfies the Title IX lawsuit agreement.

Teacher Leadership Positions. The contract agreement between the DOE and the UFT includes changes to the teachers' contracts, including additional opportunities in teacher leadership. While the DOE informed the Council it would absorb all costs associated with teachers' professional development, the Preliminary Plan includes \$4.9 million in Fiscal 2015 and Fiscal 2016 for master and model teachers. These funds will provide salary increases for 514 model teachers and 80 master teachers. According to the contract agreement, master teachers will take on additional responsibilities and work closely with school leadership; and they will receive additional compensation of \$20,000 per year. Model teachers will provide instructional support in

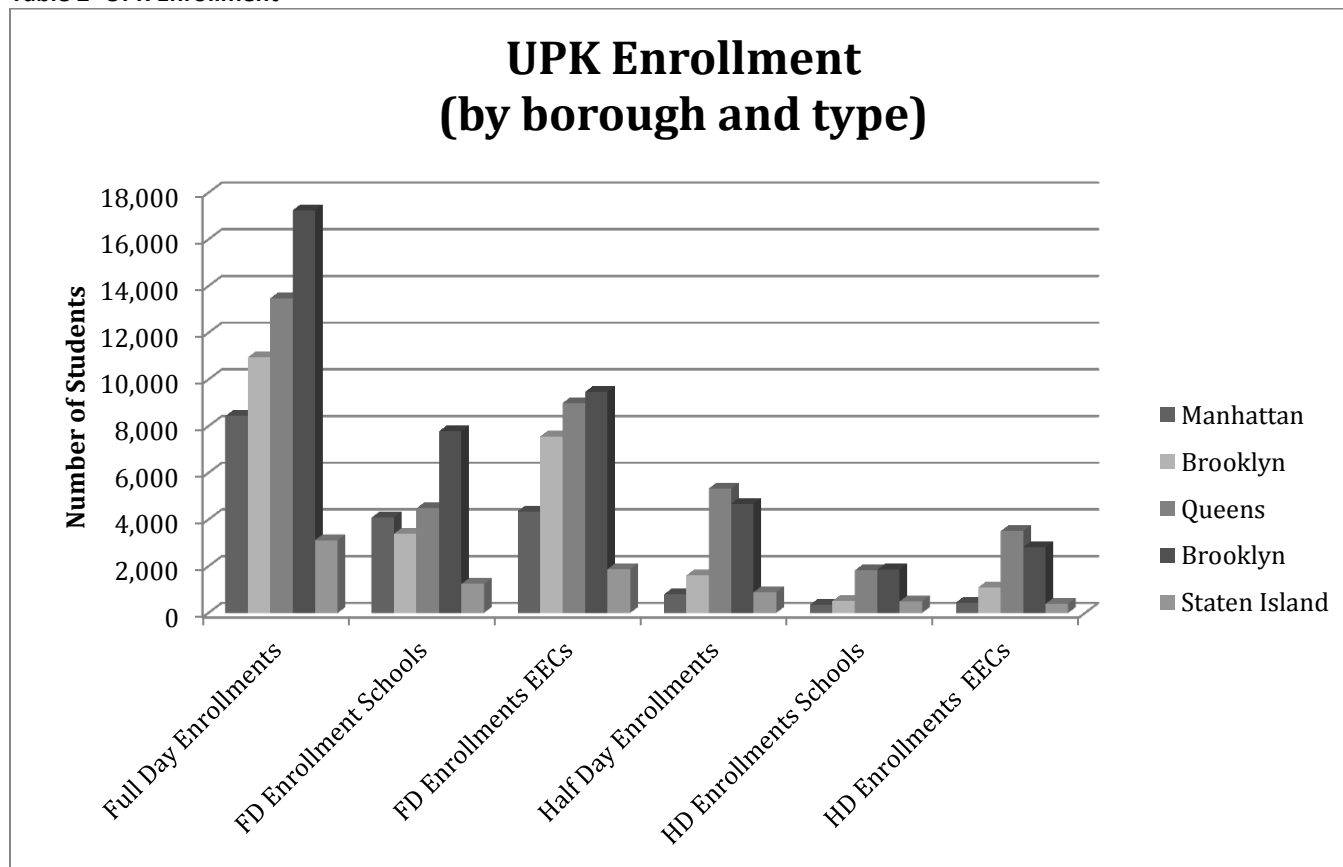
¹ Department of Education website, <http://schools.nyc.gov/AboutUs/schools/RenewalSchool>

² Department of Education website, <http://schools.nyc.gov/AboutUs/schools/RenewalSchool>

classrooms and assist their colleagues; and they will receive an additional \$7,500 per year. Both positions will be for one year terms. It is unclear if the anticipated 514 model teachers and 80 master teacher positions will be fully filled in Fiscal 2016.

Universal Pre-Kindergarten (UPK) Expansion. The Fiscal 2015 Budget includes \$524.4 million for the citywide expansion of full-day UPK. As outlined in the Administration's "Ready to Launch" reports, the City's full-day UPK program is expected to expand citywide in two years to serve a total of 73,250 four-year olds. As year two of the program approaches, the DOE is on target to expand services to meet the full need of UPK seats. The DOE's budget does not clearly show spending on the UPK program and the Department has not provided a separate U/A for UPK as promised to the Council by the Administration. However, the Council is hopeful the UPK U/A will be available in the Administration's Fiscal 2016 Executive Budget. The chart below displays UPK enrollment by borough and full day and half day enrollment at schools versus early education centers (EEC).

Table 2- UPK Enrollment



Funding Summary

The Department of Education receives federal and state aid in addition to its City tax-levy (CTL) funds. Table 4 below shows the various funding sources, including notable state and federal aids.

Table 3 - Funding for the Department of Education

<i>Dollars in Thousands</i>	2015 Adopted	2015 Preliminary	2016	*Difference 2015 - 2016	Percent Total
City	\$9,616,493	\$9,770,848	\$10,188,680	\$572,187	47.2%
State					
Foundation Aid	\$6,209,803	\$6,209,803	\$6,451,873	\$242,070	29.9%
Formula Aid	1,419,979	1,421,800	1,420,947	968	6.6%
Building Aid	478,125	478,125	478,125	0	2.2%
Categorical Programs	595,204	589,678	641,445	46,241	3.0%
Special Education PreK	539,274	539,274	565,593	26,319	2.6%
State Food Programs	11,075	11,075	10,825	(250)	0.1%
Revenue in Other Agencies	(2,500)	(2,500)	(2,500)	0	0.0%
Subtotal State	\$9,250,960	\$9,247,255	\$9,566,308	\$315,348	44.3%
Federal - Other					
Title I	\$730,847	\$679,101	\$679,101	(\$51,746)	3.1%
Title IIA	108,000	108,000	108,000	0	0.5%
IDEA	269,782	269,782	269,782	0	1.2%
Medicaid	67,000	67,000	97,000	30,000	0.4%
School Lunch	300,476	300,476	292,476	(8,000)	1.4%
Race to the Top	9,063	9,063	0	(9,063)	0.0%
Other	250,453	254,953	249,435	(1,018)	1.2%
Subtotal Federal	\$1,735,621	\$1,688,375	\$1,695,794	(\$39,827)	7.9%
Federal - CD	\$4,500	\$4,500	\$4,500	\$0	0.0%
Intracity	\$8,998	\$42,130	\$9,994	\$997	0.0%
Other Categorical	\$132,751	\$157,557	\$123,081	(\$9,670)	0.6%
TOTAL DOE FUNDING	\$20,749,323	\$20,910,665	\$21,588,357	\$839,034	100.0%

Source: New York City Office of Management and Budget, "Monitors' Briefing Package", FY 2015 Adopted Budget and FY 2016 January Plan

The City's share of the DOE's budget has been increasing for several years and would constitute 47.2 percent of the budget in Fiscal 2016. The state and federal shares would be 44.3 percent and 7.8 percent, respectively.

City Funding

The DOE'S Fiscal 2016 Preliminary Budget totals \$21.59 billion which reflects an increase of \$839 million as compared to the Fiscal 2015 Adopted Budget. The increase is due to an increase in the personal services (PS) budget of \$516.2 million and an increase in other than personal services (OTPS) of \$322.8 million.

State Funding

The DOE's Fiscal 2016 Preliminary Budget shows a \$315.3 million or 3.4 percent increase in State funds as compared to the Fiscal 2015 Adopted Budget. The net increase results from a \$242

million increase to Foundation Aid, a \$46.2 million increase in Categorical Programs, and a \$26.3 million increase in Special Education Pre-K. The State aid projections are not based on the Fiscal 2015-2016 State Executive Budget since the school aid runs were not available. The Administration determined the projections by the personal growth income index multiplied by the prior year's General Support for Public School total.

- **Foundation Aid**

The Preliminary Budget includes a \$242 million increase to Foundation Aid in Fiscal 2016 as compared to the Fiscal 2015 Adopted Budget. The Administration projected this increase based on normal growth rates for the State. This amount could decrease significantly if the Governor's education reform package is not enacted.

- **Categorical Programs**

The State Categorical programs will increase by \$46.2 million in Fiscal 2016 which can be largely attributed to the increase in charter school tuition payments which increased by \$12 million and UPK which increased by \$45 million. The Fiscal 2015 Preliminary categorical program budget reflects a decrease of roughly \$5 million when compared to the Fiscal 2015 Adopted Budget due to direct charter tuition payments to private schools.

- **Special Education Pre-Kindergarten**

The Preliminary Budget includes a \$26.3 million increase in State funding for Special Education Pre-K in Fiscal 2016. The projected funding increase results from steady growth in enrollment. The State's share of funding for Special Education Pre-K is 59.5 percent and the City's share is 40.5 percent.

Federal Funding

The DOE's Fiscal 2016 Preliminary Budget includes a \$39.8 million or 2.2 percent decrease in federal funds as compared to the Fiscal 2015 Adopted Budget. The decrease results from a loss of \$51.7 million in Title I funding and a decrease of \$8 million in school lunch and \$9 million in race to the top funding. This decrease is slightly offset by an increase of \$30 million in Medicaid revenue.

- **Reduction in Title I Revenue**

As compared to the Fiscal 2015 Adopted Budget, the Department's estimate for Title I revenue would decrease by \$51.75 million in Fiscal 2016. According to the Administration, the Title I baseline budget was outdated and this is a corrective action to accurately depict the funding received from the federal government.

- **Medicaid Revenue**

The DOE estimates it will collect \$67 million in Medicaid reimbursements in Fiscal 2016. It is unclear whether the DOE will be able to meet its Fiscal 2016 projection. The Department has made some progress in its attempts to submit claims for speech therapy and the Council is hopeful UFT and the DOE will continue to work closely to submit more claims.

- **Race to the Top**

The City received an estimated \$9 million in Race to the Top funds in Fiscal 2015. This federal funding stream expires after the current fiscal year, therefore resulting in a decrease in federal revenue for Fiscal 2016.

Other Categorical Funding

Other Categorical funding in Fiscal 2016 includes \$50 million in private grants, \$44.5 million in funds from the SCA, \$1 million for non-resident tuition, and \$5.3 million for the Retirement System (BERS). In Fiscal 2015, there was an additional \$20 million from a Microsoft Settlement not reflected in Fiscal 2016 since it was one-time funding. Projected Other Categorical funding in Fiscal 2016 is \$9.7 million or 7.2 percent less than the Adopted budgeted revenue. The majority of the difference from the Fiscal 2015 Adopted to the Fiscal 2016 Preliminary budget is largely attributed to the Microsoft Settlement.

- **Microsoft Settlement STVP**

The Fiscal 2015 budget includes \$20 million in revenue from the Microsoft Settlement School Technology Voucher Program (STVP). This particular funding stream resulted from the settlement agreement between New York State consumers and the Microsoft Corporation. The funds awarded in the settlement will be offered to eligible public school district on behalf of their schools, in the form of vouchers. The Fiscal 2016 Preliminary Plan does not include this funding in Fiscal 2016 or in the outyears.

- **SCA Construction**

The DOE's Division of School Facilities (DSF) completes capital projects such as minor school repairs, even though the division is supported with expense funds. The SCA reimburses DSF for money spent on these capital projects, which is reflected in the DOE's expense budget as revenue from the SCA. The Fiscal 2016 Preliminary Plan includes roughly \$64 million in SCA revenue in Fiscal 2015 and \$44.5 million in Fiscal 2016 and in the outyears.

In recent years, the DOE has received approximately \$40 million in SCA revenue annually. In the past, the plans projected \$20 million in SCA revenue, however in the Fiscal 2015 Adopted Plan, the baseline was increased by \$24.5 million to reflect \$44.5 million. A more accurate estimate will be reflected later in the fiscal year, aligning it with the timing of the SCA's actual reimbursement to the DOE.

Miscellaneous Revenue

The City's Financial Plan does not include the Department's miscellaneous revenue in the agency's total budget. Miscellaneous revenue would total \$55.9 million in Fiscal 2015 and \$59.2 million in Fiscal 2016. The \$59.2 million in Fiscal 2016 includes \$16 million in school lunch fees, \$8.2 million in grant refunds, \$28 million in extended use fees charged to organizations that rent space in school buildings on nights and weekends, and \$7 million in sundries such as UFT fees. (See Appendix B).

2015-2016 Executive State Budget Highlights

The 2015-16 Executive State Budget totals \$150 billion statewide, and the New York State Education Department's (NYSED) Fiscal 2015-2016 Executive Budget is roughly \$56 billion. As proposed by the Governor, school aid in the State would potentially grow by \$1.065 billion. This increase stems from \$50 million in statewide competitive grants, \$377 million in State aid and an additional \$636 million proposed by the Governor which is contingent upon adoption of a package of education legislation. In addition, the Executive Budget includes \$35 million for 3 year old pre-kindergarten programs statewide. The City's Financial Plan does not reflect the Governor's proposals given the uncertainty of whether they will be passed as proposed and due to the fact that the NYSED has not published the school aid runs by county as of yet.

Campaign for Fiscal Equity (CFE). The landmark "CFE v. State of New York" lawsuit found that the State's school finance system under-funded New York City public schools and denied its students their constitutional right to a sound, basic education. In order to comply with the Court of Appeals CFE ruling in 2007, the State revised the formulas for distributing State school aid ("Foundation Aid"), and increased the allocation. The State planned to increase school aid over four years to meet the CFE requirement. Despite the CFE mandate, schools endured severe cuts and reductions in Fiscal 2010 and 2011 throughout the State. While the State has argued it is working towards fulfilling its constitutional obligation for fiscal equity, currently the amount of CFE funding actually realized per pupil in NYC in 2014 was only \$98; as compared to the \$2,178 per pupil the City is owed. As of the 2014-2015 Enacted State Budget, schools are still owed \$4.9 billion in Foundation Aid across the State.

Council Initiatives

The City Council added \$24.2 million to the City's Fiscal 2015 Budget to fund a variety of education initiatives, which are listed in Table 5 below. Fiscal 2015 Council additions included \$6.25 million for free lunch for middle schools across the City. The intention was to provide free lunch for all middle school students; however, DOE only implemented this initiative for standalone middle schools. The Council also created an \$825,000 new initiative for the Small Schools Athletic League to target smaller schools and assist them with student access to sports leagues. Other highlights include: an additional \$1.5 million for Teacher's Choice, an additional \$1 million for Urban Advantage, an enhancement of \$200,000 for Chess in the Schools and an increase of \$100,000 for the Community Schools initiative as compared to Fiscal 2014 Council changes at Adoption.

Table 4 - Fiscal 2015 Council Changes at Adoption

Dollars in Thousands

General Education Instruction & School Leadership	
Anti-Gun Violence Initiative	\$550
Bridge to Tomorrow	\$1,150
CHAMPS	\$125
Middle School Quality Initiative	\$1,550
Smalls Schools Athletic League	\$825
Teacher's Choice	\$6,085
Subtotal	\$10,285
Central Administration	
Chess in the Schools	\$400
Child Mind Institute	\$250
Community Schools	\$250
Council of School Supervisors & Admins.	\$300
Dropout Prevention & Intervention	\$1,000
Executive Leadership Institute	\$450
MOUSE	\$275
Urban Advantage - Science Education	\$3,500
Subtotal	\$6,425
School Food	
Free Lunch in Middle Schools	\$6,250
Subtotal without Local or Borough	\$22,960
Local Initiatives	\$1,240
Borough-Wide Initiatives	\$6
TOTAL	\$24,206

Financial Plan Summary

The DOE's expense budget is organized by unit of appropriation (U/A), each of which represents a function of the Department. The Financial Plan Summary table displays the DOE's budget by U/A. 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 U/As are bundled into the following 14 programs.

1. Public Schools (U/As 401, 402, 403, 404, 481 and 482)
2. Charter Schools (U/A 406)
3. Special Education (U/As 421, 422, 423 and 424)
4. Contract Schools/Foster Care (U/A 472)
5. Collective Bargaining (U/A 491)
6. Special Education Pre-Kindergarten (U/A 470)
7. Pupil Transportation (U/A 438)
8. School Facilities, Energy and Leases (U/As 435, 436 and 444)
9. School Food Services (U/As 439 and 440)
10. Central Administration (U/As 453 and 454)
11. Fringe Benefits and Collective Bargaining (U/As 461 and 491)
12. School Support Services (U/As 415 and 416)
13. School Safety (U/A 442)
14. Non-Public Schools and FIT (U/A 474)

The Financial Plan Summary illustrated in Table 5 shows the DOE's budget by U/A. The discussions of program areas provide further detail.

Table 5 - Financial Plan Summary

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2013	2014	2015	2015	2016	2015 - 2016
Budget by Unit of Appropriation						
401 - GE Instr. & Sch Ldrshp - PS	\$5,524,987	\$5,556,694	\$5,546,676	\$5,703,776	\$5,838,976	\$292,301
402 - GE Instr. & Sch Ldrshp - OTPS	508,401	675,613	687,479	704,207	731,366	43,887
403 - SE Instr. & Sch Ldrshp - PS	1,209,572	1,261,228	1,281,497	1,319,344	1,382,357	100,860
404 - SE Instr. & Sch Ldrshp - OTPS	2,628	3,176	3,825	3,825	3,850	25
481 - Categorical Programs - PS	1,237,244	1,227,270	1,235,144	1,211,864	1,250,559	15,415
482 - Categorical Programs - OTPS	725,981	805,213	980,353	985,982	957,213	(23,140)
406 - Charter Schools	865,306	1,065,338	1,297,014	1,297,014	1,441,028	144,014
421 - Citywide SE Instr. & Sch Ldrshp - PS	779,124	807,030	864,782	887,670	960,717	95,935
422 - Citywide SE Instr. & Sch Ldrshp - OTPS	14,765	15,340	16,415	16,415	16,415	0
423 - SE Instructional Support - PS	255,200	241,394	244,149	254,002	272,608	28,459
424 - SE Instructional Support - OTPS	242,247	220,686	222,742	224,200	227,972	5,230
472 - Contract Sch/Carters/Foster Care - OTPS	612,705	611,452	628,879	628,879	655,668	26,789
470 - SE Pre-K Contracts - OTPS	941,746	824,810	947,671	947,671	994,877	47,206
438 - Pupil Transportation - OTPS	1,066,958	1,098,848	1,110,206	1,111,596	1,157,598	47,392
435 - School Facilities - PS	387,215	393,546	392,055	427,299	439,586	47,530
436 - School Facilities - OTPS	353,894	398,329	241,857	288,733	253,783	11,926
444 - Energy & Leases - OTPS	482,230	514,180	506,002	506,026	506,025	22
439 - School Food Services - PS	200,556	196,304	196,963	203,556	202,381	5,419
440 - School Food Services - OTPS	212,055	215,750	239,454	243,522	244,298	4,845
453 - Central Administration - PS	146,402	149,017	148,184	161,618	165,369	17,185
454 - Central Administration - OTPS	124,620	181,962	160,478	170,207	156,027	(4,451)
461 - Fringe Benefits - PS	2,814,368	2,837,784	2,893,589	2,921,887	3,048,091	154,502
415 - School Support Orgs. - PS	138,987	147,645	236,995	242,850	246,459	9,464
416 - School Support Orgs. - OTPS	9,417	10,477	37,898	38,665	38,434	537
442 - School Safety - OTPS	306,130	309,676	313,416	327,815	332,141	18,725
474 - Non-Public and FIT - OTPS	69,677	70,173	64,745	66,566	64,560	(185)
491- Collective Bargaining	0	0	250,855	10,977	0	(250,855)
TOTAL	\$19,232,415	\$19,838,934	\$20,749,324	\$20,906,165	\$21,588,358	\$839,034
Positions						
Full-Time Pedagogical	11,202	11411	10,524	10,564	10,571	47
Full-Time Non-Pedagogical	108,416	109901	111,366	111,523	112,990	1,624
TOTAL	119,618	119,618	121,890	122,087	123,561	1,671

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

Since last June, the Fiscal 2015 Budget has grown by \$156 million; this growth is comprised of \$57 million in new needs and \$97.99 million in other adjustments. For Fiscal 2016, new needs total \$35.2 million and other adjustments total \$107 million. Combined, the above actions take the agency to its current budget of \$20.91 billion for Fiscal 2015 and \$21.59 billion for Fiscal 2016. (See appendix C for a list of all budget actions since Adoption.)

At the time of the Fiscal 2015 Adoption, DOE's projected Fiscal 2016 Budget of \$21.4 billion was \$696,842 more than the Adopted Fiscal 2015 Budget of \$20.7 billion. The DOE's Adopted Fiscal 2015 projected headcount of 123,358 for Fiscal 2016 was also 1,468 higher when compared to the Fiscal 2015 budgeted headcount of 121,890 at Adoption. Therefore, it is important to note, since Fiscal 2015 Adoption, several initiatives have resulted in increases to both the budget and headcount for Fiscal 2015 and Fiscal 2016.

Since last June, the Fiscal 2015 Budget has grown by \$156 million; this growth is comprised of \$57 million in new needs and \$97.99 million in other adjustments. For Fiscal 2016, new needs total \$35.2 million and other adjustments total \$107 million. Combined, the above actions take the agency to its current budget of \$20.9 billion for Fiscal 2015 and \$21.59 billion for Fiscal 2016. (See appendix C for a list of all budget actions since Adoption.)

The projected Fiscal 2016 budget is roughly \$839 million more than the Fiscal 2015 budget as adopted in June. The Administration's collective bargaining agreements for all associated unions with the DOE account for approximately \$506.4 million of the growth, almost all of which hits school budgets U/As. Growth in charter schools is also a significant portion of the net increase and is projected to be \$144 million or an 11 percent increase, bringing the budget to \$1.44 billion. Growth in U/A 461 – Fringe Benefits (\$154.2 million), U/A 421 – Citywide Special Education PS (\$96 million), and U/A 403 – Special Education Instruction & School Leadership PS (\$100.8 million) also contribute significantly to the overall increase.

The Financial Plan Summary on page 10 shows a projected headcount increase of 47 full-time pedagogical positions and an increase of 1,624 non-pedagogical positions in the Fiscal 2016 Preliminary Budget when compared to the Fiscal 2015 Adopted Budget. According to the Administration, the changes in all program areas with the exception of Central Administration (U/As 453 & 454) or other areas where it is directly related to a new need, are headcount realignments, not actual year-over-year changes. Essentially, budgeted headcount has not matched up with actual headcount in the past several financial plans. The Administration adjusted budgeted headcount in Fiscal 2015 and Fiscal 2016 to more closely match actual headcount.

School Budgets

The City's 1,818 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 three program areas:

- General Education Instruction & School Leadership (U/As 401 & 402);
- Special Education Instruction & School Leadership (U/As 403 & 404); and
- Categorical Programs (U/As 481 & 482).

Although not all of the money budgeted in these U/As funds schools' budgets, school budgets will generally be impacted by actions in the corresponding program areas. This section provides an overview of the parts of the DOE's budget that fund public schools' budgets and support school-based jobs, and then each of the three program areas will be examined in more detail.

The City's budget does not include information on how much money any individual school receives, and it does not show how many employees any particular school has. The budget information is citywide. More detailed school-level budgetary information is made available by the DOE on its website at <http://schools.nyc.gov>.

Table 6 -UAs 401 & 402, 403 & 404, and 481 & 482 - School Budgets

<i>Dollars in Thousands</i>	Actual 2013	Actual 2014	Adopted 2015	Preliminary Plan		*Difference 2015 - 2016
				2015	2016	
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$6,686,192	\$6,712,050	\$6,732,942	\$6,882,476	\$7,120,940	\$387,998
Full-Time Salaried - Non-Pedagogical	179,825	185,234	155,749	162,621	163,660	7,910
Fringe Benefits	347,454	352,255	396,951	397,130	417,323	20,371
Additional Gross Pay	332,739	352,033	401,796	404,441	393,050	(8,746)
Other Salaried & Unsalaries	420,871	438,607	372,340	384,777	373,381	1,041
Overtime- Civilian	5,653	6,030	3,532	3,532	3,532	0
PS Other	(932)	(1,017)	6	6	6	0
Subtotal PS	\$7,971,803	\$8,045,192	\$8,063,317	\$8,234,984	\$8,471,892	\$408,575
Other Than Personal Services						
Contractual Services	\$517,738	\$600,423	\$733,885	\$748,141	\$753,548	\$19,663
Private Schools	108,953	131,281	267,542	262,016	288,191	20,648
Transportation Services	26,784	28,510	3,938	3,975	3,975	37
Professional Services	337,582	390,984	432,666	447,594	425,927	(6,738)
Social Services and Other	44,418	49,648	29,738	34,555	35,455	5,717
OTPS Other	719,274	883,580	937,772	945,874	938,881	1,109
Subtotal OTPS	\$1,237,011	\$1,484,003	\$1,671,657	\$1,694,014	\$1,692,429	\$20,772
TOTAL	\$9,208,815	\$9,529,194	\$9,734,974	\$9,928,998	\$10,164,321	\$429,347
Positions						
Full-Time Positions - Pedagogical	94,272	95,117	95,526	95,683	97,150	1,624
Full-Time Positions - Non-Pedagogical	3,564	3,618	3,269	3,287	3,287	18
TOTAL	97,836	98,735	98,795	98,970	100,437	1,642

*The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

The Fiscal 2016 Preliminary Budget includes \$10.2 billion for school budgets, a \$429.3 million or 4.4 percent increase when compared to the Fiscal 2015 Adopted Budget. The total growth includes an increase of \$408.6 million in PS and \$20.8 million in OTPS. The majority of the PS increase is due to the \$388 million increase for full-time salaried pedagogical staff. The OTPS increase is primarily due to contractual services, and in particular, the increase in private school contracts. As mentioned earlier in the report, since Fiscal 2015 Adoption, several initiatives have increased both the budget and headcount for Fiscal 2015 and Fiscal 2016, including but not limited to, collective bargaining.

Table 6 also shows an increase of 1,624 full-time pedagogues and an increase of 18 non-pedagogues, which is due to an agency-wide headcount realignment of existing headcount, not an increase. According to OMB, the increase in headcount of 1,642 is largely attributed to the headcount realignment in Special Education Services.

Table 7 - Teacher Headcount							
Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Teachers	72,787	73,844	74,103	*	*	74,320	75,040
Teachers with 5 or more years teaching experience (%)	75.0%	75.8%	75.3%	*	*	75.4%	71.3%
Teachers hired to fill projected vacancies (%)	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Principals with more than 3 years experience as principal (%)	61.6%	61.0%	59.5%	*	*	N/A	N/A
Teachers absent more than 10 days (%)	11.4%	11.8%	16.0%	*	*	1.4%	N/A

Source: Fiscal 2015 Preliminary Mayor's Management Report

Table 7 above shows that teacher headcount has consistently increased since Fiscal 2012. In addition to the statistics included in the PMMR, pursuant to a term and condition in the Fiscal 2014 Adopted Budget, the DOE is required to provide the Council with quarterly reports on the actual headcount funded through U/As 401 and 403. As of December 2014, DOE schools employed 63,356 teachers funded through these U/As. An additional 5,433 full-time pedagogues funded through categorical aids in U/A 481 worked for the DOE as of December 2014. Actual teacher headcount may differ from the budgeted headcount shown in the City's budget due to budgeting inaccuracies and hiring and attrition that occurs throughout the year.

The DOE has been criticized over its inability to meet capacity need for its schools which has resulted in persistent overutilization and overcrowding in many school buildings. Table 8 illustrates several performance statistics from the Fiscal 2015 Preliminary Mayor's Management Report (PMMR), including average class size, the percentage of schools that exceed capacity, and the number of new seats created. Studies show that large class sizes are negatively correlated with student academic performance. Table 8 shows that class sizes have remained high. In fact, class sizes have been increasing every year since the 2008-2009 school year.

Table 8 - Class Size							
Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Average class size (end of October) (Preliminary Unaudited) - Kindergarten	22.8	23.1	22.8	23.1	23.1	23.1	22.9
Grade 1	23.9	24.6	25.1	24.6	24.6	25.3	25.0
Grade 2	24.2	24.7	25.3	24.7	24.7	25.5	25.3
Grade 3	24.5	25.2	25.5	25.2	25.2	25.6	25.6
Grade 4	25.3	25.5	25.9	25.5	25.5	26.0	26.2
Grade 5	25.8	25.9	26.0	25.9	25.9	26.0	26.0
Grade 6	27.0	26.8	26.6	26.8	26.8	26.8	26.5
Grade 7	27.2	27.6	27.1	27.6	27.6	27.4	27.4
Grade 8	27.4	27.6	27.8	27.6	27.6	27.9	27.4
Schools that exceed capacity - Elementary schools (%)	33.0%	32.0%	33.0%	*	*	N/A	N/A
Middle schools (%)	12.0%	13.0%	13.0%	*	*	N/A	N/A
High schools (%)	32.0%	33.0%	31.0%	*	*	N/A	N/A
Students in schools that exceed capacity - Elementary/middle schools	28.0%	29.0%	31.0%	*	*	N/A	N/A
High schools (%)	48.0%	48.0%	44.0%	*	*	N/A	N/A

Source: Fiscal 2014 Preliminary Mayor's Management Report

General Education Instruction & School Leadership

The first two units of appropriation in the DOE's budget support the core school programs – general education instruction and school leadership. General Education Instruction and School Leadership (General Education) 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. Some funding for UPK is also scheduled here. In Fiscal 2013 and 2014 these U/As included funding for networks that provide operational support to schools. Beginning in 2015 at the insistence of the Council, school support funding and headcount is reflected in the School Support U/A.

As Table 9 indicates, this area of spending is huge, amounting to 30.4 percent of the DOE's \$21.59 billion Fiscal 2015 projected expense budget and 8.4 percent of the City's entire \$77.7 billion expense budget. Most of school spending is for pedagogical staff salaries. The budget shows that schools will employ nearly 63,333 full-time pedagogical staff next year and 2,647 non-pedagogical staff in general education.

Table 9 - UAs 401 & 402 - General Education Instruction & School Leadership

<i>Dollars in Thousands</i>	Actual 2013	Actual 2014	Adopted 2015	Preliminary Plan		*Difference 2015 - 2016
				2015	2016	
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$4,739,206	\$4,743,091	\$4,789,368	\$4,926,982	\$5,063,102	\$273,734
Full-Time Salaried - Non-Pedagogical	142,756	148,243	111,765	117,977	120,319	8,554
Additional Gross Pay	228,416	250,553	299,177	301,630	299,967	790
Other Salaried & Unsalaries	318,647	328,293	262,854	273,674	272,076	9,222
Fringe Benefits	91,995	82,368	81,393	81,393	81,393	0
Overtime Civilian	4,900	5,198	2,120	2,120	2,120	0
PS Other	(932)	(1,051)	0	0	0	0
Subtotal	\$5,524,987	\$5,556,694	\$5,546,676	\$5,703,776	\$5,838,976	\$292,301
Other Than Personal Services						
Contractual Services	\$162,219	\$206,425	\$132,718	\$142,086	\$139,211	\$6,492
OTPS Other	346,183	469,188	554,761	562,121	592,156	37,395
Subtotal	\$508,401	\$675,613	\$687,479	\$704,207	\$731,366	\$43,887
TOTAL	\$6,033,389	\$6,232,307	\$6,234,155	\$6,407,983	\$6,570,343	\$336,188
Positions						
Full-Time Positions - Pedagogical	2,937	3,067	2,629	2,647	2,647	18
Full-Time Positions - Non-Pedagogical	62,224	62,285	63,176	63,333	63,333	157
TOTAL	65,161	65,352	65,805	65,980	65,980	175

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

Table 9 illustrates that funding for General Education is projected to increase by \$336.2 million in Fiscal 2015 as compared to the Fiscal 2014 Adopted Budget. The growth includes a \$292.3 million increase in General Education PS, combined with an increase of \$43.89 million in OTPS. Most notably, the projected net growth in PS for U/A 401 is largely due to collective bargaining costs,

new needs, and expense adjustments like expanded arts instruction reflected in the November Plan. In the Preliminary Plan there are new needs which are detailed below.

Financial Plan Actions - New Needs

- **Peer Validators.** The November Plan included \$3.04 million in Fiscal 2015 and Fiscal 2016 in response to the local law for teacher evaluation. This initiative will allow teachers to become evaluators and assist less experienced instructors with teaching techniques. This funding will increase headcount by 25 positions to provide coverage for the peer validators.
- **Guidance Support.** The Preliminary Plan includes \$823,719 in Fiscal 2015 and \$1.1 million in Fiscal 2016 for additional guidance support at alternative learning centers. This funding provides ten new positions, five guidance counselors and five social workers, who will be distributed evenly across the five boroughs. Some of this funding is also included in U/A 461.
- **Literacy Intervention Teams.** The Preliminary Plan includes \$335,811 in Fiscal 2015 and \$654,928 in Fiscal 2016 for additional professional development for instructors. This funding will be aimed at tackling issues of students with dyslexia and provides additional teaching coaches, workshops and training to increase the literacy skillset of teachers. A portion of this funding is allocated to Fringe Benefits (U/A 461).
- **PSAL.** According to the U.S. Department of Education's office of civil rights, the City would have to add 3,862 more sports opportunities for female students in order to be in compliance of Title IX laws. The DOE denies violating Title IX, but they have entered into an agreement to resolve the complaint by adding \$214,318 in Fiscal 2016 at an incremental rate for the outyears. The additional funding would add 12 high school varsity female teams for the school year.
- **Renewal Schools.** As aforementioned in the report, "renewal schools" is the Administration's initiative to turnaround struggling schools. The Preliminary Budget for Fiscal 2015 includes \$5.2 million in U/A 401 with the expectation, as indicated from the Administration, that the full investment will be reflected in the Executive Plan which should total \$108 million in Fiscal 2016 and in the outyears.
- **Teacher Leadership Positions.** The Preliminary Plan includes \$4.9 million in Fiscal 2015 and Fiscal 2016 for master and model teachers. This funding will provide salary increases for 514 model teachers and 80 master teachers.
- **Language Access Campaign.** There is an additional \$68,100 for Fiscal 2016 in the Preliminary Budget dedicated to a public awareness campaign to promote the language line.
- **Tuition Assistance for Paraprofessionals.** The Preliminary Plan includes \$961,327 in Fiscal 2015 and \$1 million in Fiscal 2016 in response to the UFT contract agreement. This funding will provide a career training program that provides UFT and DC37 paraprofessionals an opportunity to acquire college credits towards becoming teaching assistants. This funding will cover roughly 25 percent of the current workforce.

Financial Plan Actions - Other Adjustments

- **Collective Bargaining.** The Preliminary Plan includes \$12.5 million in Fiscal 2015 for collective bargaining costs in U/As 401 & 402, and \$16.1 million in Fiscal 2016.

Special Education Instruction & School Leadership

The Special Education Instruction and School Leadership (Special Education Instruction) budget, U/As 403 and 404, supports the special education programs provided by schools. The largest of these programs is integrated co-teaching (ICT). ICT classes consist of one general education teacher and one special education teacher, providing a reduced student/teacher ratio while ensuring that students with disabilities are educated alongside age-appropriate peers in a general education classroom. Special education teachers, aids, and administrators and supplies and services purchased to support special education paid for by schools are funded through U/As 403 and 404. Almost all of the funding budgeted in these U/As 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 10- UAs 403 & 404 – Special Education Instruction & School Leadership

	Actual	Actual	Adopted	Preliminary		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$1,179,135	\$1,223,125	\$1,227,008	\$1,264,831	\$1,327,463	\$100,455
Full-Time Salaried - Non-Pedagogical	962	1,440	23,484	23,484	23,484	0
Other Salaried & Unsalaries	22,471	28,209	23,327	23,352	23,719	0
Fringe Benefits	1,694	1,812	0	0	0	0
Additional Gross Pay	5,163	6,436	7,677	7,677	7,691	0
PS Other	146	206	0	0	0	0
Subtotal	\$1,209,572	\$1,261,228	\$1,281,497	\$1,319,344	\$1,382,357	\$100,860
Other Than Personal Services						
Contractual Services	\$394	\$630	\$761	\$761	\$761	\$0
OTPS Other	2,234	2,546	3,064	3,064	3,089	0
Subtotal	\$2,628	\$3,176	\$3,825	\$3,825	\$3,850	\$25
TOTAL	\$1,212,200	\$1,264,404	\$1,285,322	\$1,323,169	\$1,386,207	\$100,885
Positions						
Full-Time Positions - Pedagogical	21,030	22,627	22,332	22,332	22,832	0
Full-Time Positions - Non-Pedagogical	14	15	9	9	9	0
TOTAL	21,044	22,642	22,341	22,341	22,841	0

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

Funding for Special Education Instruction is projected to increase by \$100.9 million or 7.8 percent in Fiscal 2016 when compared to the Fiscal 2015 Adopted Budget. The entire growth would be in PS for full-time pedagogical positions. At Adoption, there was a budget shift in special education service needs. Funding for special education instruction and school support personal services increased by \$83.4 million in Fiscal 2015 and was baselined in the outyears. Additionally the remaining increase is also attributed to collective bargaining and a new need for therapeutic crisis intervention services training.

Categorical Programs

An important component of every school's budget is the categorical aids that support particular student programs and services. U/As 481 and 482 in the Department's budget include most, but not all, categorical aids. Most of the funds budgeted in U/As 481 and 482 go directly to public schools, while some of it supports categorical programs at non-public 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 math programs. The DOE is scheduled to receive \$679.1 million in Title I funding in Fiscal 2016. Title IIA funds support professional development activities for teachers and other staff. 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. Much of the funding for universal pre-kindergarten is in Categorical Programs, as well. State categorical aids include employment preparation education and bilingual education, which bolster the federal programs.

Table 11 - UAs 481 & 482 – Special Education Instruction & School Leadership

<i>Dollars in Thousands</i>	Actual 2013	Actual 2014	Adopted 2015	Preliminary Plan		*Difference 2015 - 2016
				2015	2016	
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$767,851	\$745,834	\$716,565	\$690,662	\$730,375	\$13,809
Full-Time Salaried - Non-Pedagogical	36,107	35,552	20,501	21,160	19,857	(644)
Other Salaried & Unsalaries	79,754	82,105	86,159	87,752	77,587	(8,572)
Fringe Benefits	253,765	268,075	315,559	315,737	335,930	20,371
Additional Gross Pay	99,160	95,045	94,942	95,134	85,392	(9,550)
PS Other	607	660	1,419	1,419	1,419	0
Subtotal	\$1,237,244	\$1,227,270	\$1,235,144	\$1,211,864	\$1,250,559	\$15,415
Other Than Personal Services						
Contractual Services	\$355,125	\$393,367	\$600,405	\$605,293	\$613,576	\$13,171
OTPS Other	370,857	411,846	379,947	380,689	343,636	(36,311)
Subtotal	\$725,981	\$805,213	\$980,353	\$985,982	\$957,213	(\$23,140)
TOTAL	\$1,963,226	\$2,032,484	\$2,215,497	\$2,197,846	\$2,207,772	(\$7,725)
Positions						
Full-Time Positions - Pedagogical	11,018	10,205	10,018	10,018	10,985	967
Full-Time Positions - Non-Pedagogical	613	536	631	631	631	0
TOTAL	11,631	10,741	10,649	10,649	11,616	967

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

As shown in Table 11, funding for Categorical Programs would decrease by \$7.7 million or less than one percent in Fiscal 2016 as compared to Fiscal 2015 at adoption. PS spending is projected to increase by \$15.4 million. Within PS, funding for full-time pedagogues would increase by \$13.8 million, funding for full-time non-pedagogues would decline by \$644,000, and funding for fringe

benefits would increase by \$20.3 million. The headcount changes from Fiscal 2015 to 2016 do not reflect the projected changes in funding. The headcount adjustments are the result of the Administration's realignment in Fiscal 2015 to more closely match projections with actual headcount and to address the growth in special education instruction.

Financial Plan Actions – New Needs

- **Renewal Schools.** As mentioned earlier in the report, “renewal schools” is the Administration's initiative to turnaround struggling schools. The Preliminary Budget for Fiscal 2015 includes \$5.2 million in U/A 401 with the expectation, as indicated from the Administration, that the full investment will be reflected in the Executive Plan which should total \$108 million in Fiscal 2016 and in the outyears.

Financial Plan Actions – Other Adjustments

- **Collective Bargaining.** The Preliminary Plan includes \$1.6 million in Fiscal 2015 for collective bargaining in U/As 481 & 482, and \$3 million in Fiscal 2016.
- **Title I.** A Title I adjustment in the November Plan reduced the federal revenue projection by \$51.75 million in Fiscal 2015 and Fiscal 2016. (Reference page 5 for more in-depth analysis).
- **UPK Adjustment.** The November Plan included a reduction in UPK revenue of \$5.5 million to accurately depict spending.

Citywide Special Education & Special Education Instructional Support

Funds budgeted in Citywide Special Education Instruction and School Leadership, U/As 421 and 422, provide for direct citywide special education instruction and school supervision for severely handicapped children in self-contained classrooms and home and hospital instruction, and for instructional support services and related services. District 75 schools are funded here. U/As 423 and 424, Special Education Instructional Support, contains funds for centrally-managed special education related services such as occupational therapy, physical therapy and nurses. The DOE uses both employees and contractual providers to deliver mandated services to students. Funding budgeted here also pays for evaluations of students performed by school-based support teams.

Table 12 - UAs 421 & 422 - Citywide Special Education

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Citywide SE- UAs 421 & 422						
Personal Services						
Full-Time Salaried - Pedagogical	\$673,997	\$694,009	\$806,313	\$828,515	\$901,589	\$95,276
Full-Time Salaried - Non-Pedagogical	39,862	41,924	16,884	16,996	17,060	176
Other Salaried & Unsalariad	35,332	39,442	22,842	23,416	23,325	483
Fringe Benefits	235	238	216	216	216	0
Additional Gross Pay	28,728	30,279	18,528	18,528	18,528	0
PS Other	970	1,139	0	0	0	0
Subtotal PS	\$779,124	\$807,030	\$864,782	\$887,670	\$960,717	\$95,935
Other Than Personal Services						
Contractual Services	\$1,913	\$2,267	\$3,209	\$3,209	\$3,874	\$665
OTPS Other	12,852	13,073	13,206	13,206	12,541	(665)
Subtotal OTPS	\$14,765	\$15,340	\$16,415	\$16,415	\$16,415	\$0
Subtotal Citywide SE	\$793,889	\$822,370	\$881,197	\$904,085	\$977,132	\$95,935
SE Instructional Support - UAs 423 & 424						
Personal Services						
Full-Time Salaried - Pedagogical	\$84,473	\$88,427	\$116,916	\$119,712	\$132,513	\$15,597
Full-Time Salaried - Non-Pedagogical	103,904	108,105	97,204	102,358	105,335	8,132
Other Salaried & Unsalariad	27,703	28,541	20,337	21,739	24,567	4,230
Fringe Benefits	452	460	450	450	450	0
Additional Gross Pay	36,475	14,494	9,243	9,243	9,243	0
PS Other	2,194	1,366	0	500	500	500
Subtotal PS	\$255,200	\$241,394	\$244,149	\$254,002	\$272,608	\$28,459
Other Than Personal Services						
Contractual Services Subtotal	\$235,612	\$208,466	\$217,390	\$216,549	\$221,290	\$3,900
Direct Education Services	2,000	1,128	1,179	1,179	1,179	\$0
Other Contractual Services	233,612	207,338	216,211	215,370	220,111	\$3,900
OTPS Other	6,635	12,220	5,352	7,651	6,682	\$1,330

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Subtotal OTPS	\$477,859	\$429,151	\$440,132	\$440,749	\$449,262	\$9,130
Subtotal SE Instructional Support	\$733,059	\$670,546	\$684,281	\$694,751	\$721,870	\$37,589
TOTAL CW SE & SE INSTR. SUPPORT	\$1,526,948	\$1,492,915	\$1,565,479	\$1,598,836	\$1,699,002	\$133,523
Positions						
Full-Time Positions - Pedagogical	13,515	14,112	14,731	14,731	14,731	0
Full-Time Positions - Non-Pedagogical	2470	2613	2582	2582	2582	0
TOTAL	15,985	16,725	17,313	17,313	17,313	0

*The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Budget.

*Continuation from previous page

The special education budget is projected to be \$1.7 billion in Fiscal 2016, \$977 million of which would be for Citywide Special Education and \$721.8 million for Special Education Instructional Support (“Instructional Support”), or related services. Total funding for special education would increase by \$133.5 million or 8.5 percent in Fiscal 2016 as compared to Fiscal 2015 at adoption. The net growth in this area includes an increase of \$95.9 million in Citywide Special Education PS and a \$28.5 million increase in Instructional Support PS, and \$37.6 million in Instructional Support OTPS.

Financial Plan Actions – New Needs

- **Medicaid Physician.** There is \$101,250 in Fiscal 2015 and \$135,000 in Fiscal 2016 to provide for a physician that will be focused on increasing Medicaid claims and eligibility.
- **Google Chromebooks.** The November Plan included nearly \$1 million in Fiscal 2015 and \$1.28 million in Fiscal 2016 for the purchase of Google Chromebooks. This funding is a part of a larger agreement with occupational therapists to improve record tracking and claims.

Financial Plan Actions – Other Adjustments

- **Collective Bargaining.** The Preliminary Plan includes \$2.78 million in Fiscal 2015 and \$2.82 million in Fiscal 2016 for collective bargaining costs and it is reflected in U/As 421 & 423.

Table 13 below shows that the number of students receiving special education services has significantly increased, which corresponds with the increasing budget for these services and the increase in headcount in categorical programs. The table also shows an increase in the number of students enrolled in special education pre-school in both public and non-public schools. Lastly, there is a decline in the number of students who no longer are in need of special education.

Table 13 - Special Education Enrollment							
Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Students receiving special education services	221,661	225,325	250,509	*	*	230,284	260,719
(Preliminary unaudited)							
Special education enrollment - pre-school	194,073	199,302	223,975	*	*	205,874	235,109
- Public school	169,503	176,360	194,232	*	*	187,874	197,700
- Non-public school	24,570	22,942	29,743	*	*	18,000	37,409
Students recommended for special education	15,653	15,259	18,849	*	*	3,906	4,985
Students no longer in need of special education	6,689	7,119	5,615	*	*	2,462	1,525
Students in special education scoring below standards progressing into a higher level –							
-English Language Arts	6,689	7,119	5,615	*	*	2,462	1,525
-Math	38.2%	3.6%	11.4%	23.2%	23.2%	N/A	N/A

Source: Fiscal 2014 Preliminary Mayor's Management Report

Charter Schools

Charter schools are privately operated schools that run under a public charter issued by 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. This school year, there are 197 charter schools in New York City serving 84,717 students. The City pays charter schools a per-student rate that is set by the State. In Fiscal 2015, this rate is \$13,777 per general education student and more for special education students, although this rate varies and depends on the special education student's need. Funds for charter schools were not scheduled in U/A 406 until Fiscal 2014, Table 14 shows actual funding in 2013 to serve as points of comparison.

Table 14 -UA 406 - Charter Schools				
<i>Dollars in Thousands</i>	Adopted	Preliminary Plan		*Difference
	2015	2015	2016	2015 - 2016
Spending				
Other Than Personal Services				
Contracts				
General Education	\$1,151,465	\$1,151,465	\$1,278,355	\$126,890
Special Education	133,561	133,561	150,685	17,124
Charter School Leases	5,402	5,402	5,402	0
NYS Supplies & Equipment	6,586	6,586	6,586	0
TOTAL	\$1,297,014	\$1,297,014	\$1,441,028	\$144,014

*The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

Funding for charter schools is projected to total \$1.44 billion in Fiscal 2016, a \$144 million or 1.1 percent increase from the Fiscal 2015 Adopted Budget. As provided by the DOE as part of the terms and conditions in the Fiscal 2015 Adopted Budget, the Council receives additional

information on tuition payments. The DOE will make payments of \$1.29 billion for the 2014-2015 school- year.

The Administration only includes growth in existing charter schools in its Preliminary Budget projection, so this estimate will increase in the Executive Budget when funding for charter schools scheduled to open next school year are factored in. The Preliminary Budget does not show funding projections for new charter schools because the approved list of schools is not available until after the Preliminary Budget is released. It is likely that funding for Charter Schools in the Executive Budget will increase significantly.

Contract Schools, Carter Cases, and Foster Care

Funds for Contract Schools, Carter Cases, and Foster Care are budgeted in U/A 472. 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 lawsuits in which the DOE is ordered by a court to reimburse parents for tuition costs at any private school after making a showing that the public school placement is inadequate. This program area also includes funding to pay for schooling provided to foster care children placed outside the New York City school district. Finally, funds for blind and deaf students flow through this U/A. Prior to Fiscal 2014, this U/A included funding for charter schools. In Table 15, funding for charter schools was removed from actual spending in 2013 in order to more accurately compare spending over time for the remaining spending areas within the U/A.

Table 15 - UAs 472 - Contract Schools, Carter Cases, & Foster Care

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Other Than Personal						
Services Contracts						
In-State Contract Schools	\$277,671	\$264,741	\$277,636	\$277,636	\$288,425	\$10,789
Out of State Contract Schools	33,260	28,622	35,700	35,700	32,700	(3,000)
Carter Cases	199,013	222,213	204,228	204,228	217,228	13,000
Foster Care	24,774	22,424	37,805	37,805	40,805	3,000
Other	943,293**	73,453	73,509	73,509	76,509	3,000
TOTAL	\$1,478,010	\$611,452	\$628,879	\$628,879	\$655,668	\$26,789

*The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.

** Includes charter school funding.

Table 15 provides further insight into U/A 472. The Fiscal 2016 Preliminary Budget is \$655.67 million, an increase of \$26.79 million or 4.3 percent as compared to the Fiscal 2015 Adopted Budget. The increase in funding results from the combination of a \$10.8 million increase in funding for in-state contract schools, a \$13 million increase in funding for Carter cases, and a \$3 million increase in funding for foster care and other. These projections are slightly offset by a decrease of \$3 million in out of state contract schools.

Financial Plan Actions

- **Spending Re-estimates.** The budgeted funding for U/A 472 in the Fiscal 2016 Preliminary Budget is \$655.67 million, \$26.79 million greater than the Fiscal 2015 Adopted Budget. Projections in these areas have been adjusted because of increasing enrollment.

Special Education Pre-Kindergarten

The DOE 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 this program area, U/A 470, are directly provided by DOE. The DOE also provides door-to-door bus transportation for these children.

Table 16 - UAs 470 - Special Education Pre-Kindergarten

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Other Than Personal Services						
Contracts						
Tuition	\$508,126	\$441,145	\$499,389	\$499,389	\$484,178	(\$15,211)
Related Services	321,879	300,295	340,454	340,454	392,454	52,000
Pupil Transportation	111,741	83,370	107,828	107,828	118,245	10,417
TOTAL	\$941,746	\$824,810	\$947,671	\$947,671	\$994,877	\$47,206

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

As demonstrated in Table 16, Special Education Pre-Kindergarten is comprised of three service areas: tuition, related services, and transportation. Tuition is the largest spending area and would total \$487.2 million in Fiscal 2016, or 49 percent of the special education pre-K budget. Related services spending is projected to reach \$392.5 million in Fiscal 2016 and would make up 39 percent of spending for the program area. A total of 12 percent of special education pre-K funding would be allocated to pupil transportation, which would increase to \$118.2 million next fiscal year.

The net \$47.2 million increase in projected spending in Fiscal 2016 includes a \$15.2 million decrease in spending for tuition which is offset by a \$52 million or 15 percent enhancement in spending for related services, and a \$39.1 million or 9.6 increase in spending for pupil transportation.

Although enrollment is apparently increasing rapidly, costs are also dependent upon the related services each child receives. As Table 16 demonstrates, funding for related services is projected to increase.

Pupil Transportation

According to the City's budget, funding budgeted in U/A 438 supports the safe, reliable and efficient transportation service for the students of New York City. Approximately 600,000 students take advantage of DOE-provided transportation services each school day. Services include mandated door-to-door bus transportation for special education students in need of such, and stop-to-school yellow bus transportation for qualifying elementary school students. Older students receive free or half-fare 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 U/A 438 does not include all of the DOE's spending on student transportation. Additional student transportation services are budgeted in U/A 470 – Special Education Pre-Kindergarten – and other U/As. Administrative costs associated with transportation, including the Office of Pupil Transportation, are budgeted in the Central Administration program area, U/As 453 and 454.

Table 17 - UA 438 - Pupil Transportation

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Other Than Personal						
Services Contracts						
Special Education Busing	\$726,046	\$735,787	\$764,846	\$765,889	\$774,889	\$10,043
General Education Busing	254,467	287,449	272,460	272,808	309,810	37,349
MTA Subsidy	45,000	45,000	45,000	45,000	45,000	0
SIRT Subsidy	1,625	966	1,723	1,723	1,723	0
Other	39,819	29,646	26,176	26,176	26,176	0
TOTAL	\$1,066,958	\$1,098,848	\$1,110,206	\$1,111,596	\$1,157,598	\$47,392

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

As shown in Table 17, the pupil transportation budget would grow to \$1.16 billion in Fiscal 2016. Of the \$47.39 million or 4.3 percent growth, \$10 million would be in special education busing and \$37.3 million would be in general education busing. Funding for special education busing is projected to total \$774.9 million in Fiscal 2016 and make up 70 percent of pupil transportation spending. Funding for general education busing is projected to reach \$309.8 million and comprise 26.8 percent of the transportation budget. The increase of \$47.39 million can be attributed to year over-year inflation increases. In the Fiscal 2015 Adopted Budget, U/A 438 increased by \$47.39 for a total of \$1.16 billion; hence, there were no changes in the November or Preliminary Plans for U/A 438. The costs of student transportation are shared by the DOE and the State.

School Facilities

School Facilities is comprised of U/As 435 and 436. Funding for this program area supports the DOE's building maintenance and custodial operations. The Division of School Facilities also completes some capital projects that are funded by the School Construction Authority.

Table 18 - UAs 435 & 436 - School Facilities

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
School Facilities - Personal Services						
Full-Time Salaried - Non-Pedagogical	\$51,469	\$50,161	\$55,438	\$56,297	\$55,894	\$456
Other Salaried & Unsalaries						
Subtotal	327,631	334,925	334,424	368,772	381,462	0
Custodial Allowances	325,420	334,878	333,628	367,953	380,663	47,034
Fringe Benefits	1,149	1,300	0	37	37	37
PS Other	6,966	7,159	2,193	2,193	2,193	0
Subtotal	\$387,215	\$393,546	\$392,055	\$427,299	\$439,586	\$47,530
Other Than Personal Services						
Contractual Services Subtotal	\$180,158	\$212,376	\$202,678	\$249,290	\$214,566	\$11,889
Maintenance & Infrastructure Ops.	58,242	65,668	58,881	72,790	60,121	1,240
Other	121,915	146,708	143,797	176,500	154,445	10,649
OTPS Other	173,736	185,953	39,179	39,442	39,217	38
Subtotal	\$353,894	\$398,329	\$241,857	\$288,733	\$253,783	\$11,926
TOTAL	\$741,108	\$791,875	\$633,912	\$716,032	\$693,369	\$59,457
Positions						
Full-Time Positions - Non-Pedagogical	637	626	621	621	621	0
TOTAL	637	626	621	621	621	0

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

As shown in Table 18, the Preliminary Budget includes \$693.4 million for School Facilities in Fiscal 2016. Funding for custodial allowances would total \$380.7 million in Fiscal 2016 and constitute 86.5 percent of the School Facilities PS budget. The net \$59.5 million projected increase in Fiscal 2016 would primarily stem from a \$47.5 million increase to PS and an \$11.9 million increase to OTPS.

Of the \$253.8 million scheduled for OTPS, \$214.6 million or 84.5 percent would be for contractual services. Funding for contracts with non-DOE custodians is scheduled in this U/A.

Financial Plan Actions – New Needs

- **ADA Compliance.** The November Plan included \$1 million in Fiscal 2015 and in Fiscal 2016 for ADA compliance needs throughout shelter sites that serve adults. The large majority of this funding is for ramps and handle replacements.
- **Door Alarms.** The November Plan included \$1.88 million in Fiscal 2015 and \$5.97 million in Fiscal 2016 to replace and upgrade all door alarms to comply with the local law Avonte's law.
- **New Schools.** District schools will open in September and the facilities will have an associated cost of \$3.82 million in Fiscal 2015 and in Fiscal 2016.

Financial Plan Actions – Other Adjustments

- **School Facilities.** The Preliminary Budget includes \$19.5 million in other adjustments for School facilities improvements for the remainder of Fiscal 2015.
- **Collective Bargaining.** The Preliminary Budget includes \$8.4 million for School Facilities OTPS in Fiscal 2015 to support the citywide expansion of full-day UPK. The funds would be used to cover costs such as building opening fees.

Energy and Leases

Funding for energy heat, light, power, and fuel oil - and leases is scheduled in U/A 444. The DOE leases approximately 170 buildings to house many of its schools.

Table 19 - UAs 444 - Energy & Leases

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Other Than Personal Services						
Leases	\$164,504	\$171,521	\$178,900	\$178,900	\$178,900	-
Heat, Light, Power & Fuel						
Oil	317,725	342,659	330,102	330,126	330,125	22
Other	-	-	(3,000)	(3,000)	(3,000)	-
TOTAL	\$482,230	\$514,180	\$506,002	\$506,026	\$506,025	\$22

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The budget for energy and leases is projected to remain relatively flat from the Fiscal 2015 Adopted Budget to the Fiscal 2016 Preliminary Budget totaling \$506 million.

School Food Services

The Department's Office of School Food runs the Department's breakfast and lunch programs and is supported with funding allocated to U/As 439 and 440. According to the 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 based on federal income eligibility guidelines. School lunch is supported by the federal government. Students whose families' incomes exceed the federal cut-off may purchase lunch for \$1.75. Menus for lunch and breakfast are posted in all schools, and are available on-line at

<http://www.opt-osfns.org/OSFNS/resources/SFMenuSystem/public1/default.aspx>.

Table 20 - UAs 439 & 440 - School Food

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Personal Services						
Full-Time Salaried - Non-Pedagogical	\$65,482	\$64,695	\$66,164	\$69,143	\$70,113	\$3,949
Other Salaried & Unsalaries	122,769	120,078	128,543	132,157	130,013	1,470
PS Other	12,306	11,531	2,255	2,255	2,255	0
Subtotal	\$200,556	\$196,304	\$196,963	\$203,556	\$202,381	\$5,419
Other Than Personal Services						
Food & Forage Supplies	\$163,920	\$166,730	\$192,296	\$192,296	\$195,104	\$2,808
OTPS Other	48,135	49,020	47,157	51,225	49,194	2,037
Subtotal	\$212,055	\$215,750	\$239,454	\$243,522	\$244,298	\$4,845
TOTAL	\$412,612	\$412,054	\$436,416	\$447,077	\$446,680	\$10,263
Positions						
Full-Time Positions - Non-Pedagogical	1,762	1,760	1,697	1,697	1,700	3
TOTAL	1,762	1,760	1,697	1,697	1,700	3

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

Spending for school food services is projected to total \$446.68 million in Fiscal 2016, a \$10 million or 2.3 percent increase when compared to the Fiscal 2015 Adopted Budget. Table 20 above shows the growth is almost evenly split in the PS and OTPS areas of U/As 439 & 440. The Fiscal 2016 Preliminary Budget includes an increase of \$5.4 million in PS; majority of this increase is due to the headcount increase of three positions. The increase in OTPS of \$4.8 million is associated with the new needs as highlighted below, other adjustments in realignments within the U/A 440, and collective bargaining costs.

It is important to note that the Council also funded a middle school universal free lunch initiative at Fiscal 2015 Adoption for an additional \$6.25 million. The DOE instituted Universal Free School Lunch in stand-alone middle schools in September 2014. Middle school student participation in

the school lunch program increased by over 8 percent in the first four months of this school year (2014) compared to the same period last year (2013)³.

Financial Plan Actions – New Needs

- **Compostable Paper Products.** The November Plan included \$1.56 million in Fiscal 2015 and \$3.12 million in Fiscal 2016 to replace styrofoam trays with sugar cane based trays in response to a local law.
- **Office of School Food.** The Fiscal 2016 Preliminary Budget includes \$2.6 million for the Office of School Food starting in Fiscal 2016. This funding will support three additional positions, the salaries and fringe benefits attached to them, and the supplies for nine new school food sites opening in Fall 2015.

As shown in Table 21 below, the PMMR for Fiscal 2015 shows that from Fiscal 2012 to 2014 there was a decline in the average number of school lunches served daily, while the number of breakfasts served has remained relatively flat since Fiscal 2013.

Table 21 - School Meals							
Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
Average lunches served daily	642,957	625,231	614,698	*	*	N/A	N/A
Average breakfasts served daily	232,149	221,519	224,377	*	*	N/A	N/A

Source: Fiscal 2014 Preliminary Mayor's Management Report

The PMMR does not provide information on current year trends or any information on the initiative by the Council.

³ Analysis is based on School Food Division of the Department of Education school lunch participation data as presented by the Lunch for Learning Campaign.

Central Administration

U/As 453 and 454 consist of funding for the DOE's administrative offices. Functions include portfolio planning, operations, finance and school budget planning, and enrollment. Additional central office functions include school safety, youth development, special investigations, intergovernmental affairs, equal opportunity, public information, community engagement, legal services and labor relations.

Table 22 - UAs 453 & 454 - Central Administration

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$4,562	\$5,616	\$5,559	\$5,903	\$6,133	\$574
Full-Time Salaried - Non-Pedagogical	135,643	137,864	138,130	141,410	142,610	4,480
Additional Gross Pay	5,268	4,676	1,401	1,401	1,401	0
Other Salaried & Unsalaries	110	186	1,193	1,194	1,194	1
PS Other	820	675	1,902	11,647	13,889	11,987
Subtotal	\$146,402	\$149,017	\$148,184	\$161,556	\$165,228	\$17,043
Other Than Personal Services						
Contractual Services Subtotal	\$90,226	\$109,811	\$79,818	\$79,497	\$76,980	(\$2,838)
Computer Services	28,397	23,780	19,809	19,185	19,932	124
Other Professional Services	24,710	27,155	25,472	25,946	25,779	307
Telecommunications Maintenance	1,906	38,116	43,117	43,117	43,117	0
Other Contractual Services	35,212	20,760	(8,579)	(8,750)	(11,848)	(3,269)
OTPS Other	34,394	72,150	80,659	90,709	79,046	(1,613)
Subtotal	\$124,620	\$181,962	\$160,478	\$170,207	\$156,027	(\$4,451)
TOTAL	\$271,022	\$330,979	\$308,662	\$331,763	\$321,254	\$12,592
Positions						
Full-Time Positions - Pedagogical	27	39	27	27	27	0
Full-Time Positions - Non-Pedagogical	1,808	1,828	1,561	1,540	1,565	4
TOTAL	1,835	1,867	1,588	1,567	1,592	4

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

Spending for central administration is scheduled to increase by \$12.6 million in Fiscal 2016 when compared to the Fiscal 2015 Adopted Budget. The projection includes a \$17 million increase in PS, for a total of \$165.2 million and a \$12.6 million in OTPS, for a total of \$156 million in Fiscal 2016.

Financial Plan Actions – New Needs

- **New Impartial Hearing Office.** The Fiscal 2016 Preliminary Plan includes \$359,903 in Fiscal 2016 and additional funding in the outyears for three new positions in the new Impartial Hearing Office. This funding will create a new satellite office in an effort to expedite the special education-related cases such as Carter cases.

- **Language Line.** There is additional funding in the Fiscal 2016 Preliminary Budget to support over the phone language services for parents in over 80 languages. Fiscal 2015 includes \$75,000 and Fiscal 2016 includes \$46,875.
- **Student Enrollment System.** The Fiscal 2016 Preliminary Plan includes \$335,380 in Fiscal 2015 for an upgrade to the enrollment system. This upgrade will decrease the wait time for English Language Learners placements.
- **Webcasting for PEP Meetings.** The Fiscal 2016 Preliminary Plan includes \$118,950 beginning in Fiscal 2016 and in the outyears to fund webcasting of all DOE PEP and contract meetings.
- **15 Day Notice.** The November Plan included \$413,803 in Fiscal 2016 for new needs for both U/As 416 and 453. This funding will increase headcount by four positions to address Carter cases. This particular need is a Mayoral initiative, in response to parents' need for swifter payments and not waiting for the appeals process to complete to begin payments.
- **DIIT Identity Management Capital Support.** The November Plan also included \$1.1 million in Fiscal 2015 and in the outyears for costs associated with the maintenance of central systems. This funding will also support an increase of five positions for DOE in-house IT maintenance.
- **E- Rate.** The Preliminary Budget included a \$1.76 million increase in City funds in Fiscal 2015 and in the outyears to backfill federal E-Rate funds that are on hold due to a pending audit. The federal program provides discounts for telecommunications and Internet access in schools. Service providers are usually paid directly by the federal Universal Service Fund to cover the cost of the discounts. Because New York City's E-Rate program is currently being audited, E-Rate funds to service providers have temporarily ceased until the audit is completed. City funds have been added to Central Administration so the DOE can pay the service providers and continue to receive services. The DOE hopes to get federal reimbursement for these costs when the audit is completed.
- **Health Curriculum.** The November Plan includes \$195,385 in Fiscal 2015 and \$97,208 in Fiscal 2016 to purchase textbooks that align with the common core requirements in the health curriculum.

Financial Plan Actions – Other Adjustments

- **Collective Bargaining.** The November and Preliminary Plans includes a total of \$12.2 million in Fiscal 2015 and \$15.7 million in Fiscal 2016 due to the collective bargaining agreements.

School Support

Funding budgeted for School Support enables the DOE to provide field-based administrative and operational support to its schools. This work has been handled by the DOE's networks and clusters but the DOE is undergoing restructuring. The new support structure will have borough support centers and will give more authoritative duties to superintendents. The structure was implemented to reduce costs and facilitate information sharing among schools. This allocation also supports the community school superintendents, the community district education councils, family engagement staff and student placement offices.

Table 23 - UAs 415 & 416 - School Support

	Actual	Actual	Adopted	Preliminary		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$64,239	\$66,618	\$124,686	\$128,686	\$131,490	\$6,803
Full-Time Salaried - Non-Pedagogical	58,268	59,266	89,823	91,671	92,475	2,652
Other Salaried & Unsalariated	1,992	2,279	14,127	14,135	14,136	9
Fringe Benefits	0	0	0	0	0	0
Additional Gross Pay	13,610	18,546	7,954	7,954	7,954	0
PS Other	879	937	404	404	404	0
Subtotal	\$138,987	\$147,645	\$236,995	\$242,850	\$246,459	\$9,464
Other Than Personal Services						
Contractual Services	\$3,973	\$4,329	\$20,223	\$20,869	\$20,733	\$510
OTPS Other	5,444	6,148	17,674	17,795	17,701	27
Subtotal	\$9,417	\$10,477	\$37,898	\$38,665	\$38,434	\$537
TOTAL	\$148,404	\$158,122	\$274,893	\$281,515	\$284,893	\$10,001
Positions						
Full-Time Positions - Pedagogical	602	633	1,082	1,082	1,082	0
Full-Time Positions - Non-Pedagogical	961	966	816	815	816	0
TOTAL	1,563	1,599	1,898	1,897	1,898	0

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

Funding for school support would increase by \$10 million in Fiscal 2016. The additional funds are almost entirely in PS spending totaling \$9.5 million. The increase in PS can largely be attributed to collective bargaining costs totaling \$5.6 million in Fiscal 2015 and \$9.1 million in Fiscal 2016. The increase of \$537,000 is due to the following new needs.

- **Committee on Special Education.** The Fiscal 2016 Preliminary Plan includes \$306,017 in Fiscal 2015 and \$524,600 in Fiscal 2016 to increase part-time clerical staff to support the Department's 15-day notice for special education students.
- **Family Welcome Centers.** The Fiscal 2016 Preliminary Plan includes \$272,000 for 13 Family Welcome Centers in Fiscal 2015. This funding will integrate the parent outreach system with the City's 311 system.

Fringe Benefits & 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 a reserve to fund costs associated with collective bargaining agreements.

Table 24- UA 461 - Fringe Benefits

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Personal Services	\$2,814,368	\$2,837,784	\$2,893,589	\$2,921,887	\$3,048,091	\$154,502
TOTAL	\$2,814,368	\$2,837,784	\$2,893,589	\$2,921,887	\$3,048,091	\$154,502

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

Table 25- UA 491 - Collective Bargaining

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Personal Services	N/A	\$246,354	\$250,855	\$10,977	\$0	(\$250,855)
TOTAL	N/A	\$246,354	\$250,855	\$10,977	\$0	(\$250,855)

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The Fringe Benefits total budget is \$3 billion in Fiscal 2016, an increase of \$154.5 million or 5.3 percent when compared to the Fiscal 2015 Adopted Budget. Fringe benefits constitute 14 percent of DOE's total budget for Fiscal 2016.

The Preliminary Plan includes \$239.9 million in Fiscal 2015 and \$506.4 million in Fiscal 2016 for collective bargaining. In the Fiscal 2015 Adopted Budget, U/A 491 totaled \$250.8 million for Fiscal 2015 and \$506.4 million for Fiscal 2016. The decrease highlighted in Table 25 (U/A 491) of \$250 million is a technical adjustment. These funds have been distributed across several U/As to fund wage increases for DOE employees.

Financial Plan Changes

- **New Needs and Collective Bargaining.** Most of the \$154.5 million year-over-year change in U/A 461 is due to new needs in the November and Preliminary Plan, as well as the aforementioned collective bargaining agreement changes. All changes to the DOE's budget that impact personnel or headcount have an impact on fringe benefits. In addition, changes related to collective bargaining agreements also impact U/A 461.

School Safety

The Department of Education pays the New York Police Department (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 NYPD, not the DOE. A Memorandum of Understanding between the two departments outlines the NYPD's role in securing the schools.

Table 26 - UA 442 - School Safety

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2013	2014	2015	2015	2016	2015 - 2016
OTPS Contract	\$306,130	\$309,676	\$313,416	\$327,815	\$332,141	\$18,725
TOTAL	\$306,130	\$309,676	\$313,416	\$327,815	\$332,141	\$18,725

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

Funding for School Safety would total \$332.1 million in Fiscal 2016. A total of \$241.7 million goes directly to the NYPD through an intra-city payment and \$90.4 million is dedicated to fringe benefits. This funding accounts for 5.4 percent of the NYPD total Fiscal 2016 Preliminary Budget. The NYPD is currently budgeted for 5,147 school safety agents.

Table 27 - School Safety Headcount in NYPD

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2013	2014	2015	2015	2016	2015 - 2016
FT Positions - Civilian	\$4,975	\$4,903	\$5,147	\$5,147	\$5,147	\$0
FT Positions - Uniform	218	203	278	278	278	0
TOTAL	\$5,193	\$5,106	\$5,425	\$5,425	\$5,425	\$0

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The mission of the School Safety Division in the NYPD is to provide a safe environment, conducive to learning, where students and faculty can be free from hostility and disruptions which could negatively impact on the educational process.

Data from the Fiscal 2015 PMMR shows criminal activity in schools has been trending downward since Fiscal 2012.

Table 28 - School Safety Measures							
Performance Indicators	Actual			Target		4-Month Actual	
	FY12	FY13	FY14	FY15	FY16	FY14	FY15
School safety - Seven Major Crimes	812	699	654	N/A	N/A	171	153
Other criminal	3,295	2,626	2,485	N/A	N/A	571	602
Other	5,365	4,350	3,811	N/A	N/A	855	883

Source: Fiscal 2015 Preliminary Mayor's Management Report

Non-Public Schools and FIT

The DOE passes state aid for textbooks, library books, data processing supplies, and other school supplies to non-public schools. The DOE also provides support for the Fashion Institute of Technology (FIT). Of the \$64.56 million budgeted in U/A 474, \$45.4 million supports FIT. The DOE does not control the amount of funding budgeted in U/A 474, as all of the allocations are formulaic pass-throughs required by the State.

Table 29 -UA 474 - Non-Public Schools

	Actual	Actual	Adopted	Preliminary Plan		*Difference
<i>Dollars in Thousands</i>	2013	2014	2015	2015	2016	2015 - 2016
Spending						
Other Than Personal Services						
Fashion Institute of Technology	\$45,374	\$45,374	\$45,559	\$45,559	\$45,374	(\$185)
Books & Other Supplies	24,303	24,799	19,187	21,007	19,187	0
TOTAL	\$69,677	\$70,173	\$64,745	\$66,566	\$64,560	(\$185)

**The difference of Fiscal 2015 Adopted Budget compared to Fiscal 2016 Preliminary Budget.*

The projected budget for Non-Public Schools and FIT remains relatively unchanged in the Fiscal 2016 Preliminary Budget.

Appendix A: Contract Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant or personal service provided to the City by means of a contract. The Contract Budget is actually a subset of the OTPS portion of the City's Expense Budget and sets forth anticipated contractual spending for each agency by unit of appropriation, broken down by object codes, number of contracts per category and the corresponding dollar value anticipated to be expended in each category. The City's Contract Budget, as proposed, totals \$12.4 billion in Fiscal 2016, an increase of \$438 million or 3.7 percent when compared to the Fiscal 2015 Adopted Budget of \$12 billion.

The DOE historically has one of the largest agency contract budgets and in Fiscal 2016 it would make up 44.7 percent of the City's total \$12.4 billion Contract Budget. The Fiscal 2016 Preliminary Contract Budget includes a total of \$5.38 billion for the DOE's 5,082 contracts.

The greatest areas of contractual spending are for contract schools and pupil transportation. More than half of the \$5.38 billion contract budget would be for contract schools, which is projected to total \$2.8 billion in Fiscal 2016. In addition, \$1.15 billion or 21.5 percent would be for pupil transportation. Additional contractual categories and projected spending is outlined in the table below.

Department of Education Contract Budget					
Category	Fiscal 2015 Adopted		Fiscal 2016 Preliminary		
	Number	Budgeted	Number	Budgeted	Pct of DOE Total
Contractual Services General	8	71,269	8	75,749	1.4%
Telecommunications Maintenance	47	15,498	47	15,501	0.3%
Maint & Rep Motor Veh Equip	6	178	6	178	0.0%
Office Equipment Maintenance	58	5,247	58	1,823	0.0%
Data Processing Equipment	70	3,728	70	9,340	0.2%
Printing Contracts	52	4,348	52	4,460	0.1%
Security Services	4	322	4	322	0.0%
Temporary Services	75	21,138	75	21,430	0.4%
Cleaning Services	3	181	3	181	0.0%
Transportation Expenditures	24	4,882	24	4,882	0.1%
Bus Transportation Reimbursable Programs	1	53	1	53	0.0%
Transportation of Pupils	343	1,116,711	343	1,154,557	21.5%
Payments Contract/Corporate Schools	1534	2,627,230	1,609	2,798,970	52.0%
Training Program City Employees	2	4,367	2	4,367	0.1%
Maintenance & Operation of Infrastructure	416	137,988	416	144,612	2.7%
Payments to Delegate Agencies	1	59	1	59	0.0%
Prof Services Accounting & Auditing	2	1,785	2	1,785	0.0%
Prof Services Legal Services	52	11,032	52	12,232	0.2%
Prof Services Engineer and Architect	7	238	7	238	0.0%
Prof Services Computer Services	99	37,595	99	37,325	0.7%
Prof Services Direct Education Services	1244	842,346	1,244	894,351	16.6%
Prof Services - Other	332	96,674	332	102,028	1.9%
Bank Charges Public Asst Acct	1	154	1	154	0.0%
Prof Services - Curriculum and Prof Development	601	100,956	601	95,280	1.8%
Education and Rec for Youth Program	25	379	25	379	0.0%
Total	5,007	\$5,104,359	5,082	\$5,380,258	100.0%

Appendix B: Miscellaneous Revenue

The Department of Education plans to collect approximately \$59.2 million from various miscellaneous revenue sources in Fiscal 2016. DOE receives funding from school lunch fees, after school usage of DOE buildings, and other refunds.

Revenue Source				
<i>Dollars in Thousands</i>	Adopted 2015	Preliminary Plan		*Difference
		2015	2016	2015-2016
Educational Service Fees (School Lunch)	\$12,750	\$12,750	\$16,000	\$3,250
Grant Refunds	8,174	8,174	8,174	0
Rental (Extended use of School Buildings)	28,000	28,000	28,000	0
Sundries (UFT Fees, Misc. Coll/refunds)	7,000	7,000	7,000	0
TOTAL	\$55,924	\$55,924	\$59,174	\$3,250

Appendix C: Budget Actions in the November and the Preliminary Plans

<i>Dollars in Thousands</i>	FY 2015			FY 2016		
	City	Non-City	Total	City	Non-City	Total
DOE Budget as of FY 2015 Adoption	\$9,616,493	\$11,132,831	\$20,749,324	\$10,006,068	\$11,440,098	\$21,446,166
New Needs						
15 Day Notice	\$414	\$0	\$414	\$285	\$0	\$285
ADA Compliance	1,000	0	1,000	1,000	0	1,000
Compostable Paper Products	1,561	0	1,561	3,123	0	3,123
DIIT Identity Management Capital Support	1,053	0	1,053	1,078	0	1,078
Door Alarms	1,885	0	1,885	5,969	0	5,969
E-Rate	1,757	0	1,757	1,757	0	1,757
Google Chromebooks	911	0	911	1,284	0	1,284
Health Curriculum	195	0	195	97	0	97
Medicaid physician	101	0	101	135	0	135
New Schools	3,821	0	3,821	3,821	0	3,821
Office of School Food	2,507	0	2,507	1,411	0	1,411
Peer Validators	3,035	0	3,035	3,035	0	3,035
Committee on Special Ed	306	0	306	525	0	525
Family Welcome Centers	272	0	272	0	0	0
Guidance Support	824	0	824	1,097	0	1,097
Literacy Intervention Teams	336	0	336	655	0	655
Language Campaign	75	0	75	115	0	115
Local 372 Union Leave Employee	64	0	64	109	0	109
New Impartial Hearing office	0	0	0	360	0	360
PSAL	0	0	0	214	0	214
Renewal Schools	5,240	25,460	30,700	0	0	0
School Food	0	0	0	2,614	0	2,614
Student Enrollment System	335	0	335	0	0	0
TCIS Training	0	0	0	443	0	443
Teacher Leadership Positions	4,912	0	4,912	4,912	0	4,912
Tuition Assistance for Paraprofessionals	961	0	961	1,009	0	1,009
Webcasting for PEP Meetings	0	0	0	119	0	119
Subtotal New Needs	\$31,564	\$25,460	\$57,024	\$35,164	\$0	\$35,164
Other Adjustments						
Nov - Collective Bargaining Adjustments	\$23,927	\$0	\$23,927	\$32,229	\$0	\$32,229
Nov - Safety Agents Collective Bargaining	12,368	0	12,368	11,373	0	11,373
Nov - PlanNYC	0	1,617	1,617	0	0	0
Nov - NYC Service	270	0	270	0	0	0
Nov - HIP Rate Adjustment	(16,656)	0	(16,656)	(113,968)	0	(113,968)
Nov - IntraCity Other Adjustments	0	5,872	5,872	0	0	0

<i>Dollars in Thousands</i>	FY 2015			FY 2016		
	City	Non-City	Total	City	Non-City	Total
Nov - Senior Care Savings	(\$15,217)	\$0	(\$15,217)	(\$16,928)	\$0	(\$16,928)
Nov - Technical Adjustment	31,873	0	31,873	130,896	0	130,896
Nov - Title I Revenue	0	(51,746)	(51,746)	0	(51,746)	(51,746)
Nov - UPK Revenue Adjustment	0	(5,526)	(5,526)	0	0	0
Nov - Other Adjustments	9,194	14,461	23,655	11,303	231	11,534
Prelim - 32 BJ Collective Bargaining	24,735	0	24,735	28,953	0	28,953
Prelim - CSA Collective Bargaining	19,993	0	19,993	27,317	0	27,317
Prelim - Other Collective Bargaining Adjustments	32,172	5,050	37,222	36,279	10,100	46,379
Prleim - Other Adjustments	6	7,027	7,033	(166)	997	831
Prelim - School Facilities Improvements	0	19,525	19,525	0	0	0
Prelim - Federal Revenue Adjustment	0	(25,460)	(25,460)	0	0	0
Prelim - Other Intracity Adjustments	125	4,375	4,500	158	0	158
Subtotal Other Adjustments	\$122,790	(\$24,805)	\$97,985	\$147,446	(\$40,418)	\$107,028
Total All Changes	\$154,354	\$655	\$155,009	\$182,610	(\$40,418)	\$142,192
DOE Budget as of Fiscal 2016 Preliminary Plan	\$9,770,847	\$11,133,486	\$20,904,333	\$10,188,678	\$11,399,680	\$21,588,358

**Continuation from previous page*