



Fiscal 2009 Preliminary Budget Hearings

❖ Committee on Education

March 2008

Scheduled To Testify:

- *Department of Education (Expense)*

*Hon. Christine C. Quinn
Speaker of the Council*

*Hon. David I. Weprin, Chair
Committee on Finance*

*Hon. Robert Jackson, Chair
Committee on Education*

*James Caras, Acting Director
Finance Division*

DEPARTMENT OF EDUCATION (040)

Agency Operations

The Department of Education (DOE or the Department) operates 1,400 schools for close to 970,000¹ children in grades pre-kindergarten through 12, approximately 95,000 of whom are enrolled in special education programs. The DOE has 122,734 employees, about 79,000 of whom work as teachers. The schools seek to prepare all students to meet grade level standards in reading, writing and math, and high school students to pass Regents exams and meet graduation requirements. Support services provided by the Department include student transportation, breakfast and lunch, and the operation and maintenance of more than 1,400 schools. The DOE also funds publicly supported services and programs at private schools and funds charter schools.

AGENCY FUNDING OVERVIEW

For the coming year the Administration has proposed a \$17.81 billion budget for the Department, \$828.7 million more than it plans to spend this year. When education-related spending on debt service and pension costs are considered, the City's education budget for Fiscal 2009 rises to \$21.44 billion, \$1.19 billion more than in Fiscal 2008. Table 1 displays the Fiscal 2008 and 2009 budgets for the Department by revenue source and shows how much each funding source has changed since the City Council adopted the budget last June. Pension and debt service spending included in the City budget, but not in the DOE's agency budget, are shown to present a complete picture of the City's annual spending related to schools.

Table 1: AGENCY FUNDING

Agency Funding Sources	Fiscal 2008 Adopted Budget	Fiscal 2008 Current Modified Budget	Fiscal 2009 Preliminary Budget	Change Since Adoption
City	\$7,200,332,308	\$7,200,519,308	\$7,174,757,253	(\$25,575,055)
State	\$7,869,837,370	\$7,843,606,645	\$8,677,007,533	\$807,170,163
Federal-Other	\$1,850,755,098	\$1,850,755,098	\$1,897,902,935	\$47,147,837
Other Categorical	\$48,434,103	\$48,434,103	\$48,434,103	\$0
Community Development	\$5,000,000	\$5,000,000	\$5,000,000	\$0
Intra-City	\$9,094,272	\$10,651,424	\$9,094,272	\$0
Total Operating Budget	\$16,983,453,151	\$16,958,966,578	\$17,812,196,096	\$828,742,945
Pension Costs - City Funded	\$1,997,031,185	\$2,018,533,969	\$2,244,886,034	\$247,854,849
Debt Service - City Funded	\$1,092,747,800	\$1,093,480,554	\$1,097,489,727	\$4,741,927
Debt Service - State Funded	\$174,010,000	\$174,010,000	\$285,540,000	\$111,530,000
Total Other Obligations	\$3,263,788,985	\$3,286,024,523	\$3,627,915,761	\$364,126,776
Grand Total	\$20,247,242,136	\$20,244,991,101	\$21,440,111,857	\$1,192,869,721

¹ During the 2006-2007 school year, 1,042,078 students were enrolled in DOE schools, according to the Official Audited October 31, 2006 Register. Enrollment dropped during this year to approximately 878,468 general education and 95,207 special education students as reported in the unaudited and unofficial October 31, 2007 register. See <http://schools.nyc.gov/Offices/Stats/Register/>.

The City, State and federal government fund public schools in New York City. City and State funding comprise the bulk of the Department's support. State aid includes general operating support, called Foundation Aid, and a variety of categorical and targeted funding streams that are tied to particular functions, programs, and outcomes. Federal aid is primarily linked to federal legislative initiatives, many of which limit the use of funds or tie their receipt to specific educational outcomes. Other funding sources for the DOE include intra-City funding, which is payment from other City agencies for work performed by the Department, and Other Categorical Funding, which includes private grants, supplemental welfare benefits, non-resident tuition, School Construction Authority support, and Board of Education Retirement System (BERS) funds.

State and federal support for the DOE are all expected to increase in Fiscal 2009, while City tax levy funding will decline as compared to the Adopted Budget for Fiscal 2008. City funds will drop by \$25.6 million next year. This overall change in City support derives from many mid-Fiscal 2008 changes, as well as significant budget cuts planned for Fiscal 2009.

The growth in State aid projected in the Fiscal 2009 Budget is due primarily to an anticipated increase in Foundation Aid. This revenue estimate carried in the budget has not been adjusted to reflect the school aid funding level changes proposed by Governor Spitzer in his Executive State Budget for next year. The Governor has called for a slowed implementation of his four-year school aid increase that he introduced last year to comply with the Campaign for Fiscal Equity lawsuit. The January Plan for Fiscal 2009 carries Foundation Aid at \$6.33 billion, while the State Executive Budget for 2008-2009 includes only \$5.53 billion, creating a potential hole of \$700 million in the DOE's budget.

HEADCOUNT OVERVIEW

The Department's staffing level will remain basically the same in Fiscal 2009 as it is in the current year, as shown on Table 3. Headcount overall is expected to drop by 472 positions since adoption of the Fiscal 2008 budget, and only 232 positions from the current headcount. For information on the number of teachers working in DOE schools, one must turn to the *Preliminary Mayor's Management Report for Fiscal 2008*, which reports the number of teachers working in schools as 79,109, up from 77,571 last year. (PMMR at p. 17). The Office of Management and Budget adjusts the pedagogical headcount carried in the DOE's budget each year after receiving the final, audited October 31 student register. This adjustment has not yet been made. The January Plan contains two budget reduction measures that specifically target staff. Combined these PEGs would cut headcount by 491 non-pedagogical positions. Additionally, a proposed cut to the English Language Learners reserve would reduce pedagogical headcount by 113 positions.

Table 2: HEADCOUNT OVERVIEW

Headcount Pedagogical	Fiscal 2008 Adopted Budget	Fiscal 2008 Current Modified	Fiscal 2009 Preliminary Budget
Pedagogical – City	93,870	93,813	93,889
Pedagogical – Non-City	18,901	18,901	18,901
Pedagogical Total	112,771	112,714	112,790
Non-Pedagogical – City	8,982	8,799	8,491
Non-Pedagogical – Non-City	1,453	1,453	1,453
Non-Pedagogical Total	10,435	10,252	9,944
Total Headcount	123,206	122,966	122,734

FISCAL 2009 PRELIMINARY BUDGET OVERVIEW

The January Plan presents a proposal to decrease the DOE's city-funds budget by \$130.3 million this year and by \$285.4 million in Fiscal 2009. These changes are driven mostly by a large Program to Eliminate the Gap (PEG) plan that includes \$180.1 million in cuts in Fiscal 2008 and \$324.3 million in cuts for Fiscal 2009. Offsets to these cuts involve a variety of revised spending estimates such as those for energy, employee fringe benefits, and savings derived from the 55/25 Program that alters employee retirement guidelines. All of the changes proposed in the January Plan are presented in Table 4. The Administration has not presented any new or expanded programmatic initiatives in this Plan.

The most significant reductions proposed are the \$99 million cut already imposed on district and high schools, and another \$180.7 million cut to schools' budgets planned for next year. These reductions would almost entirely reverse the school budget increases made in the Fiscal 2008 budget. Falling City tax levy estimates, rising fixed costs and a decision to spread budget reductions across all City agencies led the Administration to propose a package of City funds cuts for public schools. The significant budget actions planned by the Administration are itemized below, with the Fiscal 2009 value shown in parenthesis:

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Table 4

JANUARY 2008 PLAN CHANGES – DEPARTMENT OF EDUCATION

Description	Fiscal 2008			Fiscal 2009		
	City	Non-City	Total	City	Non-City	Total
Budget as per the November Plan	\$7,205,821,308	\$9,783,120,843	\$16,988,942,151	\$7,460,153,204	\$10,586,191,691	\$18,046,344,895
January Plan New Needs						
ARIS Laptops	\$4,705,000	\$0	\$4,705,000	\$0	\$0	\$0
HIP HMO Rate Renewal	\$2,250,000	\$0	\$2,250,000	\$15,645,000	\$0	\$15,645,000
Total New Needs	\$6,955,000	\$0	\$6,955,000	\$15,645,000	\$0	\$15,645,000
January Plan Other Adjustments						
55/25 Retirement Program Savings	\$0	\$0	\$0	(\$43,100,000)	\$0	(\$43,100,000)
Fuel	\$20,143,709	\$0	\$20,143,709	\$20,134,200	\$0	\$20,134,200
Heat, Light and Power	(\$583,697)	\$0	(\$583,697)	\$0	\$0	\$0
2008-2010 Round CB at 4%	\$5,755,767	\$0	\$5,755,767	\$34,077,434	\$0	\$34,077,434
School Safety Agents CB	\$11,317,167	\$0	\$11,317,167	\$11,317,167	\$0	\$11,317,167
FICA for SSA CB	\$812,237	\$0	\$812,237	\$812,237	\$0	\$812,237
Universal Pre-K Adjustment	\$0	(\$30,324,626)	(\$30,324,626)	\$0	\$0	\$0
Hardware Aid to Nonpublic Schools	\$0	\$3,221,000	\$3,221,000	\$0	\$0	\$0
State General Support Aid	\$0	\$872,901	\$872,901	\$0	\$4,247,152	\$4,247,152
Intracity	\$0	\$1,483,652	\$1,483,652	\$0	\$0	\$0
Golden Apple Awards	\$0	\$73,500	\$73,500	\$0	\$0	\$0
Total Other Adjustments	\$37,445,183	(\$24,747,073)	(\$6,861,902)	\$23,241,038	\$4,247,152	\$50,453,990
January Plan PEGs						
School Level Underspending	(\$98,954,000)	\$0	(\$98,954,000)	(\$180,678,000)	\$0	(\$180,678,000)
Food Efficiencies	\$0	\$0	\$0	(\$5,000,000)	\$0	(\$5,000,000)
School Based DIIT	(\$2,000,000)	\$0	(\$2,000,000)	(\$10,000,000)	\$0	(\$10,000,000)
Central-Based DIIT	(\$4,000,000)	\$0	(\$4,000,000)	(\$4,000,000)	\$0	(\$4,000,000)
Lead Teacher Program	\$0	\$0	\$0	(\$10,000,000)	\$0	(\$10,000,000)
Reduce ELL Reserve Allocation	(\$5,000,000)	\$0	(\$5,000,000)	(\$10,000,000)	\$0	(\$10,000,000)
Summer School	(\$4,000,000)	\$0	(\$4,000,000)	(\$4,000,000)	\$0	(\$4,000,000)
Repairs and Maintenance	(\$1,000,000)	\$0	(\$1,000,000)	(\$2,000,000)	\$0	(\$2,000,000)
Facilities Efficiencies	(\$1,000,000)	\$0	(\$1,000,000)	(\$2,000,000)	\$0	(\$2,000,000)
Hiring Freeze & Other Administration	(\$6,780,000)	\$0	(\$6,780,000)	(\$10,639,000)	\$0	(\$10,639,000)
Hiring Freeze & Vacancy Reduction	(\$939,000)	\$0	(\$939,000)	(\$6,242,000)	\$0	(\$6,242,000)
Purchasing Efficiencies I	\$0	\$0	\$0	(\$15,000,000)	\$0	(\$15,000,000)
Purchasing Efficiencies II	\$0	\$0	\$0	(\$8,000,000)	\$0	(\$8,000,000)
State High Cost Aid	(\$47,000,000)	\$47,000,000	\$0	(\$47,000,000)	\$47,000,000	\$0
FIT PEG	(\$972,989)	\$0	(\$972,989)	(\$722,989)	\$0	(\$722,989)
Periodic Assessment	(\$1,000,000)	\$0	(\$1,000,000)	(\$2,000,000)	\$0	(\$2,000,000)
Technology Support Costs	(\$2,000,000)	\$0	(\$2,000,000)	(\$2,000,000)	\$0	(\$2,000,000)
Transportation	(\$5,500,000)	\$0	(\$5,500,000)	(\$5,000,000)	\$0	(\$5,000,000)
Total PEGs	(\$180,145,989)	\$47,000,000	(\$133,145,989)	(\$324,281,989)	\$47,000,000	(\$277,281,989)
Total January Plan Changes	(\$135,745,806)	\$22,252,927	(\$133,052,891)	(\$285,395,951)	\$51,247,152	(\$234,148,799)
DOE Budget as per the January Plan	\$7,070,075,502	\$9,805,373,770	\$16,855,889,260	\$7,174,757,253	\$10,637,438,843	\$17,812,196,096

Program to Eliminate the Gap (PEGs)

School Budget Cuts (\$180.7 million)

In January 2008, the DOE removed 1.75 percent of each district and high school's base budget. Principals are responsible for implementing reductions to their school budgets, and have the authority to determine what to cut. During this school year, it is unlikely that the budget cuts will lead to reductions in school staffing; supplies, teacher overtime, and enrichment programs are more likely to be cut. The larger \$180.7 million reduction planned for next year may, however, force some principals to eliminate jobs.

Food Efficiencies (\$5 million)

According to the Department, not all schools verify their students' eligibility for free and reduced price lunch. This budget reduction target will be met by forcing schools to pay for meals consumed by students who have not been approved for free or reduced price lunch.

School Based DIIT (\$10 million)

The DOE will begin charging schools for repair of their computers and systems, rather than giving schools access to the central repair contracts, as is now done. The DOE explains that this change will reduce repair costs by incentivizing schools to replace aging technology equipment, rather than repairing it. The DOE has not provided an estimate of the cost of new equipment, or shown that schools have resources to replace aging technology equipment.

Lead Teacher Program (\$10 million)

Two years ago the DOE introduced the Lead Teacher program to bolster the quality of the teaching staff in schools with the lowest levels of student performance. Lead teachers spend half their time teaching classes and half serving as professional development resources. Each lead teacher earns a \$10,254 annual bonus in addition to her salary. This cut would remove central support and funding for the program, which is 40 percent of each lead teacher's salary, and her bonus. The DOE claims that schools may elect to continue this program without any central support.

English Language Learner Reserve (\$10 million)

The DOE typically keeps funding in reserve to allocate to schools if their English Language Learner (ELL) population of students increases during the course of the school year. The ELL population is a particularly mobile one leading to significant register shifts during the year. According to the Department, schools now have adequate funding to meet the educational challenges of ELL students due to the Fair Student Funding weights assigned to ELL students. The Department plans to phase in this PEG with a \$5 million cut for Fiscal 2008. The associated headcount reduction is 113 pedagogical positions.

Summer School Reduction (\$4 million)

The Department plans to reduce the budget for summer school spending by \$4 million a year, and asserts that this reduction brings the funding level more in line with the program's need.

School Maintenance and Facilities (\$4 million)

By funding only emergency repairs in schools, and instituting management efficiencies in custodial services, the DOE hopes to save \$2 million in Fiscal 2008 and \$4 million in Fiscal 2009.

Hiring Freeze and Vacancy Reduction (\$6.2 million)

This initiative will target non-pedagogical positions for elimination, with a goal of cutting 472 jobs next year. School based staff will be exempt, although school support staff such as lunch room and maintenance workers may be cut. Nurses and therapists will not be targeted. Also, some centrally-funded positions placed in schools slated for closure will be eliminated.

Hiring Freeze and Other Administration (\$10.6 million)

This PEG will remove positions in various central offices, including some staff assigned to work in schools. In Fiscal 2008 this cut totals \$6.8 million.

Purchasing Efficiencies (\$23 million)

The DOE intends to drive down the prices it pays for certain commodities used in schools by using its considerable purchasing power to negotiate more favorable prices with suppliers. The DOE has not provided any details regarding which supplies it now overpays for, explaining that doing so would tip off suppliers of its intent to negotiate lower prices.

High Cost Aid (\$47 million)

The DOE expects to receive an additional \$47 million in State High Cost Aid for each year of the Plan, and has lowered the City funds budget by the same amount.

Expenditure Increases and Reestimates

55/25 Program (\$43.1 million)

The Department expects that the recently approved 55/25 program that establishes new age and experience requirements for DOE employees to retire will increase retirements and thereby lower personnel costs. While this initiative may save the DOE money, the annual cost to the City has been estimated at \$100 million for Fiscal 2009.

Heat, Light, Power and Fuel (\$20.1 million)

The City has revised its energy cost projections and expects DOE's spending to climb by approximately \$20 million in Fiscal 2008 and all years of the Plan.

ARIS Laptop Computers

The Department has purchased 6,000 laptop computers for school staff to use to access the new student performance program and website. The cost of this equipment, which was not eligible for capital funding through the related capital project, is \$4.7 million in Fiscal 2008.

Collective Bargaining, Health Insurance and Fringe Benefits (\$61.9 million)

The Preliminary Budget includes several actions related to spending for employee fringe benefits and collective bargaining. These collectively total \$25.4 million in Fiscal 2008 and \$61.9

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million next year. The health insurance rate renewal increase portion totaling \$15.6 million in Fiscal 2009 is based on the HIP HMO rate.

Council Initiatives Not Restored

The Fiscal 2009 Preliminary Budget contains a \$35.8 million in cut to the Department's budget. This cut represents funding for targeted programs provided by the City Council in the Fiscal 2008 Adopted Budget but not baselined by the Mayor in the City's Financial Plan for Fiscal 2009 and the outyears. Some of the initiatives not funded in the Preliminary Budget for Fiscal 2009 include the following:

Teacher's Choice **(\$20,896,000)**
Teacher's Choice reimburses teachers, other instructional staff and principals for purchases of classroom supplies or equipment up to \$260.

Executive Leadership Institute **(\$540,000)**
The Executive Leadership Institute provides professional development to supervisory personnel, and offers forums, a library and other educational materials for use by DOE supervisors.

Urban Advantage – Science Initiative **(\$2,500,000)**
Urban Advantage partners seven science-oriented institutions with the Department to provide professional development for science teachers, school and class-based resources, and assistance to middle school students in completing state-mandated exit projects and requirements.

Dropout Prevention Initiative **(\$4,240,000)**
This initiative supports seven organizations that provide students and schools with programming intended to improve student attendance, increase student engagement in school, improve schools and lead to higher graduation rates.

National Foundation for Teaching Entrepreneurship **(\$610,000)**
The National Foundation for Teaching Entrepreneurship program teaches entrepreneurship to low income young people, ages 11-18, to improve their academic, business, technology and life skills.

The Young Women's Leadership Foundation **(\$400,000)**
The Council allocated \$400,000 to the Young Women's Leadership Foundation to support all-girls public schools in East Harlem, the Bronx and Queens.

New Century High Schools **(\$1,000,000)**
Through this initiative, New Visions for Public Schools funds the work of the non-profit partner organizations at New Century High Schools that have lost their start-up funding.

UNITS OF APPROPRIATION

The operating budget of an agency is structured into several levels, each of which provides varying levels of detail on an agency's spending plans. The City Charter requires that U/As represent the amount appropriated for Personal Services (i.e. salaries, overtime, etc.) or Other Than Personal Services (i.e. supplies, service contracts, etc.) for a particular program, purpose, activity or institution.

What follows is a description of the DOE's budget by functional or programmatic area as far as can be defined by the Department's unit of appropriation structure. The Department's U/As have been grouped into the following categories: Student Instruction and School Leadership; Administrative Spending; Funding for Private and Charter Schools; Fringe Benefits and Collective Bargaining; and School Support Services.

Unfortunately a review of the DOE's budget by discrete programmatic area cannot be done. For examples, in order to examine spending on elementary English language arts instruction, or the Chancellor's accountability initiative, or the universal pre-Kindergarten program, the DOE's budget would require much greater detail and accuracy than is currently in place. In addition to DOE's excessively large U/As, the DOE's budget system has yet to be integrated with the City's Financial Management System ("FMS"), which makes monitoring and review of DOE's budget extremely difficult.

Student Instruction and School Leadership

U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
401	GE Instruction & School Leadership-PS	\$5,613,337,482	\$5,613,249,137	\$5,772,473,511
402	GE Instruction & School Leadership-OTPS	\$600,569,216	\$601,418,755	\$627,823,814
403	SE Instruction & School Leadership-PS	\$1,106,785,683	\$1,106,964,390	\$1,351,044,040
404	SE Instruction & School Leadership-OTPS	\$4,839,348	\$4,839,348	\$5,142,994
421	CW SE Instruction & School Leadership-PS	\$654,603,671	\$654,603,671	\$699,075,914
422	CW SE Instruction & School Leadership-OTPS	\$24,615,090	\$24,615,090	\$23,415,090
423	SE Instructional Support-PS	\$222,818,670	\$222,818,670	\$211,572,071
424	SE Instructional Support-OTPS	\$125,448,206	\$125,448,206	\$158,250,594
481	Categorical Programs-PS	\$1,373,574,766	\$1,343,250,140	\$1,324,991,898
482	Categorical Programs-OTPS	\$679,151,356	\$680,708,508	\$621,806,066
Total		\$10,405,743,488	\$10,377,915,915	\$10,795,595,992

Funding in U/A 401 and 402 pays for school staff and support services such as professional development, parent coordinators, and math and literacy coaches in DOE's elementary, middle and high schools. Also included are funds for vocational high schools, alternative schools, career education, school correction facilities, off-site education centers and the Universal Pre-Kindergarten program. Funding in U/A 403 and 404 pays for special education instruction and related services provided to students in DOE schools. Direct special education instruction, school supervision and related services for severely handicapped students in District 75 schools and other settings are supported by funds in U/A 421 and 422. U/A 423 and 424 support special education instructional services that are centrally managed such as speech and occupational therapy and nurses, as well as some evaluations. U/A 481 and 481 contain State and federal aids

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provided to the DOE for myriad specific programs such as Title I, most of which support instructional services at DOE schools.

Instruction and services for children enrolled in public schools will cost approximately \$10.8 billion next year. Of this amount, about \$7.76 billion (budgeted in U/As 401, 402, 403, and 404) will be spent by district schools. For the 2007-2008 school year, DOE began phasing in a new formula for constructing school budgets, called Fair Student Funding. This formula uses student and school characteristics to build each school's base budget and to align school resource levels with their students' needs. Added to this base are funds allocated to schools for particular programs and purposes.

The increases projected in the school-based U/As are driven primarily by rising personnel costs. These increases are offset by the proposed school budget cuts, and a projected student enrollment drop. The City estimates that 952,195 children will attend DOE schools in Fiscal 2009². Enrollment this year is closer to 970,000 students. Spending on special education services is projected to increase, and no PEGs in the January Plan specifically target special education programs or District 75 schools. The Plan does however schedule a decrease in State aid for Universal Pre-Kindergarten (UPK) of \$30.3 million in Fiscal 2008 only to reflect a lower than hoped for enrollment level.

Administrative Spending

U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
415	School Support Organizations-PS	\$209,026,528	\$209,026,528	\$204,215,109
416	School Support Organizations-OTPS	\$10,447,072	\$10,447,072	\$21,574,072
453	Central Administration-PS	\$165,384,684	\$165,953,680	\$165,327,832
454	Central Administration-OTPS	\$238,953,783	\$239,035,783	\$213,002,448
	Total	\$623,812,067	\$624,463,063	\$604,119,461

U/A 415 and 416 include funding for the internal school support organizations, the learning support organizations (LSOs), and the empowerment support organizations (ESOs), as well as the five integrated service centers. Parent engagement staff, the community superintendents, student placement offices, and school age and pre-school committees on special education are also funded through these UAs. The central administrative offices are funded through U/A 453 and 454. These include offices such as Teaching and Learning, Finance and Administration, Operations, School Safety, Governmental Affairs, and Media Relations.

Spending on administration is projected to fall next year. Through vacancy eliminations, the DOE plans to curtail spending and offset inflationary spending increases. It should be noted that the DOE trimmed administrative spending during the course of the past several years, and restructured its offices last year. According to the DOE, this prior work has left little room for additional budget reductions in this area.

² Office of Management and Budget, "Department of Education FY 2008 Executive Budget Monitors Briefing Package," April 26, 2007, p. 8L.

Funding for Private and Charter Schools

U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
470	SE Pre-K Contract Payments-OTPS	\$621,490,510	\$621,490,510	\$666,565,458
472	Charter/Contract/Foster Care-OTPS	\$595,344,664	\$595,344,664	\$679,103,977
474	NPS & FIT Programs-OTPS	\$61,596,085	\$64,867,085	\$60,673,096
Total		\$1,278,431,259	\$1,281,702,259	\$1,406,342,531

U/A 470 includes funds for tuition payments for pre-school students who attend private schools that offer special educational services, funds related to special education services, and for transportation costs. Funding in U/A 472 provides for payments to charter schools, in-State and out-of-State contract schools and non-resident tuition for children placed in foster care outside of New York City. Transportation costs for students are also included. Funding in U/A 474 is transferred to non-public schools to purchase educational supplies such as library books, textbooks, and data processing equipment. Additionally, support for the Fashion Institute of Technology (FIT), a State University of New York school, is included here.

The Administration has made no attempt to curtail spending within this area of the DOE's budget with one exception. The Administration has imposed a PEG on the budget on FIT. The PEG would reduce the City's support of FIT by almost \$1 million this year and \$722,989 next year. New York City is the only municipality in New York State that is required to provide operating aid to a four-year State College. The budget increases scheduled in U/As 470 and 472 are driven by enrollment projections and steadily rising tuition and transportation costs.

Fringe Benefits and Collective Bargaining

U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
461	Fringe Benefits	\$2,129,637,620	\$2,129,637,620	\$2,288,147,052
491	Collective Bargaining	\$19,977,814	\$19,977,814	\$75,807,948
Total		\$2,149,615,434	\$2,149,615,434	\$2,363,955,000

Spending scheduled in U/A 461 provides fringe benefits for all City-funded DOE employees. Fringe benefits include social security, health insurance, payments to welfare funds, annuity contributions, workers' compensation, and unemployment benefits. The collective bargaining U/A is maintained to provide a reserve for expected costs associated with collective bargaining agreements.

The January Plan increases the collective bargaining reserve by \$5.8 million in Fiscal 2008, \$34.1 million in Fiscal 2009, and \$208.8 million in Fiscal 2010 to cover a possible four-percent wage increase for all DOE employees during the 2008-2010 round of collective bargaining. The Plan increased the budget for fringe benefits to reflect the rise in the HIP health insurance rate. Not reflected in the budget for the outyears are the potential health insurance rate increases that may result if HIP and GHI merge and convert to a for-profit company.

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School Support Services: Bussing, Safety, Food, and Energy

U/A	U/A Name	Fiscal 2008 Adopted Budget	Fiscal 2008 Modified as of 1/24/2008	Fiscal 2009 Preliminary Budget
438	Pupil Transportation-OTPS	\$1,033,910,552	\$1,033,910,552	\$1,121,326,456
442	School Safety-OTPS	\$193,320,694	\$192,751,698	\$204,068,865
435	School Facilities-PS	\$392,545,970	\$396,170,796	\$394,900,934
436	School Facilities-OTPS	\$155,813,522	\$152,176,696	\$148,676,696
439	School Food Services-PS	\$188,484,911	\$188,484,911	\$188,490,225
440	School Food Services-OTPS	\$175,628,346	\$175,628,346	\$175,628,346
444	Energy & Leases-OTPS	\$386,146,908	\$386,146,908	\$409,091,590
	Total	\$2,525,850,903	\$2,525,269,907	\$2,642,183,112

Funding in U/A 438 pays for contracts with bus companies to transport lower grade and special education students to and from school, and is used to purchase MTA and SIRT passes for older students. U/A 442 is used to support all aspects of school safety, including personnel. School safety agents, however, are employees of the New York City Police Department and the DOE transfers the bulk of the money in U/A 442 to pay these staff. Funding in U/As 435 and 436 supports the custodial and maintenance operations at the DOE's more than 1,300 buildings. Funding in U/As 439 and 440 pays for the staff and supplies necessary to provide breakfasts, lunches and other meals to school children, most of whom are eligible for free or reduced priced meals. Light and power services, fuel for heating and vehicles, and all City-funded DOE leases consisting of space for the community school districts, high schools, special education and central administration are paid for with funds from U/A 444.

Changes in the Department's planned spending on school support services in Fiscal 2008 as compared to the current year are due mostly to routine cost increases. The transportation budget increase shown derives from existing contractual agreements with bus companies. As discussed earlier in this document, the DOE plans to wrest savings in school maintenance and in custodial services. By eliminating all discretionary maintenance work, the quality of school facilities may begin to erode.

State Issues and Highlights

Governor Spitzer's Executive State Budget for 2008-2009, if adopted, would result in significantly lower levels of State aid for New York City public schools and student services than had been projected by both the City and the State last year. By changing the Foundation Aid formula and slowing the implementation of the four-year, Campaign or Fiscal Equity-driven school aid increase plan, the Governor's budget would reduce the City's Foundation Aid increase for next year by \$465.2 million compared to the Foundation Aid revenue estimate in the DOE's budget. The Governor's budget includes \$5.53 billion in Foundation Aid for next year, while, based on the four-year school aid plan developed last year, the City projected that it would receive \$6.33 billion in Foundation Aid in Fiscal 2009.

The State Executive Budget also asks the City to absorb millions of dollars in costs for the 29,000 pre-kindergarteners with special education needs. The State plans to cap the local share of these costs in every school district except New York City. The State budget also includes a proposal to discontinue State aid reimbursement for the evaluation and administrative costs

associated with special education pre-Kindergarten programs. Together these proposals could cost the DOE about \$40 million each year.

The Executive Budget added two Education Grants totaling \$179 million, \$90 million more than the DOE plans to claim in Fiscal 2008. This funding, however, comes with strings attached and should not be viewed as unrestricted State aid. The Governor's plan would direct some of this aid toward capital and transportation spending. The Governor also has proposed to institute an 18-month lag in payment for Building Aid claims, which will impose undue costs on the school capital program. The Governor's state budget proposal has not been incorporated into the City's January Plan, and poses threats to the DOE's budget that will have to be addressed in the City's Executive Plan.

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**Department of
Education**

Joel I. Klein
Chancellor

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**Testimony of Chancellor Joel I. Klein
Preliminary Expense Budget FY 09**

March 20, 2008
Schools Chancellor Joel I. Klein
City Council Testimony

Introduction

Good Morning Chairman Jackson and members of the Education Committee. Deputy Chancellor for Finance and Administration Kathleen Grimm and I are pleased to join you today to discuss the Department of Education's budget.

In recent years, we've come before you with "good news" budget reports. Today, you will not be surprised to hear that our budget outlook is far gloomier than it has been recently. With the economy facing major challenges, we cannot afford to increase spending as much as we have in recent years. The Executive budget request in Albany falls far short of our projected needs, and we are actively lobbying our State leaders while negotiations continue. Our troubles are compounded by the City's financial forecast, which projects that revenues will decline by about \$2 billion. All agencies, including the Department of Education, were required to reduce spending by 2.5% of City tax-levy funds this fiscal year (2008). In January, the Mayor asked all agencies to cut an additional 5% for FY09. Since then, the Office of Management and Budget revised that 5% down to 4.3% and then instructed all agencies, including Education, to cut an additional 3%. The economic challenge our City faces is so great that education cannot be spared. The Department of Education must absorb a proportional cut. We must all keep in mind that spending on the Department of Education makes up about one-third of the City's entire budget. If education were excluded from this year's reductions, agencies like Police and Child Welfare would have to absorb a significantly larger cut. No one wants that.

Nobody likes cutting back, especially when it comes to school budgets. We know that we can't afford to spend more money than we have—but it's still very difficult for us to make the hard calls we need to make, especially since we pay for critical services that affect the children of our City.

As we sit before you today, we haven't determined how precisely we will implement the necessary reductions. We are working with you and welcome your thoughts on this matter. We have also reached out to school principals, the UFT, the CSA, and other key stakeholders to work collaboratively and determine the fairest and best way to proceed.

Four key points frame our thinking as we work to determine the specifics of the budget reduction.

- First, the hard times we face today followed many years of record increases in education spending. The DOE's budget is up \$7 billion (or 56%) since 2002, including City and

State increases. The City has spent 72% more on education under the Mayor's watch (\$4 billion). The State, too, has increased education spending, though by a much smaller percentage (42.1%). The growth in the City's education spending has outpaced growth in all City spending by about 50%, and, whenever possible, the City has excluded us from PEGs in past years. Plus, importantly, we sent the vast majority of the new money we got to schools. Only 1% of the overall increase went into administration.

- Second, we have redirected more than \$350 million from the education bureaucracy to schools and classrooms in recent years, giving schools additional money and the power to decide how to spend it.
- Third, while we've experienced record increases in funding, it's still not easy to cut back. There are constraints to how we can implement any necessary reductions. Half of our new dollars are paying for an increase in teacher salaries and a significant increase in the number of teachers. About one-third went to increases in school programs where the dollars can be spent for those programs only. Other funds went to things like pension and debt service. We obviously have little room to cut back in these areas.
- Finally, as we look ahead to next year, it's important that we preserve the principles at the center of our reforms—even as we look across the organization for expenses we can cut back. We gave our principals and schools greater discretion because it's important for the people in charge and closest to the challenges each school faces to have both the responsibility and the authority of leadership. And we must insist on a rigorous system of accountability, without which the entire system would be undermined. We cannot abandon these and other Children First principles just because we face a rough road. We must persevere and work together to keep making progress for the students of New York City.

Last Year's Progress

Over the past year, since I last came before you to discuss our public school budget, we have made substantial progress, working with principals, teachers, parents, and other members of our New York City school community.

We brought our Children First reforms to the next level, by giving all schools the authority and the resources they needed to build the right educational program for every child, and by holding everyone—from teachers and principals to the Mayor and me—accountable for student academic success. We implemented Fair Student Funding, making sure that all students—and all schools—receive their fair share of the City's education dollars. And, as I said, we have cut even more money from Central to support our schools.

We have also worked hard to ensure that each student has the best possible teacher. We have invested heavily in teachers. Today, we are paying teachers 43% more than we were at the start of the administration. We have hired more teachers—we added about 1,800 additional classroom teachers since last year—and reduced class size. We've also implemented incentive programs to entice teachers to teach in our highest needs schools. And we're just now starting a schoolwide performance bonus program to financially reward teachers at some of our highest needs schools that help kids make academic progress. These steps are already yielding real results and will continue having an affect on student learning in years to come.

And in the past year, we have also substantially advanced public school empowerment. Today, all schools are empowered to choose the support they want rather than accepting what the bureaucracy offers up. In exchange for increased funds and increased decision-making power, principals and schools are being held to higher standards.

In the past year, we have also created a more robust and effective support structure for parents—so they can resolve their concerns in their own neighborhoods and play an even more hands-on role in their children's education. And we have given families unprecedented levels of information about their own children's performance through our new Progress Reports and Learning Environment Surveys.

I also want to speak to an area where we have collaborated with the Speaker and the Council—our middle school success plan. We thank the Council and our other partners for the work of the Council's Middle School Task Force, and have already begun to implement several of its recommendations, which will address the needs of our middle schools, especially our lowest-performing middle schools.

We still have a long way to go, but our work is having a real impact on our students' learning. More students are on target in math and reading. Our graduation rate is the highest it's been in decades. This past fall, we won the nation's most prestigious education award, the Broad Prize. We won it because of our record of success in improving student learning and narrowing the achievement gap.

These are advancements of which we can all be proud.

The Year Ahead

This year, as you know, the City preliminary FY09 budget contains \$20.9 billion for education. That represents an increase of from last year's budget. But in this case, more money doesn't

mean we're better off because our costs are rising, too. And growth in costs associated with big-ticket items like collective bargaining, energy, and debt service are climbing faster than our budget is growing.

And as the City's budget outlook has worsened this year, the Mayor's office has taken steps to ensure that we don't spend more than we have. What you hope in government is that your tax revenues go up at least as fast as expenses. Between 2006 and 2007, New York City's tax revenues grew by 11%. As of the January Preliminary Budget and Financial Plan, City tax revenues have declined between 2007 and 2008 by 2.8%, and are forecast to decline further between FY2008 and 2009 by another 2.8%. Things have not improved since January. Because we are required by law to have balanced operating results each year, it is necessary to look at how to reduce City spending while preserving essential City services like Education.

We, like all City agencies, had to cut 2.5% in the middle of the current fiscal year. Keep in mind that less than a year ago we cut back our central and field budgets significantly, by \$174 million. We sent these savings to schools and classrooms in a year when there was no PEG, no mandate to reduce spending. This year, we achieved central reductions by cutting information technology, reducing surplus reserves, reducing cost estimates, reducing non-personnel expenses throughout various departments, and reducing assessment costs and facilities costs. We also implemented a hiring control plan and eliminated vacancies and we re-estimated \$47 million of projected revenue that we gave back to OMB. Still, we were not able to spare the schools and had to reduce schools by \$100 million (or 1.2% of their total budgets). The day we made the cut, more than \$200 million in school funds were uncommitted or unscheduled. In a typical year, schools leave more than \$50 million unspent. This year, the amount projected for rollover is almost twice that amount. Still, I understand that cuts are not easy, especially when they come in the middle of the year. We have worked—and are continuing to work—closely with our school principals to help them absorb this reduction and I am very proud of our principals for showing real leadership in this difficult time.

As we face the FY09 budget, we must determine how to absorb the necessary reductions with the goal of minimizing impact to our schools. We must also make sure that we are strategically targeting our resources to the areas with that we know have the greatest impact on student achievement. At the same time, I am committed to taking a hard look at how we spend money to ensure that every dollar is being spent in the best way possible. What I have been telling our principals and what I am telling you today is that EVERYTHING is on the table—including the services offered by our Integrated Service Centers, Human Resources, and Finance, and Legal teams. That said, our flexibility is limited. It's clear that we must have teachers in classrooms,

meet contractual obligations, feed and transport students, provide students with books and other instructional materials, send out paychecks and handle benefits, and keep the phones working and the lights and heat on. We're looking the hardest at all central and field offices, but we need to recognize that we won't be able to limit reductions to these areas. After slimming down the bureaucracy, central's entire budget (including critical functions like HR, legal, and payroll) amounts to only \$0.5 billion, leaving us little choice but to look to all parts of the system, including the schools, for savings.

Conclusion

In conclusion, I am extremely proud of every teacher, parent, student, and principal in our City, and I know that our commitment to achievement will not let up as we face hard times. I am confident that we will continue to work together to achieve success.

We all know that we have much more work to do. I look forward to your assistance as we strive to make our schools as good as we know they must be.

Thank you for your time. I would be pleased to answer your questions.

TESTIMONY

VERONICA MONTGOMERY-COSTA

PRESIDENT, LOCAL 372

NEW YORK CITY BOARD OF EDUCATION EMPLOYEES

AND

DISTRICT COUNCIL 37

AMERICAN FEDERATION OF STATE,

COUNTY AND MUNICIPAL EMPLOYEES

AFLCIO

CITY COUNCIL EDUCATION COMMITTEE

HEARING ON DOE BUDGET

2008-12 FINANCIAL PLAN

MARCH 20, 2008

TESTIMONY SUBMITTED BY

VERONICA MONTGOMERY-COSTA

PRESIDENT - LOCAL 372 AND DC 37, AFSCME, AFL-CIO

March 20, 2008

Chairman Jackson and Committee Members:

Local 372 sees the Mayor's January Financial Plan as a direct threat to the school lives of New York City's 1.1 million students and the families of Local 372 workers.

**What is the Mayor thinking?
Contracting Out Is The Fleecing of New York City.
Local 372 stands firm on its opposition to contracting out.**

Since the Mayor took control of the school system, outsourcing of vital services has been the hallmark of his budget making process. Particularly in the DOE, no-bid contracts to outside vendors have taken precedence over appropriate training, mentoring and supervision of current workers. Much needed jobs, which keep our New York City neighborhoods and small businesses self-sustaining, are flying out the window at a time when we should be doing our best to compensate for this same trend that is rotting our economy nationwide.

Local 372 does not accept the thinking that makes PEGs out of dedicated Local 372 workers who live, work and support our neighborhood businesses. These PEGs could well be the last pegs in our city's coffin. How can we keep our city alive, when we take its life's blood year after year?

Our Mayor should be about creating jobs - not eliminating them. The January Financial plan has the potential of putting our city in more trauma than the economic aftermath of 911.

If we excess jobs of Local 372 workers who also are parents, grandparents and guardians of New York City school children, we leave those children and their classmates with greater - not lesser - need for vital school support services.

Since the Mayor has had sole control of the DOE, we have been doing the same old dance. With the January Plan, we take two steps backward. In March, we try to turn around. In May, we take one step forward, but never adequately restore our children's needs. There is no grace in these moves, and no applause is forthcoming.

Making PEGs out of Local 372 support service workers put schools at

risk of losing record keeping services which result in education funding. Teachers, will have less direct instructional time with students, and school children will be at risk for poor nutrition, increased truancy, drug abuse and related violence.

Local 372 maintains that this budget's assumption of State and Federal funding can only result in the need for additional and more severe PEGs to compensate for greater shortfalls and close budget gaps. We know that Local 372 workers have traditionally been the first to be sacrificed.

**Local 372 maintains that the 2008 Financial Plan
must contain Budget Line Items and Staffing requirements for:**

- Local 372 School Lunch Workers - not outside contractors -
to prepare meals and Local 372 Loaders and Handlers - not outside
contractors -to transport food and related items to all school sites
- Local 372 SAPIS in Every School - not outside contractors -
to prevent substance abuse and violence
- Local 372 Parent Coordinator at every school site -
LARGE or SMALL - not outside contractors -
to provide direct link to parents and conduct parent workshops
- Local 372 School Aides - not outside contractors -
who relieve teachers of duties resulting in more direct instruction for
students
- Local 372 Family Paraprofessionals - not outside contractors –
A Vital Resource for Parents
Our City's schools need more Family Paraprofessionals.
- Air conditioning in every school kitchen to prevent illness and food
spoilage

**No increase in Charter Schools which take the life's
blood out of our neighborhood public schools.**

Local 372 believes that the problems in our schools surely have not been solved by causing parents to panic and run away from their neighborhood

schools. The Mayor continues to lure parents and children to rosy alternative school environments which, to date, have been very costly and have shown no evidence of success.

More Schools Reform - More Fleecing of New York City Tax Payers

With all of the public relations rhetoric regarding the Mayor's School Reform Plan, there has been little or no mention of what it is costing the City's taxpayers and how much of that expense has directly benefited our 1.1 million school children.

- The DOE continues to redesign itself as it goes along - sometimes more than once a year - creating more administrative jobs each month with increasingly higher salaries.
- The DOE continues to seek more outside space - mostly for outside consultants - at increasingly high rentals.

In Conclusion:

Local 372 strongly urges this committee to address our concerns regarding the DOE January Financial Plan.

We ask you again to support our demand for transparency. We also demand that the DOE budget contain Line Items and Staffing Requirements for Local 372 support service workers. Further, the City Council should take appropriate steps to hold the DOE accountable to be integrated with the City's Financial Management System ("FMS"), which would facilitate monitoring and review of the DOE budget.

Local 372 asks the City Council, once again, to revisit the issue of DOE contract practices to prevent the DOE from putting OUTSIDE VENDORS FIRST. The DOE bidding process must be aimed at saving taxpayer money, while improving services to school children and families.

CFE and other funding should not be used to give contracts to outside vendors who show no evidence of their commitment to our City's 1.1 million school children.

Local 372 school life support service workers must never be thought of as PEGs to lose their jobs, because city workers and their families are the life's blood of our city.

**Testimony
Of
Randi Weingarten
President
United Federation of Teachers
To
the City Council Education Committee
Fiscal 2009 Preliminary
Budget Hearing
March 20, 2008**

Thank you Chairman Jackson,

Less than a year ago, the city budget for Fiscal 2008 provided decent funding for the schools. It was the kind of funding support that allowed teachers to do their jobs, parents to want to have their children attend public schools, and students to learn and achieve.

After that, I thought we had moved away from the annual battle over dollars to discussions over how best to structure the schools and develop pedagogy that brings the best out of our 1.1 million public school students. Now, after the proposed state and city cuts, we're sadly back to the same old fight.

My union has been lobbying Albany to keep its promises. We're demanding the city keep its promises, too. Yesterday, thousands of parents, educators, students and busloads of other supporters and members of the Keep the Promises Coalition rallied in the pouring rain by City Hall Park to oppose city and state education budget cuts and reductions that could cost New York City public schools from \$800 million to \$1 billion. This preliminary education budget is not what was promised. It's not what our kids need. It's reneging on a promise to ensure demography is not destiny.

That huge figure includes cuts reflecting City Budget Director Mark Page's March 4 order to all city agencies to make an additional 3 percent slash in their budgets. For the DOE, that means another \$200 million cut in September on top of the \$324 million cut that was already slated by the mayor on top of the \$180 million cut taken this year and the nearly \$200 million loss in foundation aid the former governor promised, then backed away from.

In addition to the operating cuts, state reductions in school construction aid will have ripple effects, too. In 2006, the state committed to significant increases in building aid that would allow full funding of the city's \$13.2 billion school construction plan. The DOE itself estimates that building aid reductions in the proposed Executive Budget will put at risk \$1.5 billion in bonds for school construction for the coming year. It will also seriously compromise class-size reduction efforts.

Yes, the economic news is bad. The six-year economic bubble has burst. Yes, city budgets have to reflect city income. In bad times and good, elected officials have to make choices about what are the spending and revenue priorities. But public education—underfunded for decades until last year—needs to be held harmless. City leaders must make wise choices that ensure the future of our students and our schools is not mortgaged, and that we do not have to spend decades more

rebuilding the structure that can offer a sound basic education. We cannot repeat the mistakes of the 1970s, when the fiscal crisis wreaked such havoc on the schools that it took decades to repair and contributed to the city's social and economic decline.

It's not yet clear how Albany will respond. The state Assembly's vote to restore every dime of state school funding for foundation aid and capital construction, while imposing a modest personal income tax surcharge on state resident and nonresident incomes over \$1 million to pay for that funding, is great news. We thanked Speaker Silver for his leadership. And we appreciated state Senate Majority Leader Joe Bruno's kind words, when he told some 1,300 teachers, parents and supporters during our March 11 Albany lobbying effort that his Chamber, which has not yet formulated its budget plan, would in fact propose a record-breaking statewide increase in education aid. That was great and much appreciated news to hear. So were the actions of the two houses to leave the capital budget whole.

So Albany looks like it's on the road to safeguarding its promises, but it's up to the city to keep its promises as well.

But if it is not amended, this austerity school budget will harm children. As the report of your council committee notes, the mayor's preliminary budget "almost entirely reverse(s) the school budget increases made in the FY '08 budget." And the council has seen the effect the mid-year cuts have had on our schools. You've seen it in every school in your home districts, suffering from a 1.75 percent cut in the current operating budget. Your constituents tell you it means:

- Cancellation of after-school and weekend tutorial classes;
- Elimination of arts and other special programs
- Combining classes because principals do not have the money to pay for substitutes.

These cuts fall directly on schools, not on Tweed. They will wipe out successful and necessary programs while maintaining the administration's costly priorities. For example, every school still must fund a data specialist and an inquiry team, among whose functions are to identify the specific needs of low-performing children and help the school meet them. However, the schools are already eliminating much of the available remedial help just to meet the Fiscal 2008 cuts.

Here's another example of how implementing the administration's philosophy needs to be re-examined. The DOE has spent millions on closing schools, some of which were in good standing. Those teachers displaced must find new positions via the free market. As a result, hundreds of qualified and experienced teachers remain on payroll without classroom assignments while principals hire new

teachers. The system is paying for them, and the union since September has aggressively tried to get them placed. But the system's school budgeting process blocks it. The principals in this regard are in a no-win situation. They are told their budget is based on actual teacher cost -- (so called fair student funding), so in a budget downturn, how could they hire experienced teachers at higher salaries instead of lower cost teachers?

Next year's proposed across-the-board cuts will do more damage, too, as they will fall almost entirely on schools and classrooms.

It's also time for Tweed to open the books and provide the public transparency they famously claim exists in their budgets. Transparent? I feel like I'm staring at a brick wall. There are lots of outstanding questions about where the money goes, and why it goes where it goes. The no-bid contracts, the handsomely remunerated consultants, and the money that the ARIS accountability program and related activities are costing the school system were arranged without public announcement or input, let alone oversight.

We're still waiting for an accounting of how much in administrative savings was generated by eliminating the districts in the DOE's reorganization. How can they spend millions in Contract for Excellence funding and show minimal reductions in class size—especially after an audit in the 2004-2005 school year showed early grade dollars were misspent.

Providing lots of information on the DOE Website is not the same thing as transparency. The public needs real answers, not millions of bytes of data.

What we need is an objective review and evaluation of the DOE's spending priorities, some of which came at the expense of classroom instruction. We certainly need more oversight, perhaps from an independent monitoring agency.

This lack of transparency is problematic. Here's a recent example. Last Monday, the Panel for Educational Policy approved an 8th grade retention policy. Regardless of where one stands on ending social promotion, it can't be done without ensuring that kids left back, or in danger of being left back, have real support to get it right the second time around. Yet, the proposed budget doesn't mesh with this. The mayor's proposed budget will require middle school principals to cut back or eliminate exactly those programs that could help students throughout the year avoid being held back.

How will the cuts affect students?

One, the cuts will make moot our decades long effort to reduce class sizes. Cuts of this magnitude will have to result in reduced staff and larger classes.

Two, the proposed \$10 million cut to the English Language Learner reserve could reduce services for these students, particularly those in the middle grades.

Three, the expense budget also eliminates \$35.8 million in City Council initiatives that have helped to improve the quality of education in our city's schools. These cuts include Teacher's Choice for classroom supplies, at the same time supplies are being cut throughout the system, the Urban Advantage science initiative for our middle schools, and—despite Tweed's glowing talk about increased graduation rates—a \$4.2 million dollar cut to the dropout prevention initiative.

Four, the budget cuts will set back the system's efforts to recruit and retain the best and brightest teachers by worsening working conditions. We cannot go back to a time when few qualified teachers wanted to work here and the school system had more than 10,000 uncertified teachers in the school. An increase in attrition now would be a huge loss, not only financially but educationally, when a system recruits, trains and hires a new teacher, only to see that teacher leave the system within three years, as one in every three new teachers do now. (Just under half of new city public school teachers leave within their first seven years on the job, and more than 45 percent leave in their first five years.)

Peer mentoring programs, such as the lead teacher program, can staunch that flow, and the elimination of funding for that program is one more example of misplaced priorities. Here is a successful program that is supported by parents and teachers, keeps the best teachers in the classroom and utilizes the skills of senior teachers to train other teachers in our most needy schools, and its funding is being shifted to schools. Coupled with all the other cuts, principals may well be forced to end this excellent program.

And that's a fundamental problem with this proposed budget. It shifts the accountability for the cuts away from Tweed, away from those who should be held responsible, while putting the responsibility onto individual schools. Sadly, many now believe, it's as if Tweed wanted these schools to fail. It forces principals, as one courageous administrator said, "to cut our own throats." Yet, Tweed has decided that those programs, personnel and priorities that are important to them—hiring a "got-cha" squad of attorneys, fully funding its data, ARIS and PR operations; won't be touched.

In probably the most Dickensian of cuts, schools will have to pay for the cost of meals consumed by students who have not been *approved* for free or reduced lunch.

So what does my union propose?

- Put every dime back into the schools budget. Keep the promises.
- Require the chancellor to open the books now for independent public review.
- Demand the chancellor be a genuinely aggressive advocate for the public schools.
- Institute real oversight of DOE policies.

Yes, the economy presents us with tough choices. But we have an historic opportunity to erase the inequities of the past, to really bring down class size in the city's schools, to channel our funds to instruction, not testing, to work together so that we can weather this difficult time and move forward.

Thank you.



New Settlement Apartments, Make the Road New York, Highbridge Community Life Center, ACORN, Cypress Hills Advocates for Education, Brooklyn UFT Parent Outreach Committee, Queens Congregations United for Action, New York Civic Participation Project and the 1199 Child Care Fund, with support from the Annenberg Institute for School Reform

Good afternoon, I'm Carol Boyd a Parent Leader with the NYCCEJ and I stand before you today to ask that, as many of you said yesterday at the Keep the Promises Rally, not to allow any cuts in the education budget. But I am happy to hear that Chancellor Klein earlier today acknowledged that it was a mistake to cut the Lead Teacher program (LTP) and . specifically want to urge you to retain funding for the LTP. Now in its 4th year and a citywide initiative, the LTP has its origin in Bronx district 9 (the 2nd lowest performing in NYC) where parents like myself were angry and dismayed that our children could not read, achieve, and thereby succeed. My own child was attending a SURR school. During the 2nd year of its LTP that school was removed from the list. The LTP is about improving teacher quality & teacher retention, which = stable schools and stable communities. Parents believed this so strongly that they themselves secured a portion of the funding for the initial year of the LTP.

An independent evaluation of the LTP conducted by the AED revealed most schools that participated in the 1st year of the LTP experienced substantial gains in student achievement, teacher retention increased, and teachers at these schools (even those not supported by the LTP) felt that the program played an important role in improving overall teacher quality.

A few weeks ago in his million cell phone speech, Chancellor Klein stated that Black and Latino students continue to under perform. Well it's difficult for most people (let alone children) to successfully perform when they are having to continually adapt and transform to comply with the barrage of ever changing policies and reform under the guise of reform our children are having to continually transform.

The parents who originally conceived and implemented this program always hoped it would become a citywide program specifically focused to help low-performing schools. DoE must continue to provide central funding to support it. Retain the LTP , to achieve true quality, our children and their schools need continuity , sustainability and accountability to foster educational equity for all the children of NYC,

Thank you



FOR THE RECORD

**Testimony of Katherine Eckstein, Policy and Advocacy Specialist,
The Children's Aid Society
Prepared for the New York City Council's Education Committee
Preliminary Budget Hearing
March 20, 2008**

Good afternoon. My name is Katherine Eckstein and I am the Policy and Advocacy Specialist at the National Technical Assistance Center for Community Schools at The Children's Aid Society here in New York City.

The Children's Aid Society, founded in 1853, provides comprehensive services for 150,000 of New York City's neediest children and families each year. Our goal is to ensure the physical and emotional well-being of children and families, and to provide every child with the support and opportunities needed to become a happy, healthy and successful adult. The services we provide address every aspect of a child's life, from infancy through adolescence, and include education, health, counseling, adoption and foster care, career readiness, arts and recreation, and emergency assistance. Along with our work in New York City directly serving children and families, we run two national technical assistance centers.

We know how difficult this budget year is. All of us are having to make tough decisions about how to spend increasingly scarce resources.

Almost a month ago I was in the Bronx at the citywide summit on the dropout crisis. In attendance were state and city officials, educators, community members and advocates all gathered to discuss how to address the fact that 21,000 young people in NYC dropout of high school each year. Some of the most compelling and meaningful statements of the day came from the mouths of young people themselves:

Elmer described his own struggles of trying to fit-in in middle school and his eventual involvement with the juvenile justice system. Too many young people share *Elmer's* story. A child who does not feel connected to school and who does not have interesting and positive activities to participate in during out-of-school time hours is more likely to engage in destructive or dangerous behaviors such as joining a gang, using drugs, or getting pregnant.

Nancy shared the importance of having at least one adult in middle school who she could really trust and who she knew was looking out for her, especially because she was in the foster care system. Unfortunately, *Nancy* is not alone. A child who does not have a trusted adult to depend on who can guide her is more likely to misbehave and lash out at authority or fall through the cracks.

What we learn from both *Elmer* and *Nancy* is that a child who is depressed, hungry, scared of walking to and from school, is chronically sick or whose housing is unstable will not be able to take advantage of all that schools have to offer – even if schools have the best leadership, innovative teachers, small class sizes and state-of-the-art resources.

Julissa spoke about how critical it is to have the voices of youth heard in schools and to provide genuine, consistent youth leadership opportunities, not just for the “star” kids but for all young people, particularly the ones who are struggling. Julissa speaks for the many young people who feel that their voices are silenced, ignored, or under-valued and reminds us that we must include young people in the process of improving their schools.

We have learned from young people that there are in-school and out-of-school factors that affect whether or not they succeed in school. We have learned that more of the same won’t work.

And we have learned that too often, during tough budget years, critical supports and opportunities for children such as school counselors, after-school programs, arts and music programs, and youth leadership programs are the first to go. From our experience, we know that these supports and opportunities are often the *reason* the kids who are struggling the most stay in school. We will not get the most for our investments in teaching and learning, in principal leadership, in high quality teachers if we don’t also invest significant resources in ensuring that children are prepared to learn and are supported in their learning.

We don’t expect schools to do it alone. In fact, we know that schools can’t do it alone. The Children’s Aid Society has worked in close partnership with schools – currently 21 -- for more than 15 years, forming what we call community schools.ⁱ Community schools, a strategy for effectively and efficiently combining and coordinating existing and new resources from the education, human services and community-based organization sectors, helps students who need it the most – those who are trapped in the achievement gap, those who are chronically absent because of health problems, and those who are at-risk of engaging in harmful behaviors.

The community schools strategy, which organizes and mobilizes existing and new resources around schools through partnerships toward a common set of outcomes, and which has gained momentum throughout the country and around the world, has a proven track record of producing results. Chicago has 150 community schools.ⁱⁱ Portland has 55 community schools.ⁱⁱⁱ Baltimore has 35 community schools.^{iv} Through their Every Child Matters national agenda, the United Kingdom is well on its way to making all 23,000 of its schools extended service schools.^v

House Majority Leader Steny Hoyer has introduced the Full-Service Community Schools Act. There is a new federal allocation out of the US Department of Education this year for Full-Service Community Schools. Increasingly people from around the country are seeing that focusing on the “whole child” by leveraging existing and new resources and investing in the coordination of services for children is both good for kids and cost-effective. We support both New York City and New York State adopting this strategy.

So, during these challenging times, on behalf of the 150,000 children and families that we serve each year, we urge against cutting programs, services and opportunities that we know make a positive difference in the lives of NYC’s children. On behalf of New York City’s citizens, especially our children, we thank you for the work that you are doing.

ⁱ <http://childrensaidsociety.org/communityschools>

ⁱⁱ <http://cpsafterschool.org/home.html>

ⁱⁱⁱ <http://www.sunschools.org/Public/EntryPoint?ch=d569b24c434b1110VgnVCM1000003bc614acRCRD>

^{iv} <http://www.baltimoreconnections.org/>

^v <http://www.everychildmatters.gov.uk/ete/extendedschools/>

Center for Educational Innovation – Public Education Association

Testimony to the New York City Council Education Committee
On CEI-PEA's Programs and Services to New York City Schools
William Colavito, Senior Fellow, CEI-PEA
March 20, 2008

I bring greetings to you from our president Sy Fliegel, who regrets he couldn't be here today.

About CEI-PEA

The Center for Educational Innovation – Public Education Association (CEI-PEA) is a New York-based nonprofit organization that creates successful public schools and educational programs. Our staff of experienced leaders in public education provides hands-on support to improve the skills of teachers and school leaders, increase parent involvement, and channel cultural and academic enrichment programs into schools. The benefits of this hands-on support are multiplied through a network of more than 220 public schools in New York City. We operate in cooperation with, but independently of, the public school system, providing private citizens the opportunity to make wise investments in the public schools.

School Network

CEI-PEA operates a network of more than 220 public schools in New York City. This network meets regularly, providing school leaders opportunities to collaborate, create peer-level support and design joint programming. The CEI-PEA School Network serves as a national resource for other public schools to visit the best, most innovative public schools in the country. Through our network, CEI-PEA is able to channel public and private funding to schools—funds that the schools or school districts could not access directly.

School Restructuring & Charter School Creation

CEI-PEA helps large public schools restructure into sets of smaller learning communities in order to improve teaching and learning. In addition, CEI-PEA helps individuals and organizations create and develop charter schools. CEI-PEA's school restructuring and charter school work helps provide students and parents with quality choices within the public school system.

Partnership Support Organization

In spring 2007, CEI-PEA was chosen to serve as a Partnership Support Organization (PSO) in New York City's new initiative that allows principals to select their preferred support organization from within or outside of the school system. As a PSO, CEI-PEA is providing 58 schools with customized support to help teachers and school leaders accelerate learning among the 35,000 students attending those schools. CEI-PEA delivers services to schools through on-site, embedded professional development as well as through a network system in which schools identify collective challenges for network-wide professional development.

Project BOOST

CEI-PEA runs a comprehensive extended-day program for 4th through 8th grade students that aims to ensure that upon graduation from the program students gain admission to a quality high school. Known as Project BOOST (Building Options and Opportunities for STudents), the program serves almost 800 students annually. Last year, all graduating eighth graders gained admission to quality high schools, including New York City specialized high schools and boarding schools where several students gained full scholarships.

Leadership Institutes

Every summer, CEI-PEA holds a Leadership Institute for the principals of New York City's public schools. Each Institute focuses on a specific issue of concern to CEI-PEA's network of schools, such as classroom management, preparation for high stakes tests, and effective strategies to meet New York State learning standards. Educational leaders from across the country are invited to make presentations, and the Institute also provides an opportunity for school leaders to speak with one another about issues and challenges in their schools and classrooms. Last August, more than 250 NYC school leaders participated in the Institute.

In addition to these institutes, CEI-PEA runs an assistant principal leadership program that identifies strong potential leaders in our school system and prepares them to take on the role of principal.

Public Outreach

CEI-PEA keeps the public informed about important issues in public education through publications and events. The CEI-PEA Luncheon series has become a cornerstone of the organization, and it remains one of the only forums in which the full range of stakeholders--parents, principals, teachers, policy makers, leaders of nonprofit organizations, funders, newspaper reporters, etc.--are able to meet and discuss critical issues affecting public education. Speaker Quinn was a luncheon speaker last year.

New Initiatives

Over the past year, CEI-PEA launched and/or participated in several new initiatives:

- New CEI-PEA Website – In fall 2007, CEI-PEA launched a new website (www.cei-pea.org) that includes podcasts, streamed videos and digital publications designed to inform educators about best practices and other stakeholders about important developments in public education.
- Middle School Task Force – CEI-PEA President Sy Fliegel served on City Council Speaker Christine Quinn's Middle School Task Force to help identify the top challenges facing NYC's middle schools as well as successful strategies to address those challenges.

Request

We are asking for your support for the restoration of our \$400,000 request to the budget, which would be a continuation of the funding level we received last year.