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HEARING ON THE FISCAL YEAR 2014 EXECUTIVE BUDGET FOR THE

DEPARTMENT OF EDUCATION

June 4, 2013

EXECUTIVE BUDGET HIGHLIGHTS

- ☑ \$19.83 billion Fiscal 2014 budget, a \$110 million or less than one percent increase as compared to the Fiscal 2013 Adopted Budget of \$19.72 billion
 - Personal Services (PS) projection is \$12.8 billion, a \$173 million increase
 - Other Than Personal Services (OTPS) projection is \$7.0 billion, a \$63 million decrease
 - Total Fiscal 2014 DOE-related budget: \$24.9 billion
 - Pension, \$3.02 billion
 - Debt Service, \$2.07 billion
- ☑ No headcount reductions in the Executive Budget for Fiscal 2014
 - Full-time pedagogical headcount is 108,990
 - Increase of 1,683 positions from the Fiscal 2013 Adopted Budget
 - Full-time non-pedagogical headcount is 10,909
 - 6 positions fewer than in the Fiscal 2013 Adopted Budget
- ☑ The Fiscal 2014 Executive Budget is \$525 million or 2.6 percent less than the \$20.36 billion Fiscal 2014 projection last June
 - PEG savings are \$298 million; there are no new PEGs in the Executive Budget
 - Various spending and revenue re-estimates reduce the Fiscal 2014 projection by \$242 million from adoption. Some of these major budget actions are:
 - HIP rate adjustment, (\$76.4 million)
 - Medicaid revenue estimate reduction, (\$50 million)
 - Title I reduction, (\$65 million)
 - Foundation Aid increase, \$121.4 million
- ☑ \$8.62 billion in State Aid, \$186 million or 2.2 percent more than in the Fiscal 2013 Adopted Budget
 - Foundation Aid increases by \$318 million or 5.3 percent, which is offset by reductions in other formula aids

- The Executive Budget reverses the \$250 million Fiscal 2014 teacher evaluation penalty, but increases the Fiscal 2013 cut to \$272.9 million
- ☑ \$139 million or seven percent reduction in federal funding compared to the Fiscal 2013 Adopted Budget
 - \$63 million of the federal funding reduction is a result of sequestration.
 - \$65 million reduction in Title I funds, stemming largely from the reduction in New York City's share of poverty as compared to other jurisdictions nationwide.
- ☑ \$1.04 billion for charter schools, an increase of \$210 million or 25 percent from the Fiscal 2013 Adopted Budget, which is reflected in a new unit of appropriation
- ☑ \$1.09 billion for preschool special education spending, a decrease of \$104.1 million or 8.7 percent from Fiscal 2013 at adoption
 - In addition to slowed growth, the DOE reduced costs by re-bidding transportation contracts last year, saving \$33 million Fiscal 2014

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DEPARTMENT OF EDUCATION OVERVIEW

This report provides an overview of the Department of Education's Fiscal 2014 Budget and a review of the significant initiatives included in the Executive Budget. Appendices A-B report the changes made to the Fiscal 2013 and Fiscal 2014 Budget since adoption of the Fiscal 2013 Budget. Appendix C is a funding summary for the Department of Education (DOE). Appendix D provides a summary of Fair Student Funding. Appendix E lists Council Initiatives and restorations funded in Fiscal 2013. For additional information on the Department's budget and its various programs, please refer to the report on the Fiscal 2014 Preliminary Budget available at: <http://council.nyc.gov/downloads/pdf/budget/2014/edu.pdf>.

The DOE's Financial Plan Summary below provides an overview of the Department's budget by unit of appropriation, funding source, and headcount.

DOE Financial Plan Summary					
<i>Dollars in Thousands</i>	2012	2013		2014	*Difference
	Actual	Adopted	Exec. Plan	Exec. Plan	2013-2014
Personal Services	\$12,519,484	\$12,628,886	\$12,443,651	\$12,801,453	\$172,567
Other Than Personal Services	6,763,771	7,092,027	6,761,674	7,029,442	(62,585)
Total	\$19,283,255	\$19,720,913	\$19,205,325	\$19,830,895	\$109,981
Budget by Unit of Appropriation					
401 - GE Instr. & Sch Ldrshp - PS	\$5,505,616	\$5,582,545	\$5,486,961	\$5,628,024	\$45,479
402 - GE Instr. & Sch Ldrshp - OTPS	510,245	493,480	500,483	482,665	(10,815)
403 - SE Instr. & Sch Ldrshp - PS	1,178,384	1,099,020	1,099,056	1,161,020	62,000
404 - SE Instr. & Sch Ldrshp - OTPS	2,876	6,825	6,825	6,825	0
481 - Categorical Programs - PS	1,282,529	1,145,310	1,134,742	1,128,070	(17,240)
482 - Categorical Programs - OTPS	909,625	841,036	782,977	788,900	(52,135)
421 - Citywide SE Instr. & Sch Ldrshp - PS	742,798	815,020	765,107	796,806	(18,214)
422 - Citywide SE Instr. & Sch Ldrshp - OTPS	16,795	23,415	23,453	23,415	0
423 - SE Instructional Support - PS	234,874	258,021	238,026	240,887	(17,134)
424 - SE Instructional Support - OTPS	291,386	348,837	302,837	311,044	(37,793)
406 - Charter Schools - OTPS	0	0	0	1,038,408	1,038,408
472 - Charter/Contract/Foster Care - OTPS	1,421,509	1,600,295	1,561,818	725,341	(874,954)
470 - SE Pre-K Contracts - OTPS	1,008,569	1,193,402	1,041,137	1,089,282	(104,120)
438 - Pupil Transportation - OTPS	1,073,697	1,132,167	1,100,570	1,144,074	11,907
435 - School Facilities - PS	391,293	396,320	397,252	398,440	2,121
436 - School Facilities - OTPS	343,591	201,854	239,132	204,636	2,782
444 - Energy & Leases - OTPS	456,961	508,850	490,393	501,686	(7,163)
439 - School Food Services - PS	199,247	195,927	195,927	195,927	0
440 - School Food Services - OTPS	190,208	214,010	214,647	215,384	1,375
453 - Central Administration - PS	142,212	137,059	132,798	122,982	(14,077)
454 - Central Administration - OTPS	156,479	140,810	112,819	107,297	(33,513)
461 - Fringe Benefits - PS	2,701,352	2,871,488	2,865,609	3,003,495	132,007
491 - Collective Bargaining - PS	0	0	0	0	0
415 - School Support Orgs. - PS	141,179	128,177	128,173	125,802	(2,375)
416 - School Support Orgs. - OTPS	12,594	11,961	9,499	10,898	(1,063)
442 - School Safety - OTPS	298,111	303,940	303,940	308,440	4,500
474 - Non-Public and FIT - OTPS	71,124	71,146	71,146	71,146	0
TOTAL	\$19,283,255	\$19,720,913	\$19,205,325	\$19,830,895	\$109,981
Funding					
City Funds		\$9,230,126	\$9,083,394	\$9,275,774	\$45,648
State		8,433,296	8,057,091	8,619,034	185,738
Federal - CD		4,500	4,500	4,500	0
Federal - Other		1,942,030	1,902,569	1,803,476	(138,554)

<i>Dollars in Thousands</i>	2012	2013		2014	*Difference
	Actual	Adopted	Exec. Plan	Exec. Plan	2013-2014
Other Categorical		\$96,618	\$128,907	\$117,579	\$20,961
Intra-City		14,344	28,863	10,532	(3,812)
TOTAL		\$19,720,914	\$19,205,324	\$19,830,895	\$109,981
Positions					
FT Pedagogical	107,623	107,264	106,567	108,947	1,683
FT Non-Pedagogical	11,091	10,958	10,958	10,952	(6)
TOTAL	118,714	118,222	117,525	119,899	1,677

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* The difference of Fiscal 2013 Adopted compared to Fiscal 2014 Executive Plan funding.

* \$874.9 million of the difference stems from the movement of Charter Schools out of U/A 472 into U/A 406. Additional funds were also added to U/A 406.

NEW IN THE EXECUTIVE BUDGET

The Fiscal 2014 Executive Budget increases the Department's budget by \$625.6 million as compared to the Preliminary Budget.

- ☑ **State Aid Increase Recognized.** When compared to the Fiscal 2014 Preliminary Budget, State Aid increases by \$325 million. The \$325 million net increase includes a \$434.4 million increase in Foundation Aid and reductions to various funding streams.

When compared to the current Fiscal 2013 budget, School Aid in Fiscal 2014 increases by \$639 million. The increase in School Aid has three components:

- \$250 million Annual Professional Performance Review (APPR) penalty restoration (detailed below)
- \$224 million in growth that would have occurred had there not been a \$250 million APPR penalty in Fiscal 2013, or the baseline increase
- \$165 million increase added in the Enacted State Budget for 2013-2014

For Fiscal 2013 the City estimates that State School Aid is \$272.9 million more than it was for Fiscal 2012. The State increases School Aid each year by a certain percent, based on an index. In Fiscal 2013 the State imposed a penalty equal to the City's increase in School Aid over Fiscal 2012 because the City did not reach an APPR agreement, or teacher evaluation deal, with the United Federation of Teachers (UFT). This increase was estimated to be \$250 million in the Preliminary Budget. The Preliminary Budget also reduced the DOE's budget by \$250 million in the out-years, assuming the base budget moving forward would include the Fiscal 2013 School Aid reduction.

However, the Enacted State Budget for 2013-14 does not penalize the City beyond Fiscal 2013, after all. As such, the Office of Management and Budget (OMB) increased the School Aid projection in the Executive Budget. The budget restores the \$250 million that was previously baselined in Fiscal 2014 and the out-years. The City will also receive \$224 million in additional School Aid based on the growth index. This is because the calculation for growth is based on what the City would have received in Fiscal 2013 had there been no APPR penalty; it is not based on the amount of School Aid the DOE will actually receive in Fiscal 2013. Finally, the Enacted State Budget includes another \$165 million, added at adoption. Essentially, the Fiscal 2013 APPR penalty will have no impact on the City's Fiscal 2014 School Aid.

The Executive Budget includes a revised APPR penalty projection for Fiscal 2013, increasing the APPR penalty from \$250 million to \$272.9 million. The \$22.9 million increase in foregone School Aid stems from formula aid adjustments that were made during the course of Fiscal 2013. These changes will likely lead to Fiscal 2014 adjustments, as well.

- ☑ **Teacher Evaluation Penalty Restored.** As stated above, the Executive Budget restores the Annual Professional Performance Review (APPR) penalty for Fiscal 2014, a \$250 million reduction in State Aid that was included in the Preliminary Budget. The funds fully restore the cuts to:

- Teachers, which would have resulted in the loss of 1,842 teachers through attrition (\$128 million);
- Supplies and materials for schools, or other than personal services (\$62.9 million);
- Per session activity in schools, or overtime for teachers and other staff (\$31.5 million);
- Non-pedagogical school staff, which would have resulted in the loss of 101 school aides and other staff (\$4.7 million); and
- School hourly personnel (\$19 million).

- ☑ **Federal Aid Cut.** A \$37.6 million reduction in federal funding in the Executive Budget stems largely from a \$62.9 million cut as a result of sequestration, which is partially offset by a \$15.4 million increase in Race to the Top funds.

- **Sequestration.** The \$62.9 million cut resulting from sequestration hits several funding streams. These funding streams include Title I, which is targeted to schools with high poverty rates (\$36.5 million or 4.6 percent reduction); Title II-Math and Science (\$5.4 million); the Individuals with Disabilities Education Act (\$5 million); and Title III (\$1.7 million). There were also small cuts to several other funding streams.

The Administration has chosen to use a portion of the State Aid increase to backfill the federal cut. The funds will be allocated to schools as it would be have been allocated through the federal funding streams that were cut. There will be no programmatic impact on schools, including non-public schools that receive a portion of the funds. However, had there not been a cut, the State Aid could have been used to increase school budgets by an additional \$63 million. Therefore, schools are indirectly bearing the burden of the cut.

- ☑ **Audits for Special Education Pre-Kindergarten.** The Executive Budget includes \$2 million for the Department to create an audit unit that will conduct audits of special education pre-k programs. Over the past year, audits conducted by the Office of the State Comptroller found widespread overbilling and fraud within the State's preschool special education system, which has contributed to the skyrocketing costs in recent years. The State Budget includes legislation that would allow localities that conduct their own audits to keep 100 percent of funds recouped as a result of the findings.

- ☑ **Transportation Adjustment.** The school bus strike that occurred from mid-January to mid-February of this year resulted in savings to the City of \$47.2 million in Fiscal 2013. The savings stem from paying less to bus companies during the strike, which is partially offset by spending for Metrocards, alternative transportation, and parental reimbursement.

However, the savings are shared with the State, which is reflected in the Executive Budget as a \$38.4 million reduction in State transportation aid in Fiscal 2014 (there is a one year lag in

reimbursement, which is why State savings are not in Fiscal 2013). Though the State will share the savings, the State did not share the burden of the costs of the strike – the Metrocards, alternative transportation, and parental reimbursements – because the City cannot claim transportation aid for these expenses. The net savings for the City is \$8.8 million.

The Executive Budget also reflects a savings of \$20 million in busing costs next year as a result of new general education and special education busing contracts awarded this year. The Fiscal 2014 State reduction resulting from the strike is only partially backfilled by City funds to reflect the savings. However, the savings are offset by regular growth, for a net year-over-year increase of \$11.9 million. The transportation budget for is estimated to be \$1.14 billion in Fiscal 2014.

- ☑ **Fiscal 2013 Medicaid Revenue Adjustment.** The Medicaid revenue projection for Fiscal 2013 is reduced by an additional \$30 million in the Executive Budget. The revenue estimate is now \$37 million this year, down from \$167 million at adoption. The Fiscal 2014 projection remains \$117 million.

The DOE is still unable to submit Medicaid claims for speech therapy services because the UFT and the Department have not yet reached an agreement concerning the use of therapists' Speech Language Pathology (SLP) licenses, which are necessary for the Medicaid claiming process. The DOE estimates it could otherwise claim up to \$50 million in Medicaid reimbursements for speech therapy services.

- ☑ **Charter Schools.** The Executive Budget includes \$1.04 billion for charter schools, which is included in a new unit of appropriation to separate charter schools from contract schools, charter cases, and foster care. The City Council has requested this action for the past several years, seeking to increase transparency and accountability.

The \$210 million or 25 percent increase from the Fiscal 2013 Adopted Budget includes \$70 million to support the opening of 24 new charter schools in fall 2013, as well as for enrollment growth of existing schools that are phasing in. The new charter schools will provide 9,203 seats at full phase-in; the projected enrollment next school year is 3,487 students. In total, in Fiscal 2014 there will be 191 charter schools enrolling 69,845 students. The State-set rate for each general education charter school student is \$13,527. The costs for special education students are greater, though they vary.

MAJOR DEPARTMENT OF EDUCATION ISSUES

- ☑ **School Budgets.** School budgets grow by \$27.3 million or less than one percent from Fiscal 2013 at adoption, to total \$9.2 billion in Fiscal 2014. Funding for school budgets is estimated by adding together funding available for school budgets in the DOE's Fiscal 2014 budget. This includes funding in the U/A pairs for General Education Instruction and School Leadership (401 & 402), Special Education Instruction and School Leadership (403 & 404), and Categorical Programs (481 & 482). General Education personal services, in which salaries for general education teachers and other school staff are budgeted, is slated to increase by \$45.5 million, also less than one percent. Funds in the three U/A pairs are projected to total \$9.2 billion in Fiscal 2014.

There are no projected layoffs in Fiscal 2014 for any positions in schools. The budget shows:

- 1,112 additional teachers in special education, for a total of 22,084 pedagogues.
- Flat headcount for general education teachers. A hiring freeze was implemented in January to reduce headcount by an estimated 697 positions. The Executive Budget provides enough funds to fill these vacancies in Fiscal 2014. There will be a projected 61,273 general education pedagogues next year, including teachers, principals, and other pedagogical roles.
- Six fewer non-pedagogical positions.

Though the DOE anticipates essentially no headcount reductions, principals ultimately have autonomy in spending their school budgets. Therefore, there is always the possibility that positions will be lost or shifted depending on a school's needs or priorities.

Preliminary school budget allocations were released on Friday, May 24th. Preliminary budget allocations do not include all funds for school budgets; for example, the Department holds back reserve funds to account for register changes after the school year begins. The preliminary allocations total \$7.36 billion, an increase of \$16.2 million or less than one percent as compared to the preliminary allocations last year. According to the DOE, the Fair Student Funding (FSF) portion of total school budgets increases by a total of \$33 million year over year. Appendix D shows the FSF increase by entitlement amount, which is explained further in the Appendix. When principals submit their budgets for approval, the DOE will be able to more accurately estimate changes in headcount.

According to the Department, the increased cost of general education teacher salaries from Fiscal 2013 to Fiscal 2014 will be nearly 2.5 percent. Salary growth for other positions ranges from less than one percent for several positions to 2.7 percent for special education teachers. This growth does not factor in that pedagogues lost through attrition tend to have high salaries and are replaced by pedagogues with lower salaries. Taking this into account, overall salary growth among school staff from Fiscal 2013 to Fiscal 2014 would likely be approximately 0.31 percent.

- ☑ **Phase In of Fair Student Funding Formula Weights.** In Fiscal 2013 the Department made several changes to the Fair Student Funding formula weights, which were to be phased in over two years. The DOE phased in the adjustments to minimize the financial impact on schools. These changes included the addition of an academic intervention weight, "Heavy Graduation Challenge OTC". This weight provides additional funds for over-aged/under-credited over-the-counter (OTC) students enrolling in traditional high schools. The weight increases in Fiscal

2014, the second year of phase-in, so per capita spending for students falling into this category is greater in Fiscal 2014 than in Fiscal 2013.

In Fiscal 2013 the “Graduation Challenge” weight for transfer schools was divided into two weights, “Heavy Graduation Challenge” and “Regular Graduation Challenge”. In Fiscal 2014, the “Regular Graduation Challenge” weight decreases. All other weights remain the same. See Appendix D for additional information on FSF formula weights and funding.

- ☑ **School Lunch Fees.** The proposed budget includes an \$8.8 million increase in revenue from school lunch fees in Fiscal 2014. The Department would achieve this revenue by increasing the school lunch fee from \$1.50 to \$2.50 beginning next school year. Federal legislation requires that the lunch fee be raised to \$2.50 by yearly increments based on a cost index. However, based on this index, the DOE would not be required to raise the price of school lunch next year.
- ☑ **SEGIS.** The Department uses the electronic Special Education Student information System (SEGIS) to track special education students and the provision of their related services. Because of a grievance filed by the United Federation of Teachers (UFT), the DOE must pay service providers for the time they spend entering information into SEGIS outside of the regular school day. Thus far the DOE has been ordered to pay \$41 million to staff for the time period of September 2011 through December 2012. Of this amount, \$28 million will likely be charged to Fiscal 2012 as backpay.

The Department and the United Federation of Teachers (UFT) are currently in arbitration to determine compensation terms moving forward. The DOE has stated that principals are expected to allow time for this work during the regular school day. The Executive Budget does not include a baseline increase for this per session activity. Depending on the outcome of the arbitration and service providers’ abilities to perform the work during their regular schedule, there could be additional costs in future years.

APPENDIX A: BUDGET ACTIONS IN THE EXECUTIVE PLAN

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
DOE Budget as of January 2013 Plan	\$9,097,038	\$10,125,754	\$19,222,792	\$9,283,506	\$10,243,880	\$19,527,386
OTHER ADJUSTMENTS						
Additional APPR Penalty	\$0	(\$22,943)	(\$22,943)	\$0	\$0	\$0
ARRA SIG	0	24,135	24,135	0	0	0
Sequestration Cut	0	0	0	0	(62,936)	(62,936)
State Aid Backfill of Sequestration	0	0	0	0	62,936	62,936
Expense Adjustment	58,006	0	58,006	0	(30,488)	(30,488)
Foundation Aid Increase	0	0	0	0	121,416	121,416
Fuel and Heat, Light & Power	(18,457)	0	(18,457)	(7,732)	0	(7,732)
Medicaid Revenue Reduction	0	(30,000)	(30,000)	0	0	0
Reduced Lunch Fees	(6,000)	6,000	0	0	0	0
Revenue Re-estimate	0	10,000	10,000	0	18,500	18,500
RTTT Adjustment	0	0	0	0	15,355	15,355
Sandy Re-estimate	0	(922)	(922)	0	1,495	1,495
SCA Revenue Re-estimate	0	0	0	0	12,000	12,000
School Hourly PS Restoration	0	0	0	0	18,984	18,984
School Non-Ped PS Restoration	0	0	0	0	4,720	4,720
School OTPS Restoration	0	0	0	0	66,763	66,763
School Pedagogue PS Restoration	0	0	0	0	128,063	128,063
School Per Session Restoration	0	0	0	0	31,469	31,469
State Aid Data Update	0	21,075	21,075	0	(19,740)	(19,740)
Summer Handicapped Adjustment	0	(20,644)	(20,644)	0	(20,644)	(20,644)
Teacher Incentive Fund Grant	0	870	870	0	0	0
Transportation Adjustment	(47,198)	0	(47,198)	0	(38,403)	(38,403)
Transportation Revenue	0	(1,261)	(1,261)	0	0	0
Other Adjustments	5	9,968	14,700	0	1,748	1,749
TOTAL CHANGES	(\$13,644)	(\$3,722)	(\$12,639)	(\$7,732)	\$311,238	\$303,507
DOE Budget as of Executive 2013 Plan	\$9,083,394	\$10,122,032	\$19,205,426	\$9,275,774	\$10,555,118	\$19,830,892

APPENDIX B: BUDGET ACTIONS IN THE NOVEMBER, FEBRUARY AND EXECUTIVE PLANS

<i>Dollars in Thousands</i>	FY 2013			FY 2014		
	City	Non-City	Total	City	Non-City	Total
DOE Budget as of FY 2013 Adoption	\$9,230,126	\$10,490,787	\$19,720,913	\$9,648,787	\$10,706,952	\$20,355,739
Program to Eliminate the Gap (PEGs)						
SE Pre-K Transportation Savings	(\$13,472)	(\$19,793)	(\$33,265)	(\$13,472)	(\$19,793)	(\$33,265)
Admin in Schools Efficiencies	(12,138)	-	(12,138)	(22,138)	-	(22,138)
School Support Efficiencies	(30)	-	(30)	(3,530)	-	(3,530)
Technology OTPS Efficiencies	(1,694)	-	(1,694)	(1,694)	-	(1,694)
Central Admin Efficiencies	(2,868)	-	(2,868)	(41,305)	-	(41,305)
Operations Efficiencies	-	-	-	(19,058)	-	(19,058)
Related Services	(18,000)	-	(18,000)	(19,000)	-	(19,000)
SE Contract Schools	(49,000)	-	(49,000)	(45,000)	-	(45,000)
SE Pre-K Tuition Savings	(18,000)	(24,000)	(42,000)	(26,000)	(34,000)	(60,000)
Expense Adjustments	(7,100)	-	(7,100)	(38,000)	-	(38,000)
Recognition of Revenue	-	-	-	(60,000)	60,000	-
Subtotal PEGs	(\$122,302)	(\$43,793)	(\$166,095)	(\$289,197)	\$6,207	(\$282,990)
Other Adjustments						
Elimination of Undisbursed School Funds	-	(\$59,884)	(\$59,884)	-	-	-
Reduction in Use of Substitute Teachers	-	(5,000)	(5,000)	-	-	-
Reduction of School Aide Work Schedule	-	(8,600)	(8,600)	-	-	-
Administrative OTPS Reductions	-	(16,801)	(16,801)	-	-	-
Elimination of Central Vacancies	-	(8,918)	(8,918)	-	-	-
Reduction in Youth Dev, PD, and IT Contracts	-	(16,338)	(16,338)	-	-	-
Unemployment Insurance Efficiencies	-	(4,000)	(4,000)	-	-	-
District 75 Re-estimate	-	(50,000)	(50,000)	-	-	-
Attrition of Pedagogical School Staff	-	(33,059)	(33,059)	-	(128,063)	(128,063)
School Pedagogue PS Restoration	-	-	-	-	128,063	128,063
School Hourly PS Reduction	-	-	-	-	(18,984)	(18,984)
School Hourly PS Restoration	-	-	-	-	18,984	18,984
School Non-Pedagogical Attrition	-	-	-	-	(4,720)	(4,720)
School Non-Pedagogical PS Restoration	-	-	-	-	4,720	4,720
Per Session Reduction	-	-	-	-	(31,469)	(31,469)
School Per Session Restoration	-	-	-	-	31,469	31,469
School OTPS Reduction	-	-	-	-	(66,763)	(66,763)
School OTPS Restoration	-	-	-	-	66,763	66,763
Title I Reduction	-	(34,592)	(34,592)	-	(64,953)	(64,953)
Superstorm Sandy Revenue	-	56,884	56,884	-	-	-
Sandy Re-estimate	-	(922)	(922)	-	1,495	1,495
HIP Rate Adjustment	(10,961)	-	(10,961)	(76,383)	-	(76,383)
Additional APPR Penalty	-	(22,943)	(22,943)	-	-	-
ARRA School Improvement Grant	-	9,628	9,628	-	-	-
Sequestration Cut	-	-	-	-	(62,936)	(62,936)
Backfill of Sequestration	-	-	-	-	62,936	62,936
Foundation Aid	-	-	-	-	121,416	121,416
Medicaid Revenue Reduction	-	(131,000)	(131,000)	-	(50,000)	(50,000)
Reduced Lunch Fees	(6,000)	6,000	-	-	-	-
Expense Adjustment	58,006	-	58,006	-	(52,988)	(52,988)
RTTT Adjustment	-	-	-	-	15,355	15,355
Data Updates and Re-estimates	(18,457)	9,170	(9,287)	(7,732)	(9,884)	(17,616)
Bus Strike Transportation Adjustments	(47,198)	-	(47,198)	-	(38,403)	(38,403)
Other Adjustments	180	(14,589)	(9,682)	300	(80,076)	(79,775)
Subtotal Other Adjustments	(\$24,430)	(\$324,964)	(\$349,394)	(\$83,815)	(\$158,038)	(\$241,852)
Total Changes	(\$146,732)	(\$368,757)	(\$515,489)	(\$373,012)	(\$151,831)	(\$524,842)
DOE Budget as of FY 2014 Executive	\$9,083,394	\$10,122,030	\$19,205,424	\$9,275,775	\$10,555,121	\$19,830,897

APPENDIX C: FUNDING FOR THE DEPARTMENT OF EDUCATION

<i>Dollars in Thousands</i>	2013 Adopted	2013 Exec. Plan	2014 Exec. Plan	*Difference 2013-2014	2014 Percent of Total
City	\$9,230,126	\$9,083,394	\$9,275,774	\$45,648	46.8%
State					
Foundation Aid	\$5,528,366	\$5,255,007	\$5,846,644	\$318,278	29.5%
Formula Aid	1,404,912	1,417,772	1,367,155	(37,757)	6.9%
Building Aid	478,125	478,125	478,125	0	2.4%
Categorical Programs	330,478	305,334	295,944	(34,534)	1.5%
Special Education pre-K	680,258	592,566	592,566	(87,692)	3.0%
State Food Programs	13,657	10,787	13,657	0	0.1%
Revenue in Other Agencies	(2,500)	(2,500)	(2,500)	0	0.0%
Subtotal State	\$8,433,296	\$8,057,091	\$8,619,034	\$185,738	43.5%
Federal - Other					
Title I	\$795,800	\$769,016	\$694,310	(\$101,490)	3.5%
Title IIA	111,715	108,000	102,600	(9,115)	0.5%
IDEA	269,782	284,224	264,792	(4,990)	1.3%
Medicaid	167,000	37,000	117,000	(50,000)	0.6%
RTTT	84,450	84,450	90,310	5,860	0.5%
ARRA	2,038	26,172	991	(1,047)	0.0%
School Lunch	264,676	285,510	282,676	18,000	1.4%
Sandy Reimbursement	-	55,963	1,495	-	0.0%
Other	246,569	252,234	249,302	2,733	1.3%
Subtotal Federal	\$1,942,030	\$1,902,569	\$1,803,476	(\$138,554)	9.1%
Federal - CD	\$4,500	\$4,500	\$4,500	-	0.0%
Intracity	\$14,344	\$28,863	\$10,532	(\$3,812)	0.1%
Other Categorical	\$96,618	\$128,907	\$117,579	\$20,961	0.6%
TOTAL DOE FUNDING	\$19,720,914	\$19,205,324	\$19,830,895	\$109,981	100.0%
Miscellaneous	\$57,874	\$51,874	\$66,674	\$66,674	N/A

Source: New York City Office of Management and Budget, "Monitors' Briefing Package", FY 2013 Adopted Budget and FY 2014 Executive Plan

APPENDIX D: FAIR STUDENT FUNDING

FSF Category	Grade Span	FY 13		FY 14	
		Weights	Per Capita Funding (Entitlement)	Weights	Per Capita Funding (Entitlement)
Grade Weight - General Education & Special Education	K-5	1.00	\$4,120.10	1.00	\$4,122.55
	6-8	1.08	\$4,450.05	1.08	\$4,452.68
	9-12	1.03	\$4,243.31	1.03	\$4,245.83
Academic Intervention	Poverty	0.12	\$494.41	0.12	\$494.71
	4-5 Well Below	0.40	\$1,647.62	0.40	\$1,648.60
	4-5 Below	0.25	\$1,029.50	0.25	\$1,030.11
	6-8 Well Below	0.50	\$2,061.10	0.50	\$2,062.32
	6-8 Below	0.35	\$1,441.93	0.35	\$1,442.79
	9-12 Well Below	0.40	\$1,647.62	0.40	\$1,648.60
	9-12 Below	0.25	\$1,029.50	0.25	\$1,030.11
	Heavy Graduation Challenge OTC	0.20	\$823.26	0.40	\$1,648.60
English Language Learner	ELL K-5	0.40	\$1,647.62	0.40	\$1,648.60
	ELL 6-8	0.50	\$2,061.10	0.50	\$2,062.32
	ELL 9-12	0.50	\$2,061.10	0.50	\$2,062.32
Special Education Needs Weight	<=20%	0.56	\$2,307.51	0.56	\$2,308.88
	21% to 59%	1.25	\$5,152.53	1.25	\$5,155.58
	>=60% SC K-8 Filled Seats	1.18	\$4,865.10	1.18	\$4,867.98
	>=60% SC 9-12 Filled Seats	0.58	\$2,406.49	0.58	\$2,407.91
	>=60% ICT K Filled Seats	2.09	\$8,603.68	2.09	\$8,608.78
	>=60% SC 1-5 Filled Seats	1.74	\$7,169.56	1.74	\$7,173.81
	>=60% SC 6-8 Filled Seats	1.74	\$7,169.56	1.74	\$7,173.81
	>=60% SC 9-12 Filled Seats	1.74	\$7,169.56	1.74	\$7,173.81
Post IEP Support	0.12	\$500.00	N/A	\$500.00	
Portfolio Schools	CTE - Nursing	0.26	\$1,071.27	0.26	\$1,071.90
	CTE - Health/Trade/Tech	0.17	\$700.61	0.17	\$701.02
	CTE - Business	0.12	\$493.87	0.12	\$494.16
	CTE - Home Economics/Arts	0.05	\$205.69	0.05	\$205.81
	Specialized Academic	0.25	\$1,029.50	0.25	\$1,030.11
	Specialized Audition	0.35	\$1,441.93	0.35	\$1,442.79
	Transfer - Heavy Graduation Challenge	0.40	\$1,647.62	0.40	\$1,648.60
	Transfer - Regular Graduation Challenge	0.30	\$1,252.59	0.21	\$859.18

The Fair Student Funding (FSF) formula estimates the cost of educating a child in a DOE school. This is called the FSF entitlement. Because of limited funding, there are not enough FSF funds for all schools to receive their full FSF entitlement. Rather, schools receive a portion of their FSF entitlement. In Fiscal 2014, no school will be funded below 81 percent of their FSF entitlement. The above table shows how much money a school would receive for each type of student if the FSF formula were fully funded.

APPENDIX E: COUNCIL INITIATIVES

<i>Dollars in Thousands</i>	
General Education Instruction & School Leadership	
Bridge to Tomorrow	\$1,250
C.H.A.M.P.S.	125
Full Day Universal Pre-K	2,250
Non-Pedagogical School-Based Staff	3,000
Teacher's Choice	3,750
Immigrant Opportunities Initiative	14
Subtotal	\$10,389
Central Administration	
Council of School Supervisors & Admins.	\$300
Dropout Prevention & Intervention	1,000
MOUSE	275
Urban Advantage - Science Education	2,000
Chess in the Schools	200
Child Mind Institute	250
Community Schools Planning Grant	150
Subtotal	\$4,175
School Facilities	
Custodial Operations	\$3,000
Various	
Anti-Gun Violence Initiative	\$550
Subtotal without Local or Borough	\$18,114
Local Initiatives	\$1,730
Borough-Wide Initiatives	\$12
TOTAL	\$19,856