

THE COUNCIL OF THE CITY OF NEW YORK

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Speaker of the Council

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Chair, Committee on Education



Report of the Finance Division on the
Fiscal 2018 Preliminary Budget and the
Fiscal 2017 Preliminary Mayor's Management Report for the
Department of Education

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Table of Contents

Department of Education 1

Fiscal 2018 Preliminary Budget Highlights 1

Funding Summary 4

Council Initiatives 6

Financial Plan Summary 8

Contract Budget 10

School Budgets 11

General Education Instruction & School Leadership 14

Special Education Instruction & School Leadership 15

Categorical Programs 16

Citywide Special Education & Special Education Instructional Support 18

Charter Schools 20

Universal Pre-Kindergarten 20

School Support Organizations 22

Contract Schools, Carter Cases and Foster Care 22

Special Education Pre-Kindergarten 23

Pupil Transportation 24

School Food Services 24

Central Administration 26

Fringe Benefits 28

School Facilities 28

Energy and Leases 29

School Safety 30

Non-Public School and FIT 31

Appendix A: Budget Actions Since Fiscal Year 2017 Adopted Budget 32

Department of Education

The Department of Education (DOE or the Department) provides primary and secondary education to over one million students, from pre-kindergarten to grade 12, in 32 school districts in over 1,800¹ schools and employs approximately 76,000 teachers. The DOE prepares students to meet grade level standards in reading, writing, and math, and prepares high school students to graduate ready for college and careers. The Department also operates the school food service program, maintains public school buildings and offices, and provides transportation services to students. Out of the 1,800 schools the DOE funds, 220 of them are charter schools. Finally, the DOE provides special education instructional services and related therapies to students enrolled in both public and private school settings.

In addition, the School Construction Authority (SCA), coordinates the development of the DOE's Five-Year Capital Plan, selects and acquires sites for new schools, leases buildings for schools and supervises the conversion of space for classroom use. A separate report about the Department's capital budget and Five-Year Plan is available here: <http://council.nyc.gov/budget/wp-content/uploads/sites/54/2017/03/040-SCA.pdf>.

This report provides a review of the Department of Education's Preliminary Budget for Fiscal 2018. The first section presents the \$24.3 billion Fiscal 2018 Expense Budget, the impact of State and federal budget actions, and describes initiatives funded by the Council.

The report then presents the Department's contract budget, discusses the budget by program area, and reviews relevant sections of the Preliminary Mayor's Management Report for Fiscal 2017 (PMMR). Finally, changes to the budget included in the November and Preliminary Financial Plans for Fiscal 2017-2021 (the November Plan and the Preliminary Plan) are summarized in Appendix A.

Fiscal 2018 Preliminary Budget Highlights

<i>Dollars in Thousands</i>	2015	2016	2017	Preliminary Plan		*Difference
	Actual	Actual	Adopted	2017	2018	2017 - 2018
Personal Services	\$13,392,607	\$14,470,377	\$14,457,775	\$14,495,836	\$15,298,743	\$840,968
Other Than Personal Services	7,606,759	7,951,183	8,731,764	8,814,447	9,026,982	295,218
TOTAL	\$20,999,366	\$22,421,560	\$23,189,539	\$23,310,283	\$24,325,725	\$1,136,186

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

The City's Preliminary Fiscal 2018 Budget is \$84.7 billion, \$2.6 billion more than the Fiscal 2017 Adopted Budget of \$82.1 billion. The Fiscal 2018 Preliminary Budget includes \$61.6 billion in City tax-levy funding and \$23.1 billion in non-City funds.

The Department of Education's Fiscal 2018 Preliminary Budget totals \$24.3 billion (including City and non-City funds); this represents approximately 29 percent of the City's total Budget. This number does not include City spending on pensions and debt service for DOE. Total pension costs for Fiscal 2018 are projected to be \$4 billion, total debt service is \$2.5 billion,

¹ New York City Department of Education, *About Us*. <http://schools.nyc.gov/AboutUs/default.htm>

health insurance for retired workers is \$166.6 million and the Stabilization Fund is \$12.5 million for a total Fiscal 2018 education-related spending of \$31 billion. However, since pension and debt service costs are not included in the DOE's budget, when discussing the Department's Preliminary Budget, we refer only to the Department's budget of \$24.3 billion. The Department of Education's Fiscal 2018 Preliminary Budget is \$1.1 billion more than the Fiscal 2017 Adopted Budget of \$23.3. Overall, the Preliminary Plan introduces \$51.5 million in new needs for Fiscal 2018 and \$62.4 million in savings. Although the Preliminary Plan actually lowers planned spending since the new needs are less than projected savings, the Department's budget is growing when compared to the adopted budget due to previously scheduled increases.

The majority of the DOE's new needs in the Fiscal 2018 Preliminary Budget are related to technology, including making key upgrades and improvements to schools' broadband connectivity. The technology improvements will support several DOE initiatives such as Computer Science for All and improving the Special Education Student Information System (SEIS) DOE uses to track services for special education students. In addition, funding is included to provide Chromebooks for speech teachers and to continue the expansion of Summer in the City, DOE's summer school program. All of the new needs begin in the current fiscal year, Fiscal 2017.

- **Data Center Upgrades.** The Preliminary Plan provides \$8.4 million to upgrade DOE's data center to support the provision of faster internet speeds to schools. The Plan adds \$7.9 million and 10 positions in Fiscal 2017, growing to \$11.5 million and 13 positions by Fiscal 2021. More information on this initiative can be found on page 26. This project is directly related to two savings recognized in the Plan totaling \$4.7 million. Savings occur because DOE will leverage existing technology resources provided by the Department of Information Technology and Telecommunication (DoITT), including fiber cables and wiring. Additional savings arise from upgrading DOE's computer system, which will result in lower maintenance costs.
- **Broadband Conversion and Upgrade.** The second piece to the Department's technology upgrade strategy will provide high speed broadband capacity to all schools. Fiscal 2017 funding totals \$15.8 million and decreases to \$8 million in Fiscal 2018 since there are savings associated with the newly awarded contract, as well as fewer schools to upgrade since this project began in Fiscal 2017. There is no additional funding for this in the outyears and there is no headcount associated with this initiative. More information on this initiative can be found on page 27.
- **SEIS System Upgrade.** In order to address system performance issues, provide training for all system users and create a data reporting system to enhance data quality a \$14.8 million investment is being made to SEIS in Fiscal 2018. Fiscal 2017 funding totals \$12.4 million. This investment would improve DOE's claiming for special education services since data collection and reporting would be improved. The Preliminary Plan includes a related increase in DOE's Medicaid revenue, which is expected to increase from \$40.5 million in Fiscal 2017 to \$97 million in Fiscal 2018. The Plan makes an overall headcount increase of 42 positions: 21 in the Central Administration to support data capacity and 20 positions for Special Education and Instructional Support. More information on this initiative can be found on page 28.

- **Chromebooks for Teachers.** In Fiscal 2017, \$1 million provides for the purchase of Chromebooks for all speech language pathologists. Integrating technology into instruction and investing in new technology is part of the Department's Five Year Strategic Technology Plan. Speech teachers will now also be able to claim for Medicaid and this is tied to the increase in Medicaid mentioned on the previous page. Physical and occupational therapists already work with Chromebooks in schools. Funding decreases in the outyears and is largely for maintenance.
- **SEIS Per Session.** The Plan adds \$2.2 million in Fiscal 2017 and \$4.6 million in Fiscal 2018 for per session pay for speech language pathologists and speech teachers. The additional work hours are required to allow staff to document their session notes in SEIS following sessions with students.
- **Summer in the City Expansion.** The Preliminary Plan includes a proposal to expand the DOE's Summer in the City program with a budget increase of \$1.9 million in Fiscal 2017 and growing to \$14.2 million in Fiscal 2018. The program would enroll an additional 4,400 at-risk second graders this summer to ensure they are prepared for third grade math and reading levels. Program hours would also be extended from four to six hours a day and be offered five days a week. The Department of Youth and Community Development (DYCD) COMPASS program would provide 3,000 slots, an increase of 1,000 from the previous year, in order to provide wrap around services for mandated students. Lastly, this funding would support an expansion of Science, Technology, Engineering and Math (STEM) programming for Summer in the City. In Fiscal 2018, there is an overall headcount of 61 positions, an increase of 41 from the previous year, to accommodate the additional students. Headcount will eventually reach 67 positions with funding at \$44.5 million in the outyears.

In addition to the savings in the Fiscal 2018 Preliminary Budget related to the new technology upgrades, there are two additional savings as a result of changes at the State level. There is \$15 million in savings due to recent changes in State law that allow DOE to pay for Special Education Itinerant Teacher services based on student attendance as opposed to enrollment. Finally, there is \$42.7 million in savings as a result of increased claiming related to new classes not previously recognized as eligible for Career and Academic Improvement Aid at the State level for a total of \$62.4 million in savings for Fiscal 2018.

Funding Summary

The Department of Education receives federal and state aid in addition to its City tax-levy (CTL) funds. Table 2 below shows the various funding sources, including notable State and federal aids.

<i>Dollars in Thousands</i>	Adopted	Preliminary Plan		*Difference
	2017	2017	2018	2017 - 2018
City	\$11,065,484	\$11,045,288	\$11,565,515	\$500,031
State				
Foundation Aid	\$7,104,406	\$7,104,406	\$7,599,029	\$494,623
Formula Aid	1,418,049	1,492,763	1,519,199	101,150
Building Aid	564,445	564,445	514,126	(50,319)
Categorical Programs	641,909	641,909	662,286	20,377
Special Education PreK	500,932	500,932	501,487	555
State Food Programs	14,359	14,359	16,520	2,161
Revenue in Other Agencies	(2,500)	(2,500)	(2,500)	0
Subtotal State	\$10,241,600	\$10,316,314	\$10,810,147	\$568,547
Federal - Other				
Title I	\$679,101	\$679,101	\$679,101	\$0
Title IIA	108,000	108,000	108,000	0
IDEA	269,782	269,782	269,782	0
Medicaid	40,500	40,500	97,000	56,500
School Lunch	300,476	300,476	300,476	0
Breakfast Program	105,779	105,779	134,617	28,838
Education for Homeless Children	1,550	1,550	1,550	0
Other	196,858	197,608	185,598	(11,260)
Subtotal Federal	\$1,702,046	\$1,702,796	\$1,776,124	\$74,078
Federal - CD	\$14,723	\$19,733	\$12,700	(\$2,023)
Intracity	10,225	41,602	9,285	(940)
Other Categorical	155,459	184,549	151,951	(3,508)
Subtotal	\$180,407	\$245,884	\$173,936	(\$6,471)
TOTAL DOE FUNDING	\$23,189,537	\$23,310,282	\$24,325,722	\$1,136,185

**The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.*

Source: New York City Office of Management and Budget, "Monitor's Briefing Package", FY 18 January Plan.

City Funding

The DOE's Fiscal 2018 Preliminary Budget totals approximately \$24.3 billion, which reflects an increase of \$1.1 billion compared to the Fiscal 2017 Adopted Budget. The Preliminary Budget includes \$11.6 billion in City funding, including \$51.5 million in new needs and the remainder are other adjustments. City funds are approximately 47.5 percent of the Department's funding.

State Funding

The DOE's Fiscal 2017 Preliminary Budget shows a \$568.5 million increase in State funds as compared to the Fiscal 2017 Adopted Budget. State Aid comprises 44.4 percent of the Fiscal 2018 Budget. It is important to note that the projected State funds reflected in DOE's Preliminary Plan do not match the State's Executive Budget, but rather reflect what the City

expects to receive in the State's Enacted Budget. In total, the Governor's proposed 2017-2018 aid to New York City is \$264 million less than the City's financial plan is projecting.

- **Foundation Aid.** The Fiscal 2018 Preliminary Budget includes a \$494.6 million increase in Foundation Aid compared to the Fiscal 2017 Adopted Budget. The Administration projected this increase based on typical growth rates for the State. This amount could decrease if it is not reflected in the Enacted State Budget. The discrepancy in Foundation Aid between the Fiscal 2018 Preliminary Budget and the State Executive Budget for 2017-2018 is \$242.1 million. The State Executive Budget would also increase the Foundation Aid set-aside for community schools statewide by \$50 million for a total of \$150 million. This proposal would require New York City to use a portion of its Foundation Aid for community schools programs. This set aside is concerning to New York City as additional funding was not included in the budget to cover this expense. Additionally, while the Governor's proposed budget would bring State spending on schools to its highest level ever, it falls short of meeting the State's responsibility to provide a sound, basic education in all public schools as required by the *Campaign for Fiscal Equity* (CFE) decision. New York City is due an additional \$1.3 billion above the Governor's proposed Foundation Aid level in order to fully fund the CFE decision.
- **Charter School Costs.** Additionally, there are increased expenses for Charter schools proposed in the State's Executive Budget that could affect New York City that are not reflected in the Preliminary Plan. The 2017-2018 Executive Budget recommends an increase in facilities payments for new and expanding charters located in privately leased space and an increase in the charter school supplemental tuition rate. Together these proposals would increase the amount the DOE is mandated to spend on charter schools by \$198 million, according to the Office of Management and Budget (OMB). Lastly, the Executive Budget recommends removing the regional cap on charter schools in New York City. The cap now allows no more than 275 schools in New York City and 126 for areas outside of New York City; the proposal would eliminate the New York City cap but maintain the State cap.

Federal Funding

The DOE's Fiscal 2017 Preliminary Budget includes a \$74.1 million increase in federal funds compared to the Fiscal 2017 Adopted Budget. This increase is largely due to a projected increase in Medicaid reimbursements, related to improvements in the SESIS system and better documentation of services performed. The second largest increase is due to the breakfast program, which supports breakfast in the classroom, with an increase of \$28.8 million. The majority of federal funding remains unchanged when compared to last year. Federal aid is a smaller portion of DOE's budget, comprising only 7.3 percent.

Other Categorical Funding

Other Categorical funding in Fiscal 2018 includes \$50 million in private grants, \$61.9 from the SCA for capital work performed by the School Facilities Division, \$1 million for non-resident tuition, and \$6.7 million for the Retirement System (BERS). Overall, there is a decrease of \$3.5 million when compared to the Fiscal 2017 Adopted Budget. There is an increase of \$12.4 million

from the SCA, which is offset by collectively bargained increases to the Supplemental Welfare Fund.

Miscellaneous Revenue

In addition to revenue from outside sources, the Department also generates revenue from several programs. DOE's miscellaneous revenue, shown in Table 3 below, is projected to total \$64.4 million in Fiscal 2018. This includes \$12.8 million in school lunch fees, \$8.2 million in grant refunds, \$36.5 million in extended use fees charged to organizations that rent space in school buildings on nights and weekends, and \$7 million in sundries such as UFT fees.

Table 3: DOE Miscellaneous Revenue Budget Overview

Dollars in Thousands

Revenue Sources	Adopted	Preliminary Plan		*Difference
	2017	2017	2018	2017 - 2018
Educational Service Fees (School Lunch)	\$12,750	\$12,750	\$12,750	\$0
Grant Refunds	8,174	8,174	8,174	0
Rental (Extended use of School Buildings)	28,000	36,500	36,500	8,500
Sundries (UFT Fees, Misc. Coll/refunds)	7,000	7,000	7,000	0
TOTAL	\$55,924	\$64,424	\$64,424	\$8,500

**The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.*

Source: New York City Office of Management and Budget, "Monitor's Briefing Package", FY 18 January Plan.

Council Initiatives

The City Council added \$26.3 million to the Department of Education's Fiscal 2017 Budget to fund a variety of education initiatives, listed on Table 4. Fiscal 2017 Council additions included \$1.3 million to continue a new Restorative Justice Program

in 25 schools intended to change the school culture and approach to disciplinary policies. The Council also launched an effort to integrate an LGBTQ-inclusive curriculum into literacy and history classes. This work is facilitated by the DOE's LGBT Students' Liaison, within the Office of Counseling Support Programs. The liaison position was established through a Fiscal 2016 Council initiative, and the DOE has now baselined the position. Through the Young Women's Initiative, the Council provided \$100,000 to hire a new Gender Equity Liaison also within the Office of Counseling Support Programs. Other highlights include: an increase of \$2.6 million for Teachers Choice funded through the Support for Educators initiative, a \$1.2 million Community Schools initiatives with an increase of \$750,000, and further investment of \$750,000 for the Middle School Quality program through the Educational Programs for Students initiative.

Table 4: Fiscal 2017 Council Initiatives

Dollars in Thousands

Bridge to Tomorrow	\$1,150,000
Physical Education and Fitness	1,125,000
Educational Programs for Students	2,975,000
Restorative Justice Program	1,300,000
Support for Educators	12,744,500
Child Mind Institute	500,000
Community Schools	1,225,000
Dropout Prevention and Intervention	1,585,000
LGBT Inclusive Curriculum	165,000
Urban Advantage	3,500,000
Gender Equity Liaison	100
Local Initiatives	1,000
TOTAL	\$26,270,600

- **Bridge to Tomorrow.** The Council provided \$1.2 million to support DOE staff at Workforce One Centers who offer job seekers educational assessments, high-school equivalency exam preparation and testing. The Council provided the same level of support the previous year.
- **Child Mind Institute.** The Council provided \$500,000 to support the Child Mind Institute's Teacher-Child Interaction Training program. The program aims to provide teachers in public schools with a specific set of skills so they can better manage disruptive behaviors in the classroom. The Council provided the same level of support the previous year.
- **Community Schools.** The Council provided just over \$1.2 million, which supports a restoration of \$475,000 and an enhancement of \$750,000 for Community Schools. This initiative represents a consolidation of two initiatives. One initiative supports the United Federation of Teacher's (UFT) Community Learning Schools Initiative in 25 schools and the other initiative supports the Children's Health Fund to provide the Healthy and Ready to Learn Program, which seeks to reduce health barriers to education in community schools throughout the City.
- **Dropout Prevention and Intervention Initiative.** The Council provided approximately \$1.6 million to support 14 dropout prevention and intervention programs. Contracted providers offer a range of student supports, school restructuring and professional development services.
- **Educational Programs for Students.** The Council provided almost \$3 million for this initiative, a restoration of \$2.2 and an enhancement of \$750,000 for the Middle School Quality Initiative. Community partners and DOE provide educational initiatives for students including, but not limited to literacy, math, science and technology programs. This initiative includes three initiatives funded in Fiscal 2016: Chess in Schools, MS Extra and MOUSE.
- **Executive Leadership Institute.** The Council provided \$450,000 for the Executive Leadership Institute operated by the Council of School Supervisors and Administrators, which maintains five borough learning centers and provides professional development and training to principals and other school leadership staff.
- **LGBT Inclusive Curriculum.** The Council provided \$255,000 to support the DOE's effort to support the needs of LGBT youth and address the intersectionality of race, sexual orientation and gender identity through DOE's general curriculum. This is a restoration of \$200,000 and an enhancement of \$55,000, though it should be noted a portion of the funds in Fiscal 2016 were used to hire an LGBT Student Liaison at DOE, which was baselined at the end of the last fiscal year.
- **Physical Education and Fitness.** The Council provided \$1.9 million for physical activity and fitness programs for public school students to improve their fitness levels and the overall health of students. The Council provided the same level of support the previous year, though this initiative represents a consolidation of three initiatives separately funded in Fiscal Year 2016: CHAMPS, Small Schools Athletic League and the New York Junior Tennis League.
- **Restorative Justice Program.** This allocation of \$1.3 million supported the continuing implementation of a pilot restorative justice program in 25 schools in order to change their

culture and approach to school disciplinary policies. The DOE also provided \$1.1 million to ensure the program was fully funded at the same level as the previous year at \$2.4 million.

- **Support for Educators.** The Council provided approximately \$12.7 million, which represents an approximately \$10.1 million restoration and \$2.6 million enhancement for this initiative. Funding provides support for DOE educators through professional development, training or supplies used for student instruction.
- **Urban Advantage.** The Council provided a \$3.5 million restoration to the Urban Advantage Science Education program, a collaboration of the City's science oriented institutions to provide professional development for middle school science teachers, as well as school and class-based resources.
- **Gender Equity Liaison.** As part of the Speaker's Young Women's Initiative, the Council provided \$500,000 to hire a Gender Equity Liaison at five City agencies, including DOE. DOE was awarded \$100,000 to support this position. The Liaison will measure, evaluate and report on current agency services and programs to ensure that they are meeting the needs of the most underserved groups of cisgender and transgender girls and women, and guide agency policies and programs to ensure gender equity. This is a new position funded in Fiscal 2017.

Financial Plan Summary

The DOE's expense budget is organized by unit of appropriation (U/A), each of which represents a function of the Department and is listed below. Following the list, the Financial Plan Summary displays the DOE's budget by U/A. In the list below, direct service areas, meaning functions and services by DOE employees, the related PS and OTPS units of appropriation are paired. In the non-direct service areas, meaning functions that the DOE contracts out to private providers and funding allocations that flow through the DOE's budget to non-public schools and service providers, only OTPS units of appropriation exist.

1. General Instruction and School Leadership (U/As 401 and 402)
2. Special Education Instruction and School Leadership (U/As 403 and 404)
3. Charter Schools (U/A 406)
4. Universal Pre-Kindergarten (U/As 407 and 408)
5. School Support Organization (U/As 415 and 416)
6. Citywide Special Education Instruction and School Leadership (U/As 421 and 422)
7. Special Education Instructional Support (U/As 423 and 424)
8. School Facilities (U/As 435 and 436)
9. Pupil Transportation (U/A 438)
10. School Food Services (U/As 439 and 440)
11. School Safety (U/A 442)
12. Energy and Leases (U/A 444)
13. Central Administration (U/As 453 and 454)
14. Fringe Benefits (U/A 461)
15. Special Education Pre-Kindergarten Contract (U/A 470)
16. Contract School/Forster Care (U/A 472)
17. Non-Public School and FIT (U/A 474)
18. Categorical Programs (U/As 481 and 482)

The Fiscal 2018 Preliminary Budget is \$24.3 billion, \$82.3 million more than the proposed Fiscal 2018 Budget stood at adoption of the Fiscal 2017 Budget. This planned growth in spending was scheduled in prior Financial Plans and is supported by increased funding at the City, State and federal levels. Changes introduced to DOE's budget in November consist of new needs totaling \$4.6 million and other adjustments of \$13 million. The Preliminary Plan added \$51.5 million in new needs and \$13.2 million in other adjustments for a total of \$64.7 million in new needs and \$26.2 million in other adjustments. Savings introduced during the course of Fiscal 2017 total \$57.7 million in Fiscal 2017 and \$62.4 million in Fiscal 2018.

Table 5: Financial Plan Summary

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017-2018
Budget by Unit of Appropriation						
401 - GE Instr. & Sch Ldrshp - PS	\$5,713,488	\$6,050,412	\$6,164,926	\$6,164,953	\$6,529,094	\$364,168
402 - GE Instr. & Sch Ldrshp - OTPS	660,052	720,312	861,701	854,252	832,555	(29,146)
403 - SE Instr. & Sch Ldrshp - PS	1,387,735	1,559,902	1,552,538	1,552,183	1,701,182	148,644
404 - SE Instr. & Sch Ldrshp - OTPS	4,181	4,331	5,350	5,350	5,350	0
406 - Charter Schools	1,308,880	1,493,653	1,711,375	1,712,358	1,889,456	178,081
407 - Universal Pre-K - PS	0	439,140	427,550	428,513	402,876	(24,675)
408 - Universal Pre-K OTPS	0	423,099	435,799	435,028	427,635	(8,163)
415 - School Support Orgs. - PS	231,346	255,088	278,250	276,578	300,626	22,376
416 - School Support Orgs. - OTPS	39,739	27,360	32,585	31,898	33,557	971
421 - Citywide SE Instr. & Sch Ldrshp - PS	\$875,994	\$974,406	\$1,006,906	\$1,007,473	\$1,034,352	\$27,445
422 - Citywide SE Instr. & Sch Ldrshp - OTPS	20,439	18,870	22,464	22,464	23,239	775
423 - SE Instructional Support - PS	252,463	279,654	309,773	313,515	341,111	31,338
424 - SE Instructional Support - OTPS	230,721	257,235	235,141	236,274	240,025	4,884
435 - School Facilities - PS	433,937	481,622	192,662	202,181	203,378	10,716
436 - School Facilities - OTPS	436,292	466,367	810,659	867,969	824,755	14,096
438 - Pupil Transportation - OTPS	1,143,838	1,143,283	1,131,170	1,131,170	1,211,356	80,186
439 - School Food Services - PS	214,703	218,779	222,814	222,814	231,712	8,898
440 - School Food Services - OTPS	231,615	242,300	295,108	292,253	320,268	25,161
442 - School Safety - OTPS	330,581	327,491	357,191	357,191	367,802	10,611
444 - Energy & Leases - OTPS	468,100	439,199	477,905	482,047	482,060	4,156
453 - Central Administration - PS	163,947	172,007	195,261	197,937	210,227	14,966
454 - Central Administration - OTPS	171,357	179,114	155,575	183,391	147,299	(8,276)
461 - Fringe Benefits - PS	2,876,580	3,019,278	3,066,394	3,083,896	3,264,617	198,223
470 - SE Pre-K Contracts - OTPS	844,399	762,245	854,198	839,198	841,008	(13,190)
472 - Contract Sch/Carters/Foster Care - OTPS	641,613	709,674	677,366	677,366	702,366	25,000
474 - Non-Public and FIT - OTPS	65,086	66,038	65,036	75,372	75,110	10,073
481 - Categorical Programs - PS	1,242,413	1,020,088	1,040,700	1,045,793	1,079,568	38,868
482 - Categorical Programs - OTPS	1,009,864	670,614	603,142	610,865	603,142	0
TOTAL	\$20,999,363	\$22,421,560	\$23,189,539	\$23,310,283	\$24,325,725	\$1,136,186

As outlined in the table above, the largest growth is in U/A 401, General Instruction and School Leadership PS. Additional funding added to this U/A in the Preliminary Plan supports new needs including the per session SESIS increase and the expansion of Summer in the City. U/A 401 is approximately 27 percent of the entire DOE budget. The second largest area of growth is for U/A 461, Fringe Benefits, with an increase of \$198 million. The total budget for fringe benefits in Fiscal 2018 is projected to be \$3.3 billion, or 13 percent of the DOE's total budget. Another large area of growth proposed for the next fiscal year can be seen in payments to charter schools and is projected to increase by \$178 million, making the total payments to

charter schools approximately \$1.9 billion. Charter school payments comprise seven percent of the DOE's budget. A further increase in payments to charter schools of as much as \$198 million for Fiscal 2018 is expected if the State raises the supplemental tuition rate and increases facilities payments to charter schools, as proposed by the Governor.

Table 6: Headcount

	Actual 2015	Actual 2016	Adopted 2017	Preliminary Plan		*Difference
				2017	2018	2017 - 2018
Positions						
Full-Time Pedagogical	112,272	115,799	116,140	119,278	120,153	4,013
Full-Time Non-Pedagogical	11,693	12,248	11,216	11,225	11,254	38
TOTAL	123,965	128,047	127,356	130,503	131,407	4,051

**The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.*

Part of the growth in U/A 401 and U/A 461 is also due to an increase in headcount, which is reflected in the table above. The DOE projects to increase full-time, pedagogical positions by 4,013 and full-time, non-pedagogical by 38 positions for a total headcount increase of 4,051. Headcount was increased in November to reflect 2016—2017 school year hiring decisions related to the increase in Fair Student Funding last fiscal year. For additional information on this, please see the report from last year found here: <http://council.nyc.gov/budget/wp-content/uploads/sites/54/2016/05/040-Education-Expense.pdf>

Contract Budget

The New York City Charter mandates the preparation of a Contract Budget to identify expenditures for contractual services, which are defined as any technical, consultant or personal service provided to the City by means of a contract. The Contract Budget is actually a subset of the OTPS portion of the City's Expense Budget and sets forth anticipated contractual spending for each agency by unit of appropriation, broken down by object codes, number of contracts per category and the corresponding dollar value anticipated to be expended in each category. The City's Contract Budget, as proposed, totals \$14.4 billion in Fiscal 2018.

The DOE historically has one of the largest agency contract budgets, and in Fiscal 2018 it comprises 46 percent of the City's total \$14.4 billion Contract Budget. The Fiscal 2018 Preliminary Contract Budget includes a total of \$6.6 billion for the DOE's 5,660 contracts. This is 27 percent of DOE's Fiscal 2018 Preliminary Budget.

The greatest areas of contractual spending are for Charter Schools, Contract Schools and Pupil Transportation. Charter Schools are projected to total \$1.9 billion in Fiscal 2018. Contract Schools, which funds the payments to private schools to provide special education services to children with conditions or disabilities who cannot be appropriately served by the City's public schools, is projected to reach \$1.4 billion. Lastly, Pupil Transportation is projected to be \$1.2 billion. Combined, this is 18 percent of the DOE's total budget. The next major area of contractual spending is for Direct Education Services at \$838.2 million. Additional contractual categories and projected spending are outlined in the table below.

Table 7: DOE Fiscal 2017 Preliminary Contract Budget
Dollars in Thousands

Category	Fiscal 2017 Adopted	Number of Contracts	Fiscal 2018 Preliminary	Number of Contracts
Contractual Services General	\$46,108	58	\$37,158	58
Telecommunications Maintenance	6,234	48	6,241	48
Data Processing Equipment	32,924	72	38,807	76
Printing Contracts	6,614	53	6,187	53
Security Services	322	4	322	4
Temporary Services	24,430	76	24,500	76
Transportation Expenditures	4,882	24	4,882	24
Transportation of Pupils	1,137,922	344	1,189,822	344
Payments Contract/Corporate Schools	1,405,466	1,781	1,419,129	1,781
Training Program City Employees	4,017	2	4,722	3
Charter Schools	1,697,559	221	1,886,454	235
Maintenance & Operation of Infrastructure	761,253	417	778,547	417
Prof Services Accounting & Auditing	\$3,210	2	\$3,210	2
Prof Services Legal Services	12,062	52	12,034	52
Prof Services Computer Services	57,176	101	46,083	101
Prof Services Direct Education Services	862,519	1,245	838,175	1,245
Prof Services - Other	150,387	434	161,311	434
Prof Services - Curriculum and Prof Development	120,429	604	130,078	605
Other	3,082	102	3,079	102
TOTAL	\$6,336,597	5,640	\$6,590,741	5,660

School Budgets

The City's over 1,800 public schools each have an individual school budget that is funded by the Department of Education through a variety of allocation formulas and pass-through funding. Most of the funding that is allocated to schools to support operations is budgeted centrally within three program areas:

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

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

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

Table 8: UAs 401 & 402, 403 & 404, and 481 & 482 - School Budgets						
<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$6,951,625	\$7,014,939	\$7,457,521	\$7,455,752	\$8,003,160	\$545,639
Full-Time Salaried - Non-Pedagogical	164,428	167,247	152,119	153,483	149,668	(2,451)
Fringe Benefits	362,824	303,624	387,516	387,516	384,793	(2,723)
Additional Gross Pay	387,839	671,905	432,625	433,910	419,349	(13,276)
Other Salaried & Unsalariated	471,114	467,692	324,850	328,736	349,342	24,491
Overtime- Civilian	6,004	5,806	3,532	3,532	3,532	0
PS Other	(205)	(874)	0	0	0	0
Amount to be Scheduled	6	64	0	0	0	0
Subtotal PS	\$8,343,635	\$8,630,403	\$8,758,164	\$8,762,929	\$9,309,844	\$551,680
Other Than Personal Services						
Total Contractual Services	\$47,661	\$54,003	\$54,281	\$54,871	\$66,663	\$12,382
Private Schools	270,928	37,835	25,310	25,310	25,310	0
Transportation Services	32,762	36,127	3,867	3,882	3,895	28
Professional Services	375,929	411,571	504,672	513,197	515,915	11,244
Other Than Personal Services						
Social Services	\$1,359	\$3,012	\$379	\$379	\$379	\$0
Fixed & Misc.	15,817	14,915	15,455	15,463	15,455	0
Property & Equipment	163,830	171,090	162,279	161,790	156,981	(5,298)
Supplies & Materials	298,566	290,787	340,635	338,787	289,699	(50,936)
Contractual Other	467,244	375,915	363,314	356,788	366,749	3,435
Subtotal OTPS	\$1,674,097	\$1,395,256	\$1,470,193	\$1,470,467	\$1,441,047	(\$29,146)
TOTAL	\$10,017,733	\$10,025,660	\$10,228,356	\$10,233,396	\$10,750,890	\$522,534
Positions						
Full-Time Positions - Pedagogical	96,604	94,829	95,257	98,271	99,770	4,513
Full-Time Positions - Non-Pedagogical	3,373	3,417	3,193	3,196	3,144	(49)
TOTAL	99,977	98,246	98,450	101,467	102,914	4,464

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

The Fiscal 2018 Preliminary Budget includes \$10.8 billion for school budgets, a \$522.5 million increase when compared to the Fiscal 2017 Adopted Budget. Fiscal 2017 also saw a large increase when compared to the previous year with a total of almost \$200 million added to the Fiscal 2017 Adopted Budget. Funding for school budgets is 44 percent of the entire DOE budget. The total growth for school budgets includes an increase of \$551.7 million in PS and a decrease of \$29.1 million in OTPS. The majority of the PS increase is due to a \$545.6 million increase for full-time salaried pedagogical staff. The OTPS decrease is primarily due to a decrease in supplies, materials and equipment. Table 7 above also shows an increase of 4,513 full-time pedagogues and a decrease of 49 non-pedagogues.

The Administration's priorities and new needs funded under these U/As, which provide services directly in schools, include the increase to the per session rate to account for the time it takes to enter data in the SESIS system and for the Summer in the City expansion. For example, under U/A 401 the per session increase is \$3 million and would go directly into a school's budget to provide for the extra time it takes a teacher to enter data into the SESIS system. Additionally, the majority of the Summer in the City expansion is provided directly to school budgets with \$13.5 million of the \$14.3 million Fiscal 2018 budgeted amount coming from U/As 401 and 402. There are no new needs in the Preliminary Plan for Special Education

under U/As 403 and 404 or for Categorical Programs under U/As 481 and 482. Overall, there is little programmatic change to school budgets in this plan as the majority of the increase is due to an increase in full-time pedagogical staff from an earlier plan.

Table 9: PMMR Indicators Related to Pedagogical Staffing

Performance Indicators	Actual			Target		4-Month Actual	
	FY14	FY15	FY16	FY17	FY18	FY16	FY17
Teachers	74,103	74,922	76,351	*	*	76,039	77,446
Teachers with 5 or more years teaching experience (%)	75.3%	71.2%	68.5%	*	*	68.5%	66.9%
Teachers hired to fill projected vacancies	100%	100%	100%	100%	100%	100%	100%
Principals with more than 4 years experience as principal	59.5%	60%	59.9%	*	*	NA	NA
Teachers absent more than 11 days	15.9%	14.1%	13.6%	*	*	NA	NA

Source: Fiscal 2017 Preliminary Mayor's Management Report

Table 9 above shows that teacher headcount has consistently increased since Fiscal 2014. In addition to the statistics included in the PMMR, pursuant to a term and condition in the Fiscal 2017 Adopted Budget, the DOE is required to provide the Council with quarterly reports on the actual headcount funded through U/As 401, 403 and 481. As of December 2017, DOE schools employed a total of 105,792 full and part-time staff funded through these U/As. This headcount includes, but is not limited to, 68,642 teachers in schools, 5,894 School Aids, 671 Social Workers and 581 School Psychologists.

Table 10: Class Size

Performance Indicators	Actual			Target		4-Month Actual	
	FY14	FY15	FY16	FY17	FY18	FY16	FY17
Average class size Kindergarten	22.8	22.9	22.6	22.1	22.1	22.6	22
Grade 1	25.1	24.9	24.9	24.4	24.4	24.9	24.6
Grade 2	25.3	25.3	25.2	24.7	24.7	25.3	25.1
Grade 3	25.5	25.6	25.7	25.2	25.2	25.8	25.4
Grade 4	25.9	26.1	26.1	25.6	25.6	26.1	26.1
Grade 5	26.0	26.0	26.3	25.8	25.8	26.2	26.1
Grade 6	26.6	26.4	26.7	26.2	26.2	26.6	26.6
Grade 7	27.1	27.3	27.1	26.6	26.6	27.1	27
Grade 8	27.8	27.3	27.4	26.9	26.9	27.4	27.3
Schools that exceed capacity - Elementary schools (%)	33%	65%	59%	*	*	NA	NA
Middle schools (%)	13%	24.5%	22%	*	*	NA	NA
High schools (%)	31%	48.7%	36%	*	*		
Students in schools that exceed capacity - Elementary/middle schools	31%	54%	54%	*	*	NA	NA
High schools (%)	44%	48.7%	47%	*	*	NA	NA

Source: Fiscal 2017 Preliminary Mayor's Management Report

The class sizes in any given school results from a combination of factors. The amount of funding available to schools to hire teachers, the number of classrooms in a school, plus choices made by school leaders determines the number of students in each class. The school system has been persistently overcrowded and many school buildings enroll more students than they have capacity for. The majority of students go to schools that are overcrowded. Limited school funding coupled with a capital plan of inadequate size has continually kept classes overly large.

Table 9 illustrates several performance statistics from the Fiscal 2017 Preliminary Mayor's Management Report (PMMR), including average class size and the percentage of schools that exceed capacity.

General Education Instruction & School Leadership

The first two units of appropriation in the DOE's budget support the core school programs – general education instruction and school leadership. General Education Instruction and School Leadership (General Education) is a vast category that encompasses classroom teachers, substitute teachers, coaches, core subject area teachers, school administrators, assistant principals, deans, guidance counselors, school aids, text books, copying, teaching artists and all the other many personnel and supplies that schools use.

As Table 11 indicates, this area of spending is very large, amounting to 30 percent of the DOE's \$24.3 billion Fiscal 2018 projected expense budget. Most of school spending is for full-time pedagogical staff salaries. The budget shows that schools would employ 65,051 full-time pedagogical staff next year and 2,547 non-pedagogical staff in general education.

Table 11: UAs 401 & 402 - General Education Instruction & School Leadership

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$4,850,714	\$4,997,465	\$5,377,436	\$5,376,021	\$5,728,918	\$351,482
Full-Time Salaried - Non-Pedagogical	129,639	136,282	132,290	132,752	133,428	1,137
Additional Gross Pay	292,112	505,347	339,657	340,752	325,937	(13,720)
Other Salaried & Unsalaries	337,123	331,375	232,031	231,916	257,300	25,269
Fringe Benefits	99,100	75,874	81,393	81,393	81,393	0
Overtime Civilian	4,998	4,879	2,120	2,120	2,120	0
PS Other	(205)	(874)	0	0	0	0
Subtotal	\$5,713,481	\$6,050,348	\$6,164,926	\$6,164,953	\$6,529,094	\$364,168
Other Than Personal Services						
Contractual Services	\$189,083	\$241,205	\$233,134	\$235,714	\$256,775	\$23,641
OTPS Other	470,969	479,108	628,566	618,538	575,780	(52,787)
Subtotal	\$660,052	\$720,313	\$861,701	\$854,252	\$832,555	(\$29,146)
TOTAL	\$6,373,533	\$6,770,661	\$7,026,627	\$7,019,205	\$7,361,649	\$335,022
Positions						
Full-Time Positions - Pedagogical	62,081	61,813	63,892	64,839	65,051	1,159
Full-Time Positions - Non-Pedagogical	2,767	2,873	2,546	2,549	2,547	1
TOTAL	64,848	64,686	66,438	67,388	67,598	1,160

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

Table 11 illustrates that funding for General Education is projected to increase by \$335 million in Fiscal 2018 when compared to the Fiscal 2017 Adopted Budget. The growth is largely due to an increase in spending in U/A 401, PS General Instruction and School Leadership. Some of this growth is attributed summer instructional programs for elementary and middle school students with a headcount increase of 61 positions for Summer in the City expansion. The remainder of the headcount increase in U/A 401 was accounted for in an earlier plan and is related to the increase in Fair Student Funding last fiscal year as previously mentioned.

In the Fiscal 2017 Budget, the DOE added \$10.3 million in order to better support the needs of homeless students. Funds were used to place attendance teachers in certain shelters to target chronic absenteeism, to provide literacy support through after-school tutoring in shelters and to add social workers in schools to provide homeless students with social-emotional, health and mental health services. The budget also increased headcount by 43 for this program to hire social workers for schools with at least 50 homeless students. Funding was only budgeted for Fiscal 2017 and does not appear in the Fiscal 2018 Preliminary Plan.

Special Education Instruction & School Leadership

The Special Education Instruction and School Leadership (Special Education Instruction) budget, U/As 403 and 404, supports the special education programs provided by schools. The largest of these programs is integrated co-teaching (ICT). ICT classes consist of one general education teacher and one special education teacher, providing a reduced student/teacher ratio while ensuring that students with disabilities are educated alongside age-appropriate peers in a general education classroom. Special education teachers, aids, administrators, supplies, and services purchased to support special education are paid for by schools and funded through U/As 403 and 404. Almost all of the funding budgeted in these U/As is allocated directly to schools. Some of it, however, supports centrally administered programs and services that support the work of schools. Examples of such include professional development courses for school staff and some student assessment tools. Special Education Instruction totals seven percent of the Fiscal 2018 Preliminary Budget.

Table 12: UAs 403 & 404 – Special Education Instruction & School Leadership

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$1,333,457	\$1,456,459	\$1,515,908	\$1,515,553	\$1,662,973	\$147,066
Full-Time Salaried - Non-Pedagogical	407	261	472	472	472	0
Other Salaried & Unsalariated	42,761	40,792	23,390	23,390	23,424	34
Fringe Benefits	2,186	1,623	3,265	3,265	3,265	0
Additional Gross Pay	8,716	60,539	9,504	9,504	11,048	1,544
PS Other	208	229	0	0	0	0
Subtotal	\$1,387,735	\$1,559,903	\$1,552,538	\$1,552,183	\$1,701,182	\$148,644
Other Than Personal Services						
Contractual Services	\$1,281	\$1,132	\$761	\$761	\$761	\$0
OTPS Other	2,900	3,198	4,589	4,589	4,589	0
Subtotal	\$4,181	\$4,330	\$5,350	\$5,350	\$5,350	\$0
TOTAL	\$1,391,916	\$1,564,233	\$1,557,888	\$1,557,533	\$1,706,531	\$148,644
Positions						
Full-Time Positions - Pedagogical	24,342	25,819	24,772	26,839	28,126	3,354
Full-Time Positions - Non-Pedagogical	6	3	9	9	9	0
TOTAL	24,348	25,822	24,781	26,848	28,135	3,354

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

Funding for Special Education Instruction is projected to increase by \$148.6 million in Fiscal 2018 when compared to the Fiscal 2017 Adopted Budget. Almost the entire growth is in PS for full-time pedagogical positions with headcount increasing by 3,354 positions. The majority of this increase was scheduled in a prior plan and is not associated with any action in the Preliminary Budget. The majority of the headcount increase is a result of the increase in Fair Student Funding last Fiscal Year. As per the Fiscal 2017 Adopted Budget term and condition, the Department provides quarterly reports to the Council on staff headcount. According to the FY 2017 Second Quarterly Headcount Report, the DOE had a total staff headcount of 26,611 in U/A 403, of which 14,836 are teacher titles, as of January 26, 2017.

Categorical Programs

An important component of every school's budget is the categorical aids that support particular student programs and services. U/As 481 and 482 in the Department of Education's budget include most, but not all, categorical aids. Most of the funds budgeted in U/As 481 and 482 go directly to public schools, while some of it supports contractual programs at non-public schools. Since most of the categorical aids flow into public school budgets, they are included here.

These units of appropriation provide federal and State funds that are allocated for specific purposes, as well as grants and awards from non-public agencies and institutions. The largest federal program, Title I, provides schools with resources to support supplemental instructional services such as remedial reading and math programs. The DOE is scheduled to receive \$679.1 million in Title I funding in Fiscal 2018. Title IIA funds support professional development activities for teachers and other staff at \$108 million. Other school programs for which the Department receives federal categorical aids include funding for the education of homeless children, breakfast and lunch programs. State categorical aids include, but are not limited to, employment preparation education and bilingual education.

Table 13: UAs 481 & 482 – Categorical Programs

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$767,455	\$561,015	\$564,178	\$564,178	\$611,269	\$47,091
Full-Time Salaried - Non-Pedagogical	34,381	30,703	19,356	20,259	15,768	(3,588)
Other Salaried & Unsalariated	91,229	95,525	69,430	73,431	68,618	(812)
Fringe Benefits	261,539	226,128	302,859	302,859	300,136	(2,723)
Additional Gross Pay	87,011	106,019	83,464	83,654	82,364	(1,100)
PS Other	798	698	1,413	1,413	1,413	0
Subtotal	\$1,242,413	\$1,020,088	\$1,040,700	\$1,045,793	\$1,079,568	\$38,868
Other Than Personal Services						
Contractual Services	\$538,275	\$300,212	\$354,614	\$361,164	\$354,627	\$13
OTPS Other	471,588	370,402	248,528	249,701	248,515	(13)
Subtotal	\$1,009,864	\$670,613	\$603,142	\$610,865	\$603,142	\$0
TOTAL	\$2,252,277	\$1,690,701	\$1,643,842	\$1,656,658	\$1,682,710	\$38,868
Positions						
Full-Time Positions - Pedagogical	10,181	7,197	6,593	6,593	6,593	0
Full-Time Positions - Non-Pedagogical	600	541	638	638	588	(50)
TOTAL	10,781	7,738	7,231	7,231	7,181	(50)

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

As shown in Table 13, funding for Categorical Programs increases by \$38.9 million in Fiscal 2018 when compared to Fiscal 2017 at adoption. PS spending on full-time pedagogical positions is projected to increase by \$47.1 million. This is offset by a decrease in all other Personal Services, as well as a decrease in some OTPS spending. The headcount adjustments for non-pedagogical staff reflect this decrease as the number of non-pedagogical positions decreases by 50. This decrease in headcount is due to the creation of a new unit of appropriation for Universal Pre-Kindergarten. Prior to Fiscal 2016, most pre-kindergarten spending could be found under U/As 481 and 482. Additionally, through Fiscal 2015, DOE's staff was funded with state pre-kindergarten funding under this U/A. The Universal Pre-Kindergarten budget is now in U/As 407 and 408.

Citywide Special Education & Special Education Instructional Support

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

Table 14: UAs 421 & 422 - Citywide Special Education

<i>Dollars in Thousands</i>	Actual 2015	Actual 2016	Adopted 2017	Preliminary Plan		*Difference 2017 - 2018
				2017	2018	
Spending						
Citywide SE- UAs 421 & 422						
Personal Services						
Full-Time Salaried - Pedagogical	\$737,293	\$786,480	\$924,039	\$924,039	\$950,222	\$26,183
Full-Time Salaried - Non-Pedagogical	44,435	61,592	40,174	40,174	40,199	25
Other Salaried & Unsalariad	45,531	48,022	23,935	23,935	24,014	79
Fringe Benefits	291	315	216	216	216	0
Additional Gross Pay	47,298	76,732	18,542	19,109	19,701	1,159
PS Other	1,146	1,265	0	0	0	0
Subtotal PS	\$875,994	\$974,406	\$1,006,906	\$1,007,473	\$1,034,352	\$27,445
Other Than Personal Services						
Contractual Services	\$2,973	\$3,669	\$3,874	\$3,874	\$3,874	\$0
OTPS Other	17,466	15,201	18,591	18,591	19,366	775
Subtotal OTPS	\$20,439	\$18,870	\$22,464	\$22,464	\$23,239	\$775
Subtotal Citywide SE	\$896,433	\$993,276	\$1,029,371	\$1,029,938	\$1,057,591	\$28,220
SE Instructional Support - UAs 423 & 424						
Personal Services						
Full-Time Salaried - Pedagogical	\$90,954	\$94,671	\$151,060	\$151,060	\$167,186	\$16,125
Full-Time Salaried - Non-Pedagogical	106,367	128,913	122,501	126,244	137,609	15,107
Other Salaried & Unsalariad	29,646	28,806	26,018	26,018	26,124	105
Fringe Benefits	488	515	450	450	450	0
Additional Gross Pay	23,018	24,032	9,243	9,243	9,243	0
PS Other	1,991	2,717	500	500	500	0
Subtotal PS	\$252,463	\$279,654	\$309,773	\$313,515	\$341,111	\$31,338
Other Than Personal Services						
Contractual Services	\$221,129	\$246,692	\$227,648	\$221,904	\$230,512	\$2,864
Fixed & Misc. Changes	4	3	0	1	0	0
Other Services & Changes	4,634	4,932	4,371	9,214	4,433	61
Property & Equipment	2,158	2,870	1,994	3,591	3,838	1,844
Supplies & Material	2,797	2,738	1,129	1,565	1,242	114
Subtotal OTPS	\$230,721	\$257,235	\$235,141	\$236,274	\$240,025	\$4,884
Subtotal SE Instructional Support	\$483,185	\$536,889	\$544,914	\$549,790	\$581,136	\$36,222
TOTAL CW SE & SE INSTR. SUPPORT	\$1,379,618	\$1,530,165	\$1,574,285	\$1,579,727	\$1,638,727	\$64,442
Positions						
Full-Time Positions - Pedagogical	37,879	39,930	38,339	40,406	41,050	2,711
Full-Time Positions - Non-Pedagogical	877	962	720	720	720	0
TOTAL	38,756	40,892	39,059	41,126	41,770	2,711

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Budget.

The total citywide special education budget is projected to be \$1.6 billion in Fiscal 2018, of which \$1 billion supports PS and the direct instruction of students and \$23 million on OTPS related expenses. This is seven percent of the Fiscal 2018 Preliminary Budget for DOE. Additionally, \$581.1 million funds special education support. The total citywide special education budget is projected to increase by almost \$64.4 million when compared to the Fiscal 2017 Adopted Budget. This increase is reflected in the change in headcount, which increases the full-time pedagogical staff by 2,711 positions. The Preliminary Plan does not include any changes related to this area of DOE's budget.

Performance Indicators	Actual			Target		4-Month Actual	
	FY14	FY15	FY16	FY17	FY18	FY16	FY17
Students receiving special education services (preliminary unaudited)	260,791	270,722	283,017	*	*	272,271	282,710
Special education enrollment - School-age	230,928	239,619	251,755	*	*	249,007	259,473
- Public school	192,110	200,259	206,839	*	*	205,728	210,620
- Non-public school	38,818	39,360	44,916	*	*	43,279	48,853
Special education enrollment - Pre-school	29,863	31,103	31,262	*	*	23,264	23,237
- Public school	1,502	1,420	2,124	*	*	1,626	1,719
- Non-public school	28,361	29,683	29,138	*	*	21,638	21,518
Students recommended for special education	27,651	28,995	29,179	*	*	5,212	3,660
Students no longer in need of special education	5,464	5,726	5,864	*	*	1,955	2,324
Students in special education scoring below standards progressing into a higher level – -English Language Arts	6.7%	16.4%	21.7%	22.7%	23.7%	NA	NA
-Math	11.4%	13.5%	14.7%	15.7%	16.7%	NA	NA

Source: Fiscal 2017 Preliminary Mayor's Management Report

Table 15 shows that the number of students receiving special education services has increased, which corresponds with the increased budget for these services and the increase in headcount. The table also shows the increase of school-aged students, both in public and private schools, who are enrolled in special education. The number of students enrolled in special education pre-schools slightly decreased in non-public schools, however, it increased in public schools and increased overall. Additionally, both the number of students recommended for and those no longer in need of special education increased.

Pursuant with Local Law 27 of 2015, the DOE reports additional information regarding students receiving special education services. According to the November 2016 report, 71 percent of Individual Education Programs (IEP) meetings resulting from an initial evaluation occurred within 60 calendar days of the date parental consent or referral. According to the DOE, they believe that issues related to SESIS are the reason a higher percentage of students are not matched to services more quickly and that improvements made to SESIS, the data tracking and matching system, would result in a higher percentage of students being assigned and matched to services more quickly. The report can be found on DOE's website here: <http://schools.nyc.gov/community/city/publicaffairs/Special+Education+Reports.htm>

Charter Schools

Charter schools are privately operated schools that run under a public charter issued by the DOE, the State Education Department, or the State University of New York. They are considered public schools and funded through DOE's expense budget. As required by a Fiscal 2017 Adopted Budget term and condition, the Department provides semi-annual reports to the Council on charter schools. According to the most recent report, as of December 2016, there were 216 charter schools located in New York City, and four charter schools outside of the City that serve City residents for a total of 220 charter schools. These schools enroll a total of 104,073 students, of which 15,549 are in special education and the remainder are general education students. The total number of students enrolled in charter schools represents over 10 percent of all New York City public school students.

Charter schools are primarily publically funded through the DOE. The DOE pays each charter school on a per pupil basis based on enrollment. The New York State Education Department sets the per pupil rate based on a formula that is meant to reflect the per pupil spending by the DOE on district schools. The Fiscal 2017 rate is \$14,027. For special education students, the DOE must pay the tuition rate plus a supplemental rate that varies depending on the type of disability.

Table 16: UA 406 - Charter Schools

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Other Than Personal Services Contracts						
Contractual Services	\$0	\$0	\$1,697,559	\$1,698,496	\$1,875,054	\$177,495
Contractual Services - Private Schools	1,293,064	1,460,584	0	0	0	0
Other Services & Charges	10,097	26,169	5,539	5,539	5,539	0
Property and Equipment	4,989	5,943	7,440	6,755	7,192	(248)
Supplies & Materials	731	956	836	1,569	1,670	834
TOTAL	\$1,308,880	\$1,493,653	\$1,711,375	\$1,712,358	\$1,889,456	\$178,081

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

City spending on charter schools is projected to be \$1.9 billion in Fiscal 2018, a \$178 million increase when compared to the Fiscal 2017 Adopted Budget. In total, charter school costs represent 7.7 percent of the DOE's budget. The Administration only includes growth in existing charter schools in its Preliminary Budget projection, and does not show projections for new charter schools. Therefore, it is expected to see a higher spending projection for charter schools in the City's Fiscal 2018 Executive Budget, when the costs of newly opening charter schools as well as proposed changes to charter school spending and funding at the State level are factored in.

Universal Pre-Kindergarten

At the request of the Council, the Department of Education added two new U/As for Universal Pre-Kindergarten (UPK) beginning in Fiscal 2016. U/As 407 and 408 include the PS and OTPS spending for UPK to provide transparency for this program. UPK is now available for all four year olds in New York City in the following types of settings: 1) DOE Pre-K Centers - programs exclusively for pre-k students led and operated by the DOE; 2) DOE District Schools - programs

located within public elementary schools and overseen by the school's principal; 3) NYC Early Education Centers - community-based organizations that contract with the DOE to provide pre-k; and 4) Charter Schools - programs that operate under state-authorized charter.²

Table 17: UAs 407 & 408 –Universal Pre-Kindergarten

<i>Dollars in Thousands</i>	Actual	Adopted	Preliminary Plan		*Difference
	2016	2017	2017	2018	2017 - 2018
Spending					
Personal Services					
Full-Time Salaried - Pedagogical	\$285,633	\$300,721	\$300,721	\$280,248	(\$20,473)
Full-Time Salaried - Non-Pedagogical	12,174	31,937	32,355	31,993	56
Unsalariated	11,754	1,281	1,281	0	(1,281)
Fringe Benefits	115,621	93,611	93,611	90,090	(3,521)
Other	13,958	0	544	544	544
Subtotal	\$439,140	\$427,550	\$428,513	\$402,876	(\$24,675)
Other Than Personal Services					
Contractual Services	\$327,023	\$345,488	\$344,155	\$337,306	(\$8,182)
Fixed & Misc. Charges	7	0	10	0	0
Other Services & Charges	79,479	81,464	81,844	81,483	19
Property & Equipment	5,056	1,234	1,401	1,234	0
Supplies & Materials	11,535	7,612	7,618	7,612	0
Subtotal	\$423,099	\$435,799	\$435,028	\$427,635	(\$8,163)
TOTAL	\$862,240	\$863,349	\$863,541	\$830,511	(\$32,838)
Positions					
Full-Time Positions - Pedagogical	4,496	5,058	5,058	4,874	(184)
Full-Time Positions - Non-Pedagogical	164	203	206	195	(8)
TOTAL	4,660	5,261	5,264	5,069	(192)

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

Table 17 above demonstrates spending on UPK since Fiscal 2016. Prior to Fiscal 2016 UPK spending was budgeted in several different U/As. Funding for UPK is projected to decrease by \$32.8 million when comparing the Fiscal 2017 Adopted Budget and the Fiscal 2018 Preliminary Budget. This is reflected by a decrease in headcount and spending for full-time pedagogical staff. There is also a decrease in spending on contractual services by \$8.2 million. The total UPK budget for the Fiscal 2018 Preliminary Budget is \$830.5 million. In Fiscal 2018, it is projected that the State amount of UPK funding would total \$295.8 million. It is important to note that enrollment for UPK is not decreasing even though funding has declined. According to the PMMR, as of October 2016 there were 68,547 students enrolled in full day UPK compared to 53,120 the previous year. According to the Administration, UPK funding was higher in previous years due to increased costs associated with starting the program. For example, there were additional costs in the initial years of the UPK expansion in order to outfit centers. Now that programs are up and running, that additional funding is no longer needed and funding to support the program has largely remained flat. The Preliminary Plan did not schedule any changes for the UPK budget.

² NYC Department of Education, *Pre-Kindergarten*. <http://schools.nyc.gov/ChoicesEnrollment/PreK/default.htm>

School Support Organizations

Funding budgeted for School Support Organizations enables the DOE to provide field-based administrative and operational support to schools. This allocation also supports the community school superintendents, the community district education councils, family engagement staff, student placement offices, and the five integrated service centers that provide business, special education and operational support to schools.

Table 18: UAs 415 & 416 - School Support

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$116,328	\$131,054	\$149,871	\$160,876	\$183,862	\$33,991
Full-Time Salaried - Non-Pedagogical	90,038	94,974	105,203	94,793	95,783	(9,419)
Overtime - Non-Pedagogical	1,061	992	337	337	337	0
Additional Gross Pay	20,334	24,429	9,117	7,849	7,885	(1,232)
Other Salaried & Unsalared	3,585	3,639	13,723	12,723	12,759	(964)
Subtotal	\$231,346	\$255,088	\$278,250	\$276,578	\$300,626	\$22,376
Other Than Personal Services						
Contractual Services	\$30,004	\$16,764	\$25,479	\$24,439	\$26,079	\$600
OTPS Other	9,736	10,595	7,106	7,458	7,478	372
Subtotal	\$39,739	\$27,360	\$32,585	\$31,898	\$33,557	\$971
TOTAL	\$271,086	\$282,448	\$310,836	\$308,475	\$334,183	\$23,347
Positions						
Full-Time Positions - Pedagogical	1039	1,247	1,224	1,346	1,544	320
Full-Time Positions - Non-Pedagogical	1,300	1,379	937	804	809	(128)
TOTAL	2,339	2,626	2,161	2,150	2,353	192

**The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.*

Funding for school support increases by \$23.3 million in Fiscal 2018 when compared to the Fiscal 2017 Adopted Budget. The total School Support budget is projected to be \$334.2 million with \$300.6 million for PS and \$33.6 million for OTPS. The increase is due to changes and growth in headcount scheduled in a previous Financial Plan; the Preliminary Plan makes no changes to this area of DOE's budget.

Contract Schools, Carter Cases and Foster Care

Funds for Contract Schools, Carter Cases, Foster Care and Blind and Deaf schools are budgeted in U/A 472. Contract schools are private schools authorized by the State to provide special education instructional services and related therapies to children with conditions or disabilities who cannot be appropriately served by the City's public schools. Carter cases refer to lawsuits in which the DOE is ordered by a court to reimburse parents for tuition costs at any private school after showing that the public school placement is inadequate. This program area also includes funding to pay for schooling provided to foster care children placed outside the New York City school district. Finally, funds for blind and deaf students' instruction flow through this U/A.

Table 19: UAs 472 - Contract Schools, Carter Cases, Foster Care and Blind & Deaf

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Other Than Personal Services Contracts						
In State Contract Schools	\$286,661	\$271,788	\$283,123	\$283,123	\$295,123	\$12,000
Out of State Contract Schools	30,133	36,899	32,700	32,700	32,700	0
Carter Cases	234,445	312,267	267,228	267,228	280,228	13,000
Foster Care	18,695	19,011	17,805	17,805	17,805	0
Blind & Deaf Schools	53,139	51,598	59,000	58,912	59,000	0
Other	18,541	18,111	17,509	17,598	17,509	0
TOTAL	\$641,613	\$709,674	\$677,366	\$677,366	\$702,366	\$25,000

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

Table 19 provides further insight into U/A 472. The Fiscal 2018 Preliminary Budget is \$702.4 million, an increase of \$25 million when compared to the Fiscal 2017 Adopted Budget. The increase in funding results from the combination of a \$12 million increase in funding for in-state contract schools and a \$13 million increase in funding for Carter cases.

Special Education Pre-Kindergarten

The DOE provides special education instructional services and related therapeutic services to pre-kindergarten aged children through contracts with non-public schools and private providers. None of the services funded in this program area, U/A 470, are directly provided by the DOE. The DOE also provides door-to-door bus transportation for these children.

Table 20: UAs 470 - Special Education Pre-Kindergarten

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Other Than Personal Services Contracts						
Tuition	\$463,649	\$433,923	\$456,274	\$456,274	\$456,615	\$340
Professional Direct Education Services	295,349	242,104	299,679	284,679	284,679	(15,000)
Pupil Transportation	85,401	86,218	98,245	98,245	99,715	1,470
TOTAL	\$844,399	\$762,245	\$854,198	\$839,198	\$841,008	(\$13,190)

As demonstrated in Table 20, Special Education Pre-Kindergarten is comprised of three service areas: tuition, professional direct education services, and transportation. Tuition is the largest spending area and would total \$456.6 million in Fiscal 2018. Professional services, related to the direct instruction of students, are projected to be \$284.7 million and \$98.2 million would be allocated to pupil transportation.

Overall, there is a net decrease in spending for special education pre-kindergarten when comparing the Fiscal 2018 Preliminary Budget to the Fiscal 2017 Adopted Budget. The \$340,000 increase in tuition and \$1.5 million increase in transportation is offset by a \$15 million decrease on professional services.

Pupil Transportation

Funding budgeted in U/A 438 supports the safe, reliable and efficient transportation service for the students of New York City. Over 600,000 public and non-public school students take advantage of DOE-provided transportation services each school day. Services include mandated door-to-door bus transportation for special education students and stop-to-school yellow bus transportation for qualifying elementary school students. Older students receive free or half-fare passes for public bus and train lines, which include New York City Transit (MTA) and Staten Island Rapid Transit (SIRT). Funding included in U/A 438 does not include all of the DOE's spending on student transportation. For example, additional student transportation services are budgeted in U/A 470, Special Education Pre-Kindergarten. Administrative costs associated with transportation, including the Office of Pupil Transportation, are budgeted in the Central Administration program area, U/As 453 and 454. Spending for pupil transportation is a large part of the DOE's budget, comprising five percent of the proposed Fiscal 2018 Preliminary Plan.

Table 21: UA 438 - Pupil Transportation

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Other Than Personal Services Contracts						
Special Education Buses	\$713,629	\$702,180	\$787,413	\$783,351	\$781,514	(\$5,899)
General Education Buses	314,458	360,115	315,858	315,919	352,942	37,085
General Education Franchise Bus Payment	12,556	22,840	15,450	15,450	15,450	0
MTA Subsidy	90,000	45,000	0	0	45,000	45,000
SIRT Subsidy	907	959	1,723	1,723	1,723	0
Other	12,289	12,189	10,726	14,726	14,726	4,000
TOTAL	\$1,143,838	\$1,143,283	\$1,131,170	\$1,131,170	\$1,211,356	\$80,186

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

As shown in Table 21, the pupil transportation budget increases by \$80.2 million for a total budget of \$1.2 billion in Fiscal 2018. The majority of the increase comes from an increase of \$37 million in General Education Buses and an increase in the MTA subsidy of \$45 million. This is then offset by a decrease in Special Education Buses. The increase in the MTA subsidy should not be seen as an increased cost to the Department. In the previous fiscal year, the DOE did not pay the MTA for student MetroCards because the Department has pre-paid its Fiscal 2017 bill in Fiscal 2016, and the Fiscal 2016 payment had also been pre-paid in Fiscal 2016. The budget scheduled the Fiscal 2017 prepayment as a one-time savings for the DOE. DOE used reimbursements from the Federal Emergency Management Agency (FEMA) to pre-pay the MTA. In Fiscal 2018, the DOE is resuming standard MTA payments.

School Food Services

The Department's Office of School Food runs DOE's breakfast and lunch programs and is supported with funding allocated to U/As 439 and 440. According to the DOE, school food works to promote healthy food choices by students and maintains high nutritional standards while offering delicious, healthy and satisfying menu choices. School breakfast is served at every school before school starts and is free and available to any student. Lunch is served in all

schools and is priced according to family income based on federal income eligibility guidelines, however some students are eligible for free meals through the Universal Free Lunch Program or the Community Eligibility Provision, a federal meal service option for schools and school districts in low-income areas. In schools that do not offer free lunch to all students, students whose families' incomes exceed the federal cut-off may purchase lunch for \$1.75. Menus for lunch and breakfast are posted in all schools, and are available on-line at <http://www.opt-osfns.org/OSFNS/resources/SFMenuSystem/public1/default.aspx>.

Table 22: UAs 439 & 440 - School Food

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Pedagogical and Other	\$13,898	\$14,986	\$740	\$740	\$740	\$0
Full-Time Salaried - Non-Pedagogical	66,572	67,937	71,850	71,850	72,654	804
Other Salaried & Unsalariated	131,135	132,541	147,334	147,334	155,428	8,094
Overtime	3,097	3,320	2,890	2,890	2,890	0
Subtotal	\$214,703	\$218,779	\$222,814	\$222,814	\$231,712	\$8,898
Other Than Personal Services						
Contractual Services	\$18,167	\$16,802	\$11,925	\$11,903	\$11,954	\$29
Professional Services	4,665	5,542	4,548	4,548	4,590	42
Fixed, Misc & Other Charges	0	0	1,262	1,202	1,262	0
Property & Equipment	5,173	7,041	10,531	7,676	4,840	(5,690)
Supplies & Materials	198,084	206,861	260,540	260,600	291,320	30,780
Other Services & Charges	5,527	6,054	6,302	6,324	6,302	0
Subtotal	\$231,615	\$242,300	\$295,108	\$292,253	\$320,268	\$25,161
TOTAL	\$446,318	\$461,079	\$517,922	\$515,068	\$551,981	\$34,059
Positions						
Full-Time Positions - Non-Pedagogical	1,725	1,719	1,697	1,697	1,697	0
TOTAL	1,725	1,719	1,697	1,697	1,697	0

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

Spending for school food services is projected to total \$552 million in Fiscal 2018, which is a \$34.1 million increase when compared to the Fiscal 2017 Adopted Budget. Table 21 above shows the growth is split between \$231.7 million for PS and \$320.3 million for OTPS in U/As 439 and 440.

This is the third school year with universal free lunch in stand-alone middle schools in New York City. In these schools, student participation in the lunch program increased by almost 10 percent in the first six months of the 2014-2015 school year when this program was first implemented, when compared to the same period the previous year.³ Due to the success of the universal free lunch program, the Council has supported the expansion of the program to all schools. In Fiscal 2016 DOE committed to serving breakfast in the classroom in all stand-alone elementary schools, to be phased-in over four years. In schools with Breakfast in the Classroom (BIC) the Department has eliminated hot breakfast service in the cafeterias, which had previously been available to all students prior to the start of the regular school day. By the end

³ Building on Success of Universal Free Lunch in Middle Schools: Mayor de Blasio Should Fund Expansion to All New York City Public School Student. http://media.wix.com/ugd/fce5d8_3fac78f8fe6d4af89bb2850b4d2869f5.pdf

of Fiscal 2018, all stand-alone elementary schools will be included in BIC, for a total of 530 schools and approximately 339,000 students.

As shown in Table 23 below, the PMMR for Fiscal 2017 shows that from Fiscal 2014 to 2016 there was a decline in the average number of school lunches served daily, while the number of breakfasts served increased. It is important to note that the PMMR does not provide information on current year trends or any information on particular breakfast and lunch programs.

Performance Indicators	Actual			Target		4-Month Actual	
	FY14	FY15	FY16	FY17	FY18	FY16	FY17
Average lunches served daily	614,698	619,718	599,920	*	*	NA	NA
Average breakfasts served daily	224,377	226,572	244,666	*	*	NA	NA

Source: Fiscal 2017 Preliminary Mayor's Management Report

In order to be more transparent about school food the PMMR and MMR should report additional metrics and costs associated with school food. For example, the PMMR should be improved to include reports on costs such as average cost per breakfast and average cost per lunch in order to paint a more complete picture of spending associated with providing schools meals. Additionally, the reports should include information to demonstrate how BIC and the universal fee lunch programs are performing.

Central Administration

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

Table 24: UAs 453 & 454 - Central Administration

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Pedagogical	\$6,676	\$7,790	\$9,591	\$10,590	\$11,386	\$1,794
Full-Time Salaried - Non-Pedagogical	142,554	154,152	161,511	181,512	193,029	31,518
Overtime - Non-Pedagogical	1,403	1,815	2,642	2,642	2,642	0
Additional Gross Pay	12,644	7,620	2,380	1,385	1,353	(1,027)
Amounts to be Scheduled	0	0	17,328	0	0	(17,328)
Other Salaried & Unsalaries	876	768	1,809	1,809	1,818	9
PS Other	(207)	(139)	0	0	0	0
Subtotal	\$163,947	\$172,007	\$195,261	\$197,937	\$210,227	\$14,966
Other Than Personal Services						
Contractual Services	\$91,083	\$98,043	\$108,786	\$106,349	\$89,510	(\$19,276)
OTPS Other	80,274	81,071	46,789	77,043	57,789	11,000
Subtotal	\$171,357	\$179,114	\$155,575	\$183,391	\$147,299	(\$8,276)
TOTAL	\$335,304	\$351,121	\$350,836	\$381,329	\$357,526	\$6,691
Positions						
Full-Time Positions - Pedagogical	53	61	33	35	40	7
Full-Time Positions - Non-Pedagogical	1,869	2,009	1,770	1,828	1,878	108
TOTAL	1,922	2,070	1,803	1,863	1,918	115

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

Spending for Central Administration is projected to increase by \$6.7 million in Fiscal 2018 when compared to the Fiscal 2017 Adopted Budget. The projection includes a \$15 million increase in PS and \$8.3 million decrease in OTPS on Contractual Spending, for a total of \$357.5 million in Fiscal 2018. Part of this increase is due to an increase in full-time, non-pedagogical positions by 108 and the remainder of the positions were identified in a previous plan and a result of the increase in Fair Student Funding, which was previously mentioned. Most of the increase under Central Administration is related to the Administration's new needs for data center upgrades, broadband conversion and upgrades and the SESIS system upgrade.

- Data Center Upgrades.** Data center upgrades are the key initiative to DOE's technology strategy introduced in the Fiscal 2018 Preliminary Budget and support the provision of faster internet speeds to schools. Currently, DOE has one data center at Metrotech in Brooklyn, which has not been updated in years and recently experienced a system failure. In Fiscal 2018, \$8.4 million would allow for an upgrade of the Metrotech data center, as well as the creation of two additional data centers as backup to protect data and applications from future system outages. There is a total headcount increase of 16 positions associated with this program in the plan.
- Broadband Conversion and Upgrade.** The second piece to the Department's technology upgrade strategy would provide high speed broadband capacity to all schools. Currently, Verizon is the DOE's primary service provider, however the contract is ending and DOE plans to begin a new contract with Lightower. Lightower would provide fiber cabling for all schools to connect them to high speed broadband that meets the FCC minimum bandwidth target of 100 Mbps per student. Installation is being done in phases and is expected to be complete by Fiscal 2019. In Fiscal 2018, \$8 million is provided for this upgrade.

- SEGIS System Upgrade.** SEGIS is the system the DOE uses to track individual plans for special education systems. These funds would ensure that previous issues that impaired the Department’s ability to properly track and claim special education services within the SEGIS system are addressed, help DOE report and have the capacity to accurately track services and create a data warehouse to extract data from multiple agency systems. All SEGIS users would also be trained in the system to address issues around data entry and “timing out” of the system. Provider Assignment software would work with the SEGIS system to improve matching students with the appropriate provider. Additionally, a “help desk” with dedicated staff would be available to train SEGIS users and troubleshoot the SEGIS system. In this plan, there is a headcount increase of 21 positions for SEGIS upgrades.

Fringe Benefits

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

Table 25: UA 461 - Fringe Benefits

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services	\$2,876,580	\$3,019,277	\$3,066,394	\$3,083,896	\$3,264,617	\$198,223
TOTAL	\$2,876,580	\$3,019,277	\$3,066,394	\$3,083,896	\$3,264,617	\$198,223

**The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.*

The Fringe Benefits total budget is \$3.3 billion in Fiscal 2018, an increase of \$198.2 million when compared to the Fiscal 2017 Adopted Budget. Fringe benefits constitute 13.4 percent of DOE’s total budget for Fiscal 2018.

School Facilities

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

Table 26 : UAs 435 & 436 - School Facilities

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Non-Pedagogical	\$51,603	\$53,423	\$60,918	\$61,937	\$61,520	\$602
Unsalaries	372,476	397,916	129,551	138,051	139,665	10,114
Additional Gross Pay	5,559	25,681	214	214	214	0
Overtime	4,476	4,599	1,978	1,978	1,978	0
Fringe Benefits	(177)	2	0	0	0	0
Subtotal	\$433,937	\$481,621	\$192,662	\$202,181	\$203,378	\$10,716
Other Than Personal Services						
Contractual Services	\$263,389	\$324,454	\$770,810	\$827,834	\$785,541	\$14,731
Judgments & Claims	391	0	0	0	0	0
Supplies & Materials	25,808	27,154	29,972	30,229	29,248	(725)
Property & Equipment	648	566	2,228	2,253	2,309	81
Fixed & Misc.	138,526	105,755	0	5	0	0
Other	7,531	8,437	7,648	7,648	7,657	9
Subtotal	\$436,292	\$466,367	\$810,659	\$867,969	\$824,755	\$14,096
TOTAL	\$870,229	\$947,988	\$1,003,320	\$1,070,149	\$1,028,132	\$24,812
Positions						
Full-Time Positions - Non-Pedagogical	614	612	646	650	650	4
TOTAL	614	612	646	650	650	4

*The difference of Fiscal 2016 Adopted Budget compared to Fiscal 2017 Preliminary Budget.

Funding for school facilities is projected to increase by \$24.8 million in Fiscal 2018 with an increase of \$10.7 million in PS and \$14.1 million in OTPS for a total budget of \$1 billion. This increase is due to an increase in spending on unsalaried positions and an increase in Contractual Services.

Energy and Leases

Funding for heat, light, power, and fuel oil, as well as leases is scheduled in U/A 444. As you can see in the table below, there are minimal changes proposed for this area between the Fiscal 2017 Adopted Budget and the Fiscal 2018 Preliminary Budget with a total increase of \$4.1 million for leases at four traditional, non-charter, public schools.

Table 27: UAs 444 - Energy & Leases

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Other Than Personal Services						
Leases	\$182,719	\$209,243	\$211,743	\$215,885	\$215,885	\$4,142
Heat, Light, Power & Fuel Oil	219,957	201,276	215,951	215,951	215,951	0
Fuel	65,424	28,680	50,211	50,211	50,225	14
TOTAL	\$468,100	\$439,199	\$477,905	\$482,047	\$482,060	\$4,142

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

School Safety

The Department of Education pays the New York Police Department (NYPD) via an intra-city payment to provide security services at all public schools. The school safety agents who work in the schools are employees of the NYPD, not the DOE. A Memorandum of Understanding between the two departments outlines the NYPD's role in securing the schools.

<i>Dollars in Thousands</i>	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
OTPS Contract	\$330,581	\$327,491	\$357,191	\$357,191	\$367,802	\$10,611
TOTAL	\$330,581	\$327,491	\$357,191	\$357,191	\$367,802	\$10,611

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

Funding for School Safety is \$367.8 million in the Fiscal 2018 Preliminary Plan, an increase of \$10.6 million from the Fiscal 2017 Adopted Budget. A total of \$285.2 million goes directly to the NYPD through an intra-city payment. The table below is a report from the NYPD's budget.

<i>Dollars in Thousands</i>	Actual	Actual	Actual	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Personal Services						
Full-Time Salaried - Civilian	\$190,891	\$193,049	\$208,608	\$206,578	\$211,817	\$3,209
Overtime - Civilian	44,831	45,836	38,476	40,506	40,424	1,948
Full-Time Salaried - Uniformed	17,767	16,988	17,052	17,052	17,298	246
Additional Gross Pay	12,773	7,820	6,424	6,424	6,424	0
Fringe Benefits	3,606	5,114	3,368	3,368	3,368	0
Unsalaries	122	126	594	594	594	1
Overtime - Uniformed	3,543	2,767	370	370	370	0
Subtotal	\$273,533	\$271,701	\$274,892	\$274,892	\$280,296	\$5,404
Other Than Personal Services						
Property & Equipment	\$3,779	\$3,827	\$3,200	\$3,200	\$3,200	\$0
Other Services & Charges	360	297	708	716	708	0
Contractual Services	377	382	693	727	620	(73)
Supplies & Materials	220	236	376	333	376	0
Fixed & Misc. Charges	0	3	0	0	0	0
Subtotal	4,736	4,746	4,976	4,976	4,904	(73)
TOTAL	\$278,268	\$276,446	\$279,869	\$279,869	\$285,200	\$5,331
Funding						
City Funds			\$21,396	\$21,396	\$21,696	\$300
Intra-City			258,473	258,473	263,504	0
TOTAL	\$278,268	\$276,446	\$21,396	\$21,396	\$21,696	\$300
Budgeted Headcount						
Full-Time Positions - Civilian	4,982	4,759	5,322	5,322	5,322	0
Full-Time Positions - Uniform	176	174	189	189	189	0
TOTAL	5,158	4,933	5,511	5,511	5,511	0

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

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

Performance Indicators	Actual			Target		4-Month Actual	
	FY14	FY15	FY16	FY17	FY18	FY16	FY17
School safety - Seven Major Crimes	654	614	532	↓	↓	128	133
Other criminal	2,485	2,286	2,219	↓	↓	379	372
Other	3,811	3,975	4,092	↓	↓	743	839

Source: Fiscal 2017 Preliminary Mayor's Management Report

Data from the Fiscal 2017 PMMR shows criminal activity in schools has been trending downward since Fiscal 2014. This could be a result of both the Council and the Administration's investments in restorative justice and improving school culture and the approach to school disciplinary policies, as well as improvements the Administration has made in school safety.

Non-Public School and FIT

The DOE passes state aid for textbooks, library books, data processing supplies, and other school supplies to non-public schools. The DOE also provides support for the Fashion Institute of Technology (FIT). Of the \$75.1 million budgeted in U/A 474, \$54.6 million supports FIT. The DOE does not control the amount of funding budgeted in U/A 474, as all of the allocations are formulaic pass-throughs required by the State.

Dollars in Thousands	Actual	Actual	Adopted	Preliminary Plan		*Difference
	2015	2016	2017	2017	2018	2017 - 2018
Spending						
Other Than Personal Services						
Other Services & Charges	\$45,604	\$46,672	\$45,850	\$54,821	\$54,558	\$8,709
Property & Equipment	18,002	17,925	15,296	17,149	17,149	1,853
Supplies & Materials	1,481	1,441	3,891	3,403	3,403	(488)
TOTAL	\$65,086	\$66,038	\$65,036	\$75,372	\$75,110	\$10,073

*The difference of Fiscal 2017 Adopted Budget compared to Fiscal 2018 Preliminary Budget.

The majority of the \$10 million increase in U/A 474 is largely a result of a \$9.2 million collective bargaining agreement for FIT.

Appendix A: Budget Actions Since Fiscal Year 2017 Adopted Budget

Appendix B: Budget Actions in the November and the Preliminary Plans						
<i>Dollars in Thousands</i>	FY 2017			FY 2018		
	City	Non-City	Total	City	Non-City	Total
DOE Budget as of the Adopted 2017 Budget	\$11,065,484	\$12,124,053	\$23,189,538	\$11,565,514	\$12,760,210	\$24,325,724
New Needs						
Broadband Conversion and Upgrade	\$15,767	\$0	\$15,767	\$7,983	\$0	\$7,983
Chromebooks	1,025	0	1,025	68	0	68
Data Center Upgrades	7,866	0	7,866	8,399	0	8,399
Per Session	2,239	0	2,239	4,573	0	4,573
SEIS System Upgrade	12,427	0	12,427	14,831	0	14,831
SEIS/Medicaid Business Technology Support Group	245	0	245	1,405	0	1,405
Summer in the City Expansion	1,854	0	1,854	14,260	0	14,260
Subtotal, New Needs	\$41,423	\$0	\$41,423	\$51,519	\$0	\$51,519
Other Adjustments						
Adult Literacy Transfer from DYCD	\$1,910	\$0	\$1,910	\$0	\$0	\$0
Agency Sharing Resources	0	0	0	(2,371)	0	(2,371)
CDBG	0	5,011	5,011	0	8,200	8,200
College Access for All - Application Fee Waivers	(1,000)	0	(1,000)	(1,000)	0	(1,000)
DIIT Insourcing	0	0	0	886	0	886
Financial Plan Headcount Adjustment	0	0	0	0	0	0
FIT Collective Bargaining	8,971	0	8,971	9,185	0	9,185
Fringe	15,000	0	15,000	14,114	0	14,114
FY17 DOE Furniture	0	167	167	0	0	0
Maintenance Charges on Technology Services	0	0	0	(2,307)	0	(2,307)
Member Items Reallocation	(54)	0	(54)	0	0	0
NYS - Career and Academic Improvement Aids	(42,714)	42,714	0	(42,714)	42,714	0
OC Realignment	0	0	0	0	0	0
Outyear Growth	0	0	0	0	0	0
RCM Work Phase 2	0	6,340	6,340	0	0	0
SEIT (Special Education Itinerant Teachers)	(15,000)	0	(15,000)	(15,000)	0	(15,000)
Solar Program	0	295	295	0	0	0
YMI: City Mentor	24	0	24	38	0	38
YMI: Mentorship Capacity Building	499	0	499	776	0	776
YMI: NYC Men Teach	0	0	0	195	0	195
YMI: Peer 2 Peer Initiative	165	0	165	440	0	440
Subtotal, Other Adjustments	(\$32,199)	\$54,527	\$22,328	(\$37,759)	\$50,914	\$13,156
TOTAL, All Changes	\$9,224	\$54,527	\$63,751	\$13,761	\$50,914	\$64,675
DOE Budget as of the Preliminary 2018 Budget	\$11,065,494	\$12,124,108	\$23,189,602	\$11,565,528	\$12,760,261	\$24,325,725