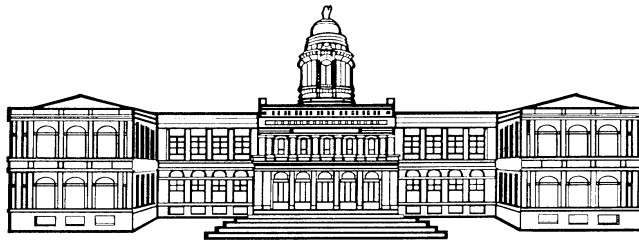


New York City Council



BUDGET NOTE

Finance Division

November 2008

Hon. Christine C. Quinn
Speaker

Hon. David I. Weprin
Chair, Committee on Finance

Preston Niblack, Director
Jeffrey Rodus, First Deputy
Director

Hon. Robert Jackson
Chair, Committee on Education

DEPARTMENT OF EDUCATION (040)

The Department of Education (DOE or the Department) operates 1,400 schools for more than 1,000,000 children in grades pre-kindergarten through 12, more than 170,000 of whom are enrolled in special education programs. The DOE has 139,899 employees, 113,956 of whom are classified as pedagogical. Of these staff members, about 79,000 work as teachers. The public 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 (in \$000s)

Agency Funding Sources	Fiscal 2009 Adopted Budget	Fiscal 2009 November Plan	Fiscal 2010 Plan at Fiscal 2009 Adoption	Fiscal 2010 November Plan
City	\$7,415,129	\$7,237,117	\$7,904,051	\$7,521,699
Other Categorical	\$51,434	\$51,434	\$51,434	\$51,434
Capital IFA	\$0	\$0	\$0	\$0
State	\$8,511,322	\$8,514,296	\$8,943,207	\$8,943,207
Community Development	\$5,000	\$5,027	\$5,000	\$5,000
Federal-Other	\$1,760,822	\$1,757,575	\$1,769,016	\$1,765,769
Intra-City	\$11,983	\$10,650	\$11,983	\$8,784
Total	\$17,755,690	\$17,576,099	\$18,687,691	\$18,295,893

HEADCOUNT OVERVIEW				
Headcount-Pedagogical	Fiscal 2009 Adopted Budget	Fiscal 2009 November Plan	Fiscal 2010 Plan at Fiscal 2009 Adoption	Fiscal 2010 November Plan
Pedagogical – City Funded	95,868	95,868	96,466	96,466
Pedagogical - Non-City Funded	16,918	16,918	17,005	17,005
Non Peds – City Funded	8,381	7,905	8,379	7,904
Non Peds – Non-City Funded	1,453	1,453	1,453	1,453
Total	122,620	122,144	123,303	122,828

Fiscal 2009 November Plan Action Analysis

In September, the Mayor's Budget Director ordered each agency head to submit proposed Programs to Eliminate the Gap (PEGs) equal to 2.5% in Fiscal 2009 and 5% in Fiscal 2010 and each of the outyears of the agency's City tax-levy budget. The Fiscal 2009 November Plan presents the results of this budget exercise.

Programs to Eliminate the Gap are Financial Plan actions that reduce the City's budget gap by either reducing an agency's City tax-levy Expense Budget or increasing City revenues. Some PEGs involve spending increases that lead to increased revenues, such as spending money to hire inspectors who in turn increase revenue by writing tickets, ultimately saving City tax-levy dollars. All of the DOE's proposed PEGs would entail programmatic or service reductions and eliminations. The Plan includes elimination of 475 jobs at the Department.

The chart below shows the total value of the DOE's budget cuts in Fiscal 2009 and Fiscal 2010. The proposed reductions are cuts to the Fiscal 2009 and 2010 city funds budget as they stood when the Fiscal 2009 budget was adopted.

NOVEMBER PLAN PEGS (in \$000s)				
	Fiscal 2009 Adopted City Funds Budget and Forecast	Fiscal 2009 November Plan PEGs	PEG as percentage of Adopted Budget and Forecast	
Fiscal 2009	7,415,129	(180,512)	-2.43%	
Fiscal 2010	7,904,051	(385,352)	-4.88%	

NOVEMBER PLAN ACTIONS (\$000)						
	Fiscal 2009			Fiscal 2010		
Description \$(000)	City	Non-City	Total	City	Non-City	Total
Agency Budget as per the Adopted Plan	7,415,129	10,340,561	17,755,690	7,907,051	10,780,640	18,687,691
PEGs						
School budget cut	(103,644)	0	(103,644)	(256,135)	0	(256,135)
School OTPS budget cut	(3,400)	0	(3,400)	(6,400)	0	(6,400)
Reduce School PS	(16,179)	0	(16,179)	(29,991)	0	(29,991)
Reduce District 75 Budgets	(1,869)	0	(1,869)	(3,738)	0	(3,738)
ACS payments to DOE for Childcare	0	(1,600)	(1,600)	0	(3,200)	(3,200)
Reduce Food PS Staff and Overtime	(205)	0	(205)	(496)	0	(496)
Reduce Kitchen Equipment Purchases	(158)	0	(158)	(174)	0	(174)
Reduction and Elimination of Administrative and Technical Services	(1,036)	0	(1,036)	(2,071)	0	(2,071)
Reduce Custodial and Skilled Trades Staff and Overtime	(2,649)	0	(2,649)	(6,738)	0	(6,738)
Reduction in Custodial Services	(4,135)	0	(4,135)	(6,899)	0	(6,899)
Reduce Maintenance and Repair Contracts	(3,500)	0	(3,500)	(3,500)	0	(3,500)
Trades materials	(2,500)	0	(2,500)	(2,500)	0	(2,500)
Transportation Reduction	(1,700)	0	(1,700)	(6,700)	0	(6,700)
Central Administration OTPS	(14,675)	0	(14,675)	(21,979)	0	(21,979)
Central Administration PS	(11,064)	0	(11,064)	(14,567)	0	(14,567)
Reduce Central/Field Funds	(2,742)	0	(2,742)	(6,055)	0	(6,055)
Reduce Field Operational Support	(3,295)	0	(3,295)	(5,141)	0	(5,141)
FIT	(250)	0	(250)	0	0	0
Reduce Fringe Benefits	(7,511)	0	(7,511)	(12,268)	0	(12,268)
Total PEGs	(180,512)	(1,600)	(182,112)	(385,353)	(3,200)	(388,553)
New Needs						
Plan NYC Boiler Conversion Study	2,500	0	2,500	0	0	0
Total New Needs	2,500	0	2,500	0	0	0
Other Adjustments						
Adult Literacy/ESL	0	1,250	1,250	0	0	0
CD Roll Over Funds	0	27	27	0	0	0
CPSE Deduction	0	(3,246)	(3,246)	0	(3,246)	(3,246)
Tobacco Cessation	0	5	5	0	0	0
Increase Intracity with DOE	0	165	165	0	0	0
Intracity with DOE - 2994	0	97	97	0	0	0
Private Excess Cost	0	2,500	2,500	0	0	0
State 6% Cut	0	(775)	(775)	0	0	0
Total Other Adjustments	0	23	23	0	(3,246)	(3,246)
Total November Plan Budget Changes	(178,012)	(1,577)	(179,589)	(385,353)	(6,446)	(391,800)
Agency Budget as per the November Plan	7,237,116	10,338,982	17,576,099	7,521,699	10,774,194	18,295,893

PEGs

School Cuts

- **School Budget Cut:** \$103.6 million in Fiscal 2009 and \$256.1 million in Fiscal 2010. This is an across-the-board cut to schools' Fair Student Funding and Children First allocations. Principals are responsible for implementing their cuts. They have been given their cut targets and have been asked to reduce spending on non-essential, non-mandated services, personnel, per-session pay and supplies. According to DOE officials, school staff will not be laid off. The school budget cuts will be reviewed, approved, and tracked by field and central administrative offices. Principals are expected to submit their budget reduction plans to their supervisors by the end of November.
- **School Budget OTPS Cut:** \$3.4 million in Fiscal 2009 and \$6.4 million in Fiscal 2010. This proposal would eliminate the school-wide bonus program paid to schools with exemplary Progress Reports entirely for a savings of \$3.4 million. Beginning in Fiscal 2010 the DOE will seek purchasing efficiencies and savings on professional development services, and will scale back spending on core curriculum. The Department has not shared any details on the types of professional development services that might now be overpriced, or on the types of curriculum materials that schools might do without.
- **School PS Reduction:** \$16.2 million in Fiscal 2009 and \$30 million in Fiscal 2010. This initiative includes several reductions. It would eliminate 43 currently vacant social worker and family worker positions originally intended to support universal pre-Kindergarten for a savings of \$2 million. The \$22 million budgeted for scoring NYS English Language Arts and Mathematics tests would be cut in half by requiring some teachers to score them during regular work hours. Also, \$2.6 million would be saved by cutting funding available to schools for substitute teachers. DOE expects principals to better utilize teachers placed in reserve instead of substitutes. The housing incentive program would be cut in half to \$500,000. Starting in Fiscal 2010 DOE would limit summer school to only students mandated to attend for a projected savings of \$13.7 million.
- **District 75 Schools Budget Cut:** \$1.9 million in Fiscal 2009 and \$3.7 million in 2010. This reduction would be achieved by cutting the budgets of schools with special needs students. The Fiscal 2009 cut amounts to about \$90 per student.

Administrative Cuts

- **Central Administration Reductions:** \$11.1 million in Fiscal 2009 and \$14.6 million in Fiscal 2010. This initiative would entail the elimination of 284 jobs. The Department has not agreed to provide any information on which jobs will be eliminated or which central offices and programs would suffer cuts. The Chancellors office has an efficiency and realignment team currently planning how to implement this budget cut.
- **Central Administration OTPS Cut:** \$14.7 million in Fiscal 2009 and \$22 million in Fiscal 2010. This initiative would involve reductions to many central programs and services such as reducing the frequency of interoffice mail delivery, ending out-of-town travel, and trimming production of

enrollment materials. The DOE would also eliminate the mid-year class of recruits hired through the Teaching Fellows and cut back recruits next September.

- **School Support Reduction:** \$3.3 million in Fiscal 2009 and \$5.1 million in Fiscal 2010. The Department plans to eliminate jobs in all of the integrated service centers and in various other administrative field offices. Most of the jobs cut will be in the ISCs; others have not yet been identified.
- **Reduce Central/Field Funds:** \$2.7 million in Fiscal 2009 and \$6.1 million in Fiscal 2010.

School Services Cuts

- **Custodial Services Cut:** \$4.1 million in Fiscal 2009 and \$6.9 million in Fiscal 2010. This initiative would impose an across-the-board reduction in the amount the DOE pays custodians to maintain school buildings. DOE headcount would not be reduced, although custodians would be likely to reduce their employees' hours, overtime and possibly jobs. Custodians will review their custodial plans with their principals to determine which services to reduce or eliminate. This action would not impact contract spending on private custodians.
- **Skilled Trades Staff and Overtime Cut:** \$2.6 million in Fiscal 2009 and \$6.7 million in Fiscal 2010. DOE hopes to eliminate 71 skilled trades positions through attrition and lay-offs, although the Department has yet to identify the actual positions that will be eliminated. The remaining skilled trades workforce will focus on emergency and mandated repairs.
- **Administrative and Technical Services Cut:** \$1 million in Fiscal 2009 and \$2.1 million in 2010. This initiative would eliminate 24 administrative jobs related to oversight, quality control and evaluation of the work done by the School Facilities skilled trades staff.
- **Trades Materials:** \$2.5 million in Fiscal 2009 and Fiscal 2010. This reduction would be achieved by reducing the amount of repair work done in schools.
- **Reductions in Maintenance and Repair Contracts:** \$3.5 million in Fiscal 2009 and 2010.
- **Food Services Cut:** \$205,000 in Fiscal 2009 and \$496,000 in Fiscal 2010. This initiative may reduce overtime and straight time hours worked by food service staff.
- **Student Transportation Cut:** \$1.7 million in Fiscal 2009 and \$6.7 million in Fiscal 2010. During the current year this action would eliminate all funding for installation of GPS devices on school buses. The Department has not yet figured out how to achieve the additional \$5 million cut to the over \$1 billion pupil transportation budget planned for next year.
- **Council Initiative- Fashion Institute of Technology Cut:** \$250,000 in Fiscal 2009 only. In the Adopted Budget for Fiscal 2009 the City Council allocated \$250,000 to FIT to support the Peter Vallone Scholarship Program. The Administration plans to cut FIT's City support by the same amount so that City spending on the college will not exceed the State mandated minimum level.

- **Fringe Benefits Reduction:** \$7.5 million in Fiscal 2009 and \$12.3 in Fiscal 2010. This reduction would lower the fringe benefits portion of the Department's budget to reflect the headcount cuts imposed.

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