

# THE COUNCIL OF THE CITY OF NEW YORK

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Speaker of the Council

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Hon. Mark Treyger  
Chair, Education Committee



Report to the Committee on Finance and the Committee on Education on the Fiscal  
2020 Executive Plan, the Ten-Year Strategy for Fiscal 2020-2029, and Fiscal 2020  
Executive Capital Commitment Plan

**Department of Education and School Construction Authority**

May 20, 2019

## **Finance Division**

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## Department of Education Overview

This report presents a review of the Department of Education (DOE or the Department) \$27.1 billion Fiscal 2020 Executive Budget. The section below presents an overview of the Department's budget and how it has changed during the course of Fiscal 2019, followed by a review of the significant budget actions introduced in the Fiscal 2020 Executive Budget. Major issues related to the Department's budget are then discussed. Analysis and highlights of the Department's Ten-Year Capital Strategy, Fiscal 2019-2023 Capital Commitment Plan, and Fiscal 2020 Executive Capital Budget follows the discussion of the expense budget. Appendix 1 reports the changes made to the Fiscal 2019 and Fiscal 2020 Budgets since Adoption of the Fiscal 2019 Budget. For additional information on the Department's budget and its various programs, please refer to the Fiscal 2020 Preliminary Budget Reports for Department of Education on the Council's website.<sup>1</sup>

DOE's Fiscal 2020 Executive Budget totals \$27.1 billion, with \$10.5 billion for personal services (PS) spending and \$16.6 billion for other than personal services (OTPS) spending. The table below summarizes year over year funding changes by program area and source when comparing DOE's Fiscal 2020 Executive Budget to its Fiscal 2019 Adopted Budget, as well as the overall change in headcount.

<b>Department of Education Financial Plan Summary</b>						
<i>Dollars in Thousands</i>	2017	2018	2019	Executive Plan		*Difference
	Actual	Actual	Adopted	2019	2020	2019-2020
Personal Services	\$8,942,853	\$9,502,953	\$9,679,926	\$10,117,511	\$10,494,277	\$814,351
Other Than Personal Services	14,565,185	15,641,056	15,913,244	16,882,121	16,616,980	703,737
<b>Budget by Unit of Appropriation</b>						
401 - GE Instr. & Sch Ldrshp - PS	\$6,107,496	\$6,607,337	\$6,708,587	\$7,220,848	\$6,778,047	\$69,461
402 - GE Instr. & Sch Ldrshp - OTPS	819,742	823,927	869,221	856,331	759,063	(110,158)
403 - SE Instr. & Sch Ldrshp - PS	1,660,227	1,868,288	1,770,705	1,998,416	1,935,194	164,489
404 - SE Instr. & Sch Ldrshp - OTPS	4,452	5,092	5,350	5,350	5,440	90
406 - Charter Schools	1,674,373	1,880,740	2,094,855	2,117,120	2,296,060	201,204
407 - Universal Pre-K - PS	432,501	490,204	434,459	476,273	523,402	88,943
408 - Universal Pre-K OTPS	416,884	409,787	443,150	454,550	475,845	32,695
409 - Earlychildhood Programs - PS	0	7,733	16,408	80,498	87,697	71,289
410 - Earlychildhood Programs - OTPS	0	3,176	210,018	32,392	538,126	328,108
415 - School Support Orgs. - PS	278,426	308,830	331,719	301,658	307,663	(24,056)
416 - School Support Orgs. - OTPS	28,849	32,058	37,154	36,634	31,234	(5,920)
421 - Citywide SE Instr. & Sch Ldrshp - PS	1,007,107	1,114,739	1,087,853	1,185,500	1,157,323	69,470
422 - Citywide SE Instr. & Sch Ldrshp - OTPS	18,704	17,806	23,502	23,429	23,956	454
423 - SE Instructional Support - PS	324,645	330,276	354,684	358,345	359,774	5,090
424 - SE Instructional Support - OTPS	250,896	293,727	246,251	269,253	282,038	35,787
435 - School Facilities - PS	221,111	169,313	205,692	197,496	185,844	(19,848)
436 - School Facilities - OTPS	964,653	1,070,126	860,683	1,000,136	942,564	81,880
438 - Pupil Transportation - OTPS	1,200,540	1,206,567	1,202,349	1,281,052	1,224,154	21,805
439 - School Food Services - PS	229,001	235,422	232,958	238,388	243,320	10,363
440 - School Food Services - OTPS	261,622	265,738	321,296	314,203	309,766	(11,530)
442 - School Safety - OTPS	345,283	378,057	373,741	403,189	407,631	33,889
444 - Energy & Leases - OTPS	480,573	517,724	513,867	551,576	534,029	20,162
453 - Central Administration - PS	190,950	202,537	210,342	214,350	223,882	13,540
454 - Central Administration - OTPS	163,169	175,387	146,694	154,169	129,864	(16,830)
461 - Fringe Benefits - PS	3,127,340	3,301,960	3,505,811	3,570,043	3,805,395	299,584
470 - SE Pre-K Contracts - OTPS	706,408	743,659	858,973	858,973	847,163	(11,810)

<sup>1</sup> Available at <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2019/03/040-DOE-Expense-2020.pdf> and <https://council.nyc.gov/budget/wp-content/uploads/sites/54/2019/03/040-DOE-Capital-2020.pdf>.

Department of Education Financial Plan Summary						
<i>Dollars in Thousands</i>	2017	2018	2019	Executive Plan		*Difference
	Actual	Actual	Adopted	2019	2020	2019-2020
472 - Contract Sch/Carters/Foster Care - OTPS	\$807,361	\$858,979	\$732,476	\$935,576	\$841,916	\$109,440
474 - Non-Public and FIT - OTPS	74,793	77,397	78,482	78,869	93,139	14,656
481 - Categorical Programs - PS	986,379	1,004,417	1,054,025	1,040,304	1,009,438	(44,587)
482 - Categorical Programs - OTPS	724,552	743,005	661,865	744,710	752,291	90,426
<b>TOTAL</b>	<b>\$23,508,038</b>	<b>\$25,144,009</b>	<b>\$25,593,170</b>	<b>\$26,999,632</b>	<b>\$27,111,257</b>	<b>\$1,518,087</b>
<b>Funding</b>						
City Funds	\$11,116,952	\$12,190,147	\$12,354,004	\$13,583,427	\$13,343,943	\$989,939
Other Categorical	309,684	326,557	164,456	211,762	190,100	25,644
State	10,260,446	10,709,960	11,105,503	11,199,463	11,383,250	277,747
Federal - Community Development	13,071	30,206	14,798	108,176	77,847	63,049
Federal - Other	1,762,405	1,826,044	1,944,397	1,847,461	2,106,142	161,745
Intra-city	45,481	61,094	10,011	49,345	9,976	(35)
<b>TOTAL</b>	<b>\$23,508,038</b>	<b>\$25,144,009</b>	<b>\$25,593,170</b>	<b>\$26,999,632</b>	<b>\$27,111,257</b>	<b>\$1,518,087</b>
<b>Positions</b>						
Full-Time Non-Pedagogical	12,528	12,799	12,358	12,376	12,545	187
Full-Time Pedagogical	118,671	119,900	120,720	120,697	121,771	1,051
<b>TOTAL</b>	<b>131,199</b>	<b>132,699</b>	<b>133,078</b>	<b>133,073</b>	<b>134,316</b>	<b>1,238</b>

As discussed in the report on the Department of Education's Fiscal 2020 Preliminary Budget, most of the large changes in spending by unit of appropriation were accounted for in previous financial plans. The changes are related to the transfer of the early childhood care system from the Administration for Children's Services (ACS) to DOE and the expansion of 3-K, previously planned increased in special education spending, and growing personal costs due to increased headcount and collective bargaining.

DOE's Fiscal 2020 Executive Budget increases by \$217.6 million when compared to the Fiscal 2020 Preliminary Budget. New Needs increase the budget by \$349.4 million, Other Adjustments decrease the budget by \$40.2 million, and savings decrease the budget by \$91.6 million. Significant changes since the release of the Preliminary Budget are discussed below.

### New in the Executive Budget

DOE's Fiscal 2020 Executive Budget introduces \$349.4 million in new needs, including \$11.9 million for an item the Council called for in its Response to the Fiscal 2020 Preliminary Budget: the addition and baselining of supports for students in shelters that the Administration has funded since Fiscal 2017.

- Students in Shelters.** As called for in the Council's Fiscal 2020 Preliminary Budget Response, the Administration funded and baselined their \$11.9 million program supporting students in shelters, which includes Bridging the Gap social workers. However, the Council had called on the Administration to baseline the entire program at a cost of \$13.9 million, including \$2 million provided by the Council in Fiscal 2019. The \$2 million provided by the Council supported an additional 16 Bridging the Gap social workers, so the baselined budget for this program only supports 53 social workers rather than the current total of 69. As a result of negotiations between the Administration and the Council after the release of the Executive Budget, the Administration will add \$2 million to the Fiscal 2020 budget to support the total current social worker headcount. The Administration has not yet agreed to baseline this additional \$2 million.

DOE's new needs included a number of other new areas of funding discussed below.

- **Comprehensive School Support Strategy.** The Fiscal 2020 Executive Budget adds and baselines \$19.6 million to support DOE's new plan to support schools known as the Comprehensive School Support Strategy. The funding supports an increased headcount of 74 positions:
  - 58 additional staff in borough offices to form Academic Response Teams (ARTs), teams composed of content experts who can be deployed by subject area or school wide as needed;
  - 5 staff who will manage the ARTs; and
  - 11 staff in Central Administration who will manage and coordinate the program, as well as use data from EduStat to target resources and interventions. EduStat is DOE's new data monitoring system funded in the Fiscal 2020 Preliminary Financial Plan.
- **Lease Budget Adjustment.** The Executive Financial Plan adds \$37.8 million to support the cost of leased space in Fiscal 2019. This includes \$7.2 million for the lease of an administrative building for early childhood education staff, \$1.3 million for the lease of gym space, and a small increase of approximately \$200,000 to the cost of leased charter school space. The remaining funding supports leased pre-K-12 schools. No adjustments are made in Fiscal 2020 or in the outyears; OMB anticipates making further adjustments in future financial plans to reflect the actual cost of leases.
- **Next Generation Network (NGN).** The Executive Financial Plan increases the Fiscal 2019 budget by \$2 million, the Fiscal 2020 budget by \$15 million, growing to \$22 million in Fiscal 2023, to support the Next Generation Network (NGN). The DOE Capital Plan is investing in improving broadband in schools; this expense funding supports related items that are not capital-eligible, such as maintenance.
- **Student Enrollment Management System.** The Executive Financial Plan adds and baselines \$1.7 million in Fiscal 2019 for 11 additional staff to support the DOE's new student enrollment system. This new enrollment system is meant to centralize enrollment for all grade levels and improve the enrollment experience and accessibility for students and their parents and guardians.

### Budget Shortfalls Funded as New Needs

DOE's new needs include four budget risks the Council identified in the Fiscal 2020 Preliminary Budget Response: a shortfall in State aid, increased charter school tuition costs, increased spending on pupil transportation, and increased spending on Carter Cases. Related to the increased spending on pupil transportation, DOE will be insourcing a number of temporary positions. In addition, DOE is investing in more special education services to address Carter Cases.

- **State Aid Backfill.** The Executive Budget adds and baselines \$73.7 million in City funding for the DOE to offset the City receiving less State education aid than expected, based on the Fiscal 2020 New York State Enacted Budget. This additional City funding in DOE's budget is offset by higher than expected State building aid revenue in the miscellaneous budget, thus the total education state aid shortfall to the City is approximately \$25.4

million. This shortfall in State Aid was identified as a budget risk in the Fiscal 2020 Preliminary Budget Response.

- **Charter School Tuition.** The Fiscal 2020 Executive Budget adds and baselines \$88.3 million to support charter school tuition costs associated with both increasing charter school enrollment and increasing per pupil tuition, as mandated by the State. Projected Charter School enrollment in Fiscal 2020 is 123,310 according to the Mayor’s Message, an increase of 6,819 over the current year projected enrollment of 116,491. The Council identified rising charter school tuition costs as a budget risk in the Fiscal 2020 Preliminary Budget Response.
- **Transportation Budget Adjustment.** The Executive Financial Plan adds \$59.1 million to support the cost of pupil transportation in Fiscal 2019 but no adjustments are made to Fiscal 2020 or in the outyears. The Council identified increased spending on pupil transportation as a budget risk in the Fiscal 2020 Preliminary Budget Response. While DOE has been using emergency 30-day contract extensions to provide pupil transportation on approximately 80 percent of routes since July 2018, the Department recently approved five-year contract extensions with pupil transportation vendors covering 60 percent of bus routes at a total five-year cost of \$5 billion, or approximately \$1 billion annually. The contracts covering these 60 percent of bus routes were extension of so-called “legacy” contracts, which are contracts the DOE originally awarded in the 1970s.

These new contracts were significantly different than the previous contracts, significant new provisions are listed below.

- Contractors will be required to implement student/GPS tracking devices as directed by DOE.
- Contractors are required to conduct 12 additional training days over the next four years on dry-runs, GPS training, and Vision Zero curriculum. Some of the increased cost of the contracts are due to these additional training days.
- Liquidated damages for contract violations have been increased by 15 percent.
- Liquidated damages for leaving a child unattended have been doubled.
- By year three of the contract period (Fiscal 2021), the average age of the contractors’ fleets must be 12 years, down from 16 years.
- By year three of the contract period (Fiscal 2021), all vehicles serving special education students must be equipped with dual air-conditioning units (the current requirement is one air-conditioning unit).
- Contractors have agreed to purchase varying numbers of no-emission vehicles by the end of year two of the contract period (Fiscal 2020) if the vehicles are commercially available and the contractors can obtain State grant funding to cover the higher cost of electric vehicles.

DOE is currently in negotiations to extend contracts for the other 20 percent of bus routes that expired on June 30, 2018, contracts that were originally awarded pursuant to a 2013 RFB. DOE expects these contracts to include many of the same changes as the legacy contracts.

Additionally, on May 3, 2019, the DOE released a request for bids (RFB) for pupil transportation services beginning in the 2019-20 school year; bids are due May 29, 2019. This RFB will cover approximately 20 percent of school bus routes and is to replace the pupil transportation contracts that were originally awarded pursuant to a 2014 RFB and expire June 30, 2019. This RFB includes employee protection provisions (EPPs), which had been included in all pupil transportation contracts until 2013. The DOE sought to re-establish EPPs in its busing contracts through a pupil transportation RFB it issued in December 2017, but was prevented from doing so by a lawsuit which challenged the legality of these employee protections. New York State has pending legislation that would allow the City to include EPPs in pupil transportation contracts; this legislation has not been enacted. If DOE is able to add EPPs to the contracts this might further affect their cost.

If the cost of the other 40 percent of bus routes increases in line with the cost of the 60 percent of routes covered by legacy contracts, the total cost of pupil transportation would be approximately \$1.67 billion. Given the Fiscal 2020 budget for pupil transportation is approximately \$1.25 billion, it is likely additional funding will need to be added to DOE's budget to support the cost of these new contracts.

In addition, the Executive Budget does not include funding for the pupil transportation Global Positioning System (GPS) the DOE is currently procuring and which they are legally required to have in place on all school buses for the start of the 2019-20 school year.

- **Insourcing Staff.** DOE plans to eliminate 243 temporary contract positions associated with the Office of Pupil Transportation (OTP), the Division of School Facilities (DSF), and school food beginning in Fiscal 2020 and continuing through the outyears. Elimination/reduction of the temporary service contracts is paired with an increase of 243 full-time budgeted positions. The specific titles and breakdown of these positions has not yet been identified and the positions are currently budgeted in a Central Administration holding code. The total cost of these positions is approximately \$16 million, most of which is associated with reallocating funding from OTPS to PS, but \$4.3 million of which is new funding baselined to support fringe costs. The potential for increased spending related to insourcing OPT staff was identified as a budget risk in the Fiscal 2020 Preliminary Budget Response.
- **Carter Cases.** The Executive Financial Plan increases the Fiscal 2019 Carter Case budget by \$203.1 million, to a total of \$496.3 million, and baselines an increase of \$101.6 million in Fiscal 2020, for a total of \$408.2 million. Carter cases refer to lawsuits in which the DOE is ordered by a court to reimburse parents for tuition costs at a private school after showing that the public school placement is inadequate. The Council identified increased spending on Carter Cases as a budget risk for DOE in the Fiscal 2020 Preliminary Budget Response. According to OMB, the Fiscal 2019 increase is a best approximation of the current year need given the claims received and amount spent to-date. Additional funding may be required to support Carter Cases in Fiscal 2020 and the outyears beyond the \$101.6 million added in this financial plan. In Fiscal 2018, DOE settled approximately 4,300 Carter Cases at an average cost of \$73,400. Of these cases 2,289 were for services in prior years.

- **Special Education Initiatives.** The Executive Financial Plan increases the Fiscal 2019 budget by \$9.9 million and baselines an increase of \$33.4 million in Fiscal 2020 and in the outyears to improve the Department’s special education services. The \$9.9 million in Fiscal 2019 is mostly associated with an increased headcount of 27 attorneys to assist with the handling of Carter Cases. In addition to the \$33.4 million new investment in special education, \$30 million is reallocated from the budget for special education pre-K contracts and \$18 million is reallocated from the budget for Carter Cases to support additional special education pre-K classrooms. It is unclear why funding was reallocated from Carter Cases at the same time an additional investment is being made in the budget for Carter Cases.

The \$81.4 million total investment—\$33.4 million in new funding and \$48 million in reallocated funding—is associated with a headcount increase of 653 in Fiscal 2020 and the outyears. According to information provided by OMB, the breakdown of this headcount is as follows:

- 115 teachers;
- 151 paraprofessionals;
- 131 school psychologists;
- 84 speech teachers;
- 44 attorneys to handle Carter Cases;
- 44 occupational therapists;
- 38 social workers;
- 36 physical therapists; and
- 10 community coordinators and education officers.

Beyond the funding for Carter Case attorneys and special education pre-K classrooms, this increase is intended to expand the DOE’s capacity to evaluate students for special education supports, and add capacity in specialized programs that could enroll students who might otherwise attend private schools through the Carter Case process. These specialized programs include a District 75 program for students with severe autism and a traditional district school (Districts 1-32) program for print-based disabilities; both programs will be targeted toward early grades. The program for students with autism will start with 15 classes in the 2019-20 school year. The program for students with print-based disabilities will start with five classes in the 2019-20 school year with plans to increase to 35 classrooms by the 2023-24 school year; it is unclear why there is no corresponding increasing investment in the outyears of the financial plan.

One budget risk identified by the Council, spending on School Facilities, was addressed through Other Adjustments and is discussed below. The majority of other adjustments in the Executive Financial Plan are adjustments related to collective bargaining (all adjustments are listed in Appendix A).

- **New York City School Support Services.** In 2016, the City created the New York City School Support System (NYCSSS), a non-profit to act as the human resources arm of the

school custodians. NYCSS has a direct contract with the DOE to provide school cleaners, and the initial contract period of three years was through June 30, 2019. In previous Financial Plans, the Administration has made changes to the DOE's budget to reflect that rather than paying DOE custodial staff through the PS budget, they are now paid for through the OTPS budget through the contract with NYCSSS. However, these adjustments were made only through the final year of the contract, Fiscal 2019, rather than being baselined. This left the Fiscal 2020 budget for school facilities misaligned with expected spending on NYCSSS. The Executive Financial Plan baselines the adjustments that were made previously only through Fiscal 2019, shifting \$561.4 million from other budget lines to the budget line for the NYCSSS contract, which previously only had a budget of \$45.1 million. In addition, the Executive Budget baselines an addition of \$13.2 million to support the NYCSSS contract. However, this brings the total NYCSSS contract budget for Fiscal 2020 and in the outyears to \$644 million, approximately \$5 million less than the current year's NYCSSS contract budget. This is also \$37 million less than DOE's recently approved contract extension with NYCSSS through Fiscal 2020 for \$681 million. Additional funding may need to be added to the Fiscal 2020 budget to support the full cost of the NYCSSS contract.

### Savings Identified in the Executive Plan

The Executive Financial Plan also identifies \$142.1 million in City funds savings from DOE's budget across Fiscal 2019 and 2020, of which \$40 million is in Fiscal 2019 and \$122.1 million is in Fiscal 2020. Because some of these savings reflect swapping City funds for State or federal revenue, there is no net decrease in spending in Fiscal 2019, and the net decrease in spending in Fiscal 2020 totals \$91.6 million. Significant savings are discussed below.

- **Hiring Freeze Savings.** As called for in the Council's Preliminary Budget Response, the DOE identified and baselined a total of \$21.4 million in PS savings. These savings are reflective of reducing headcount in Central Administration by 109 positions, and reducing headcount in Borough Offices by 72 positions. The Financial Plan still reflects a net increase in headcount in these two areas due to new needs and other budget actions. The net increase in Central Administration headcount is 155 positions and the net increase in Borough Office headcount is 185 positions.
- **Breakfast in the Classroom.** The Executive Budget baselines savings of \$6 million by giving principals the option to not participate in the Breakfast in the Classroom (BIC) program. DOE is including this savings based on principal feedback, and assumes 25 schools will opt out of BIC. Schools can voluntarily opt-out of the BIC program and no schools will be forced to opt-out. The savings are not related to the actual cost of breakfast, rather, they are related to the additional costs that are associated with BIC such as equipment, prep time, and cleaning time. Students at these schools will still have access to breakfast in the cafeteria.
- **Re-Estimates on Algebra for All, Health Education Works, and Middle School Quality Initiative program spending.** The Executive Budget baselines \$10.7 million in savings from three programs: \$5.2 million from Algebra for All, \$3.5 million from Health Education Works (an initiative announced in May 2018 to support comprehensive health education), and \$2 million from the Middle School Quality Initiative (MSQI). The \$5.2 million savings



from Algebra for All is approximately 19 percent of the total \$27.1 million invested in the program in Fiscal 2020 in previous Financial Plans. The \$3.5 million in savings from Health Education Works is a significant portion, 59 percent, of the \$5.9 million initially invested in the program. The Algebra for All and Health Education Works are due to vacancies and under-spending, in addition, some of the Health Education Works savings are due to DOE supporting fewer teacher certifications than originally budgeted. The MSQI savings are the result of reducing the budget for central components such as travel, professional development, and supplies. The Council currently supports MSQI through a discretionary funding allocation of \$750,000, which supports three literacy coaches and the after-school debate program offered in some MSQI schools.

- **Renewal School Savings.** The Executive Budget baselines \$19 million in savings by eliminating one hour of extended learning time at 50 Renewal and 21 Rise schools. The savings will come from eliminating the per session costs associated with extended learning time. Prior to the release of the Executive Budget the DOE had committed to maintaining existing levels of support and funding at Renewal and Rise schools, even after the program was phased out. Renewal and Rise schools will continue to receive 100 percent of their Fair Student Funding and retain their community school status, which includes a contracted Community Based Organization (CBO) partner.
- **Medicaid.** The Executive Budget baselines \$26.5 million in savings through increased Medicaid billing for students: \$6.5 million for billing for in charter schools and \$20 million for billing for transportation services. DOE does not yet have a mechanism to realize these savings. Charter schools need to provide DOE with information in order for DOE to bill Medicaid for the services provided to their students. Currently, DOE has no way to mandate that charter schools provide this information. In addition, the State Department of Health has not allowed DOE to claim Medicaid revenue for transportation services. The City has been requesting the ability to claim for transportation services for years, as other states can claim for these services and it would not require any law change.
- **Procurement Efficiency Savings.** The Executive Budget baselines \$27 million in procurement efficiency savings across many DOE program areas. These planned savings are the result of DOE identifying more efficiencies in the procurement process and reducing inflated supplies and equipment budgets, and do not reflect a reduction in the number of contracts. Specific areas across a number of U/As have been identified for these savings and DOE believes they can manage to the new budgets in these areas.
- **Education Construction Fund Revenue.** The City identified excess reserves of \$35 million in the Education Construction Fund (ECF) that will be remitted to the City to support the Fiscal 2019 budget. ECF uses ground rents, lease payments and/or tax equivalency payments from the non-school portion of projects to finance debt service of the school facility; in this case there were excess revenues that were remitted to the City. This revenue appears in the miscellaneous budget, rather than DOE's budget.
- **Electronic Timekeeping System Expansion.** The Executive Financial Plan baselines \$5 million in savings by moving additional DOE staff to the electronic timekeeping system, which will reduce overpayments, as well as insourcing some of the work related to

electronic timekeeping to improve efficiency. The staff are all District Council 37 (DC37) members and this was done in negotiation with DC37.

- **Billing for Non-NYC Residents.** DOE runs a District 75 school in Syosset. While this school historically enrolled mostly City residents, there are now over 80 non-New York City students in attendance. DOE will begin to bill these students' districts of origin for services, and as a result is baselining \$4 million in savings.

## Fiscal 2020 Preliminary Budget Response

In the Fiscal 2020 Preliminary Budget Response, the Council called for the following, which were not included as part of the Fiscal 2020 Executive Budget. For more information about these requests, please see the Preliminary Budget Response.<sup>2</sup> After the release of the Executive Budget, the Administration and the Council negotiated to include some of the Fiscal 2019 one-shots in the Fiscal 2020 budget. This includes two one-shots in DOE's budget: LGBTQ Family Outreach at \$200,000 and Restorative Justice at \$1.3 million. While these are not reflected in the Executive Budget they will be added at adoption.

FY20 Budget Response Proposal Title	Cost
<b>Invest in Schools</b>	
Increase Fair Student Funding	\$200,000,000
Add School Social Workers	13,750,000
Hire Title IX coordinators for schools	856,800
Support LGBTQ-Inclusive Curriculum	1,000,000
Establish an Education Support Center at PATH	500,000
Ensure Bussing for Students in Foster Care	90,000
Provide Mental Health Services to Students	0
Promote Diversity and Integration - District Integration Plans	2,000,000
Promote Diversity and Integration - SHSAT Test Prep	1,000,000
Promote Diversity and Integration - Create New Elite High Schools	200,000
Promote Diversity and Integration - Create More Gifted and Talented Classrooms	0
Baseline Teacher's Choice	\$20,000,000
<b>Support Wage Equity and Human Services Providers</b>	
Establish Pay Parity Across the Early Childhood Education System	\$89,000,000
<b>Fiscal 2019 One-shots</b>	
Community School Sustainability	\$2,566,667
Urban Advantage	\$3,500,000

**Fair Student Funding.** There are no planned changes to Fair Student Funding (FSF) in the Fiscal 2020 budget. The FSF floor will remain at 90 percent. Funding for school budgets overall (U/As 401, 402, 403, 404, 481 and 482) is expected to increase by \$169.7 million to \$11.2 billion in Fiscal 2020 (when compared to the Fiscal 2019 adopted budget). This reflects baselined budget increases for increased staff costs, special education programs, and the new needs related to school budgets in the Executive Financial Plan.

In addition to the items in the table above, the Council's Fiscal 2020 Preliminary Budget Response called for the Administration to eliminate the Categorical Programs units of appropriation (481

<sup>2</sup> Available at: [https://council.nyc.gov/budget/wp-content/uploads/sites/54/2019/04/Fiscal-2020-Preliminary-Budget-Response\\_FINAL-1.pdf](https://council.nyc.gov/budget/wp-content/uploads/sites/54/2019/04/Fiscal-2020-Preliminary-Budget-Response_FINAL-1.pdf).

and 482) and redistribute the funding as to other units of appropriation based on how the funding is spent. OMB has agreed to do this by Fiscal 2021.

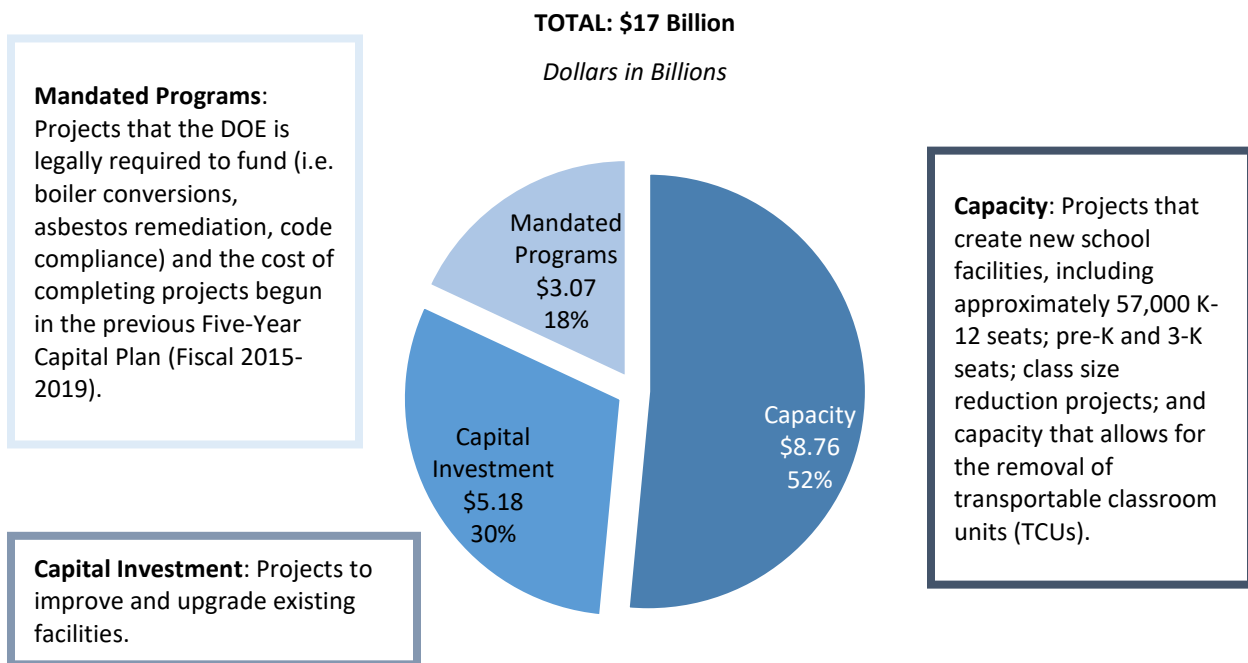
### Capital Program

As discussed in the Preliminary Budget Report on DOE’s Capital Budget, State law requires the DOE to produce a Five-Year Capital Plan in addition to the City’s Capital Plan and budget for the DOE; the development of this Five-Year Capital Plan is coordinated by the SCA. This is a significant year for the DOE capital program, as SCA and DOE are completing the final year of the current Fiscal 2015-2019 Five-Year Capital Plan, and preparing a new Fiscal 2020-2024 Five-Year Capital Plan. The latest amendment to the 2015-2019 Plan was released in February 2018 and adopted by the Council in June 2018. The 2015-2019 Plan is in effect until the end of Fiscal 2019. In accordance with State law, the SCA released the first Proposed DOE Fiscal 2020-2024 Five-Year Capital Plan on November 1, 2018, and then released a revised proposed plan on February 1, 2019. This Plan was approved by the Panel for Education Policy on March 26, 2019.

While State law only requires the creation of the DOE Capital Plan every five years, historically, the Council has executed a Memorandum of Understanding (MOU) with the Mayor and the Chancellor with the adoption of each new Five-Year Capital Plan, which outlines the annual amendment process and other terms for the Five-Year Capital Plan. A new MOU governing the annual amendment process for the Fiscal 2020-2024 Five-Year Capital Plan will be negotiated and enacted with the adoption of the Fiscal 2020-2024 Five-Year Capital Plan in June 2019.

This revised proposed Fiscal 2020-2024 Five-Year Plan released in February 2019 was discussed in the Preliminary Budget Report on DOE’s Capital Budget. The Proposed Plan is divided into three sections: Capacity, Capital Investment, and Mandated Programs; funding levels for these three sections are reflected in the chart below.

**February 2019 Proposed DOE Fiscal 2020-2024 Five-Year Capital Plan**



In the Preliminary Budget Response, the Council called on the Administration to reimagine the school capital plan.<sup>3</sup> The key requests made by the Council are:

- Implement the recommendations of “Planning to Learn: The School Building Challenge”;
- Reset baseline expectations for safe and supportive learning environments;
- Adopt a more rigorous focus on efficiency and innovation;
- Revise the presentation of the Five-Year Capital Plan and increase transparency; and
- Renew collaboration with the Council.

While no new Fiscal 2020-2024 Five-Year Capital Plan has been released, the Council is in ongoing discussions with the Administration regarding the format and content of the DOE Five-Year Capital Plan.

### Ten-Year Capital Strategy Fiscal 2020-2029

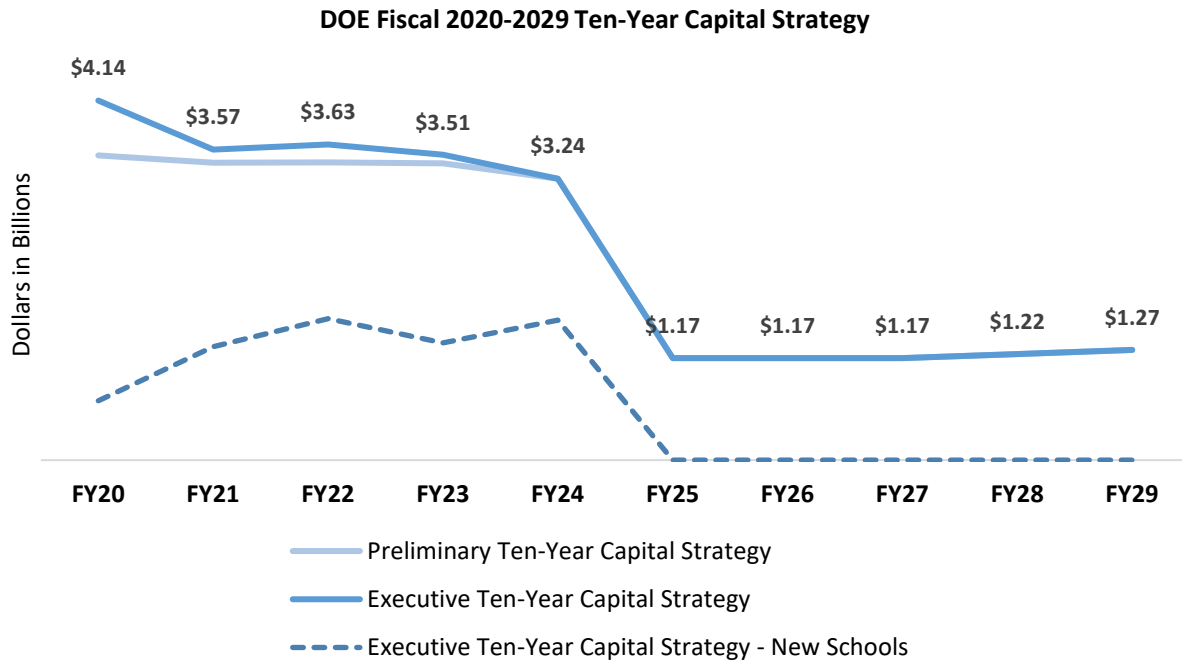
The City’s Ten-Year Strategy totals \$116.9 billion. DOE’s Ten-Year Capital Strategy totals \$24.1 billion, or 21 percent of the City’s total Strategy. DOE’s Ten-Year Strategy is broken down into seven categories:

- Emergency, Inspection, and Miscellaneous;
- Educational Enhancements;
- Rehabilitation of School Components;
- Safety and Security;
- Smart Schools Bond Act;
- System Expansion (New Schools); and
- System Expansion (Other).

As outlined in the Council’s Fiscal 2020 Preliminary Budget Response, the Fiscal 2020-2029 Preliminary Ten-Year Capital Strategy presented by the Administration was not true to its name and many of the Ten-Year Strategy categories have a dramatic decline in planned spending, or no spending, in the second half of the plan. The Ten-Year Capital Strategy presented as part of the Fiscal 2020 Executive Budget still fails to address planning in the outyears for many city agencies, including DOE, as reflected in the chart below. In particular, there is no planned spending on new schools in the second half of the Ten-Year Strategy.

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<sup>3</sup> Please see pages 37-39 of the Council’s budget response for additional details.



All of the increases in the Ten-Year Capital Strategy are in the first four years of the plan, and match changes in the Executive Capital Commitment Plan discussed below.

#### Fiscal 2020 Executive Capital Commitment Plan for Fiscal 2019-2023

The Fiscal 2020 Executive Capital Commitment Plan totals \$86.2 billion across Fiscal 2019-2023, an increase of \$2.4 billion from the Preliminary Capital Commitment Plan. DOE’s Executive Capital Commitment Plan totals \$18.9 billion, or 22 percent of the total Plan. This is a \$133 million increase over DOE’s Preliminary Capital Commitment Plan, as reflected in the chart on the following page. This \$133 million supports three major additions to DOE’s capital budget:

- \$56.4 million for discretionary capital items allocated by Borough Presidents;
- \$60 million for a new school in district 30 in Queens with approximately 400 seats; and
- \$15.5 million for 3-K seats school district 8 in the Bronx.

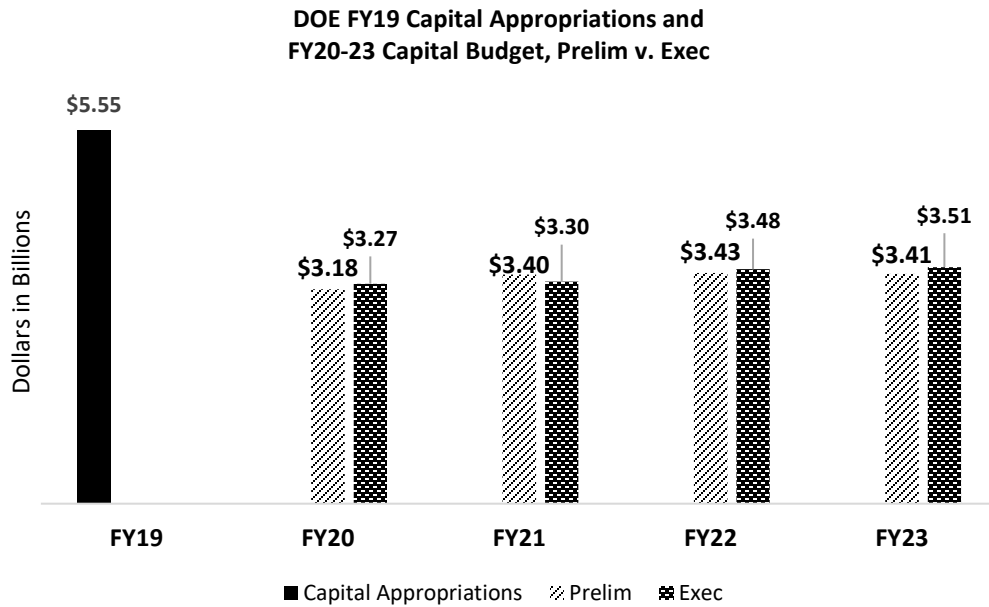
In addition to adding these funds, the Executive Capital Commitment Plan shifts \$953 million in planned spending from Fiscal 2019 into Fiscal 2020-2023. Of this \$953 million, \$207 million is associated with discretionary capital projects funded by the City Council and Borough Presidents. It is unclear what projects or capital program categories the remaining \$746 million of the shifted funding is for because the majority of funding for the DOE Five-Year Capital Plan is in one budget line in the Capital Commitment Plan.

### DOE FY19-23 Preliminary vs. Executive Capital Commitment Plan



Executive Capital Budget

As shown in the figure below, the DOE Executive Capital Budget proposes \$13.6 billion in new appropriations for Fiscal 2020-2023. This represents approximately 24 percent of the City’s total \$52.8 billion proposed Capital Budget for 2020-2023. Changes in proposed appropriations between the Preliminary and Executive Capital Budget are minimal. Appropriations for Fiscal 2019 total \$5.5 billion.<sup>4</sup> Unspent appropriations from Fiscal 2019 will be reappropriated for Fiscal 2020 at budget adoption.



<sup>4</sup> Appropriations for Fiscal 2019 are calculated by summing the available appropriations listed in the commitment plan with actual commitments to date.

## Appendix 1: Fiscal 2020 Budget Actions since Fiscal 2019 Adoption

<i>Dollars in Thousands</i>	FY 2019			FY 2020		
	City	Non-City	Total	City	Non-City	Total
<b>Agency Budget as of the Fiscal 2019 Adopted Budget</b>	<b>\$12,354,004</b>	<b>\$13,239,166</b>	<b>\$25,593,170</b>	<b>\$12,839,343</b>	<b>\$13,642,260</b>	<b>\$26,481,603</b>
<b>New Needs - November 2018 and FY20 Prelim</b>						
Accessibility Improvements	\$0	\$66,500	\$66,500	\$0	\$66,500	\$66,500
Code Violation Removal	0	15,000	15,000	0	0	0
Code Violation Removal Lead	0	5,198	5,198	0	735	735
Environmental Health Inspections	0	5,000	5,000	0	0	0
School Kitchen Renovations	0	1,431	1,431	0	839	839
3-K Expansion	3,111	0	3,111	25,261	0	25,261
EduStat	671	0	671	1,669	0	1,669
Science Curriculum	2,500	0	2,500	9,277	0	9,277
<b>Subtotal, New Needs</b>	<b>\$6,281</b>	<b>\$93,129</b>	<b>\$99,411</b>	<b>\$36,207</b>	<b>\$68,074</b>	<b>\$104,281</b>
<b>Savings - November 2018 and FY20 Prelim</b>						
Eliminate Holdover Allocations	(\$410)	\$0	(\$410)	(\$816)	\$0	(\$816)
OTPS Surplus	0	0	0	(20,000)	0	(20,000)
School Consolidations	(3,728)	0	(3,728)	(3,728)	0	(3,728)
Prior Year State Aid Revenue	(15,800)	15,800	0	0	0	0
Program Re-estimate	0	0	0	(3,538)	0	(3,538)
SCA Construction Revenue	(25,800)	25,800	0	0	0	0
School Food Surplus	(7,600)	0	(7,600)	(7,600)	0	(7,600)
Vacancy Reductions	0	0	0	(8,647)	0	(8,647)
Central Budget Reductions - PD	0	0	0	(23,067)	0	(23,067)
Central Budget Reductions - Travel	(1,000)	0	(1,000)	(2,000)	0	(2,000)
Consolidate Leadership Development Programming	(351)	0	(351)	(8,687)	0	(8,687)
Legacy Teacher Supplement	0	0	0	(8,904)	0	(8,904)
Renewal School Re-estimate	(3,000)	0	(3,000)	(8,600)	0	(8,600)
School Food Revenue	0	0	0	(38,000)	38,000	0
<b>Subtotal, Savings</b>	<b>(\$57,689)</b>	<b>\$41,600</b>	<b>(\$16,089)</b>	<b>(\$133,587)</b>	<b>\$38,000</b>	<b>(\$95,587)</b>
<b>Other Adjustments - November 2018 and FY20 Prelim</b>						
Adult Literacy Transfer	\$2,164	\$0	\$2,164	\$0	\$0	\$0
CDBG	0	1,483	1,483	0	0	0
Collective Bargaining Health Savings	(69,223)	0	(69,223)	(103,835)	0	(103,835)
DC 37 Collective Bargaining	24,954	9	24,963	41,749	15	41,764
DOE- FY19 WORKFORCE PROGRAM	0	3,400	3,400	0	0	0
ExCEL Projects	0	1,112	1,112	0	0	0
IC W/ DOE - ANTS Program	0	5,410	5,410	0	0	0
IC W/DOE-Obesity Task Force	0	2,762	2,762	0	0	0
NYCSSS Technical Adjustment	13,200	0	13,200	0	0	0
RCM Projects	0	4,900	4,900	0	0	0
SAPIS	2,000	2,000	4,000	0	0	0
SSA Salary Schedule	27,322	0	27,322	25,385	0	25,385
SSA Salary Schedule Fringe	1,956	0	1,956	1,818	0	1,818
UFT PPL	36,427	0	36,427	44,320	0	44,320
Collective Bargaining Lump Sums	760,978	0	760,978	0	0	0
EarlyLearn Adjustment	(96,161)	(112,496)	(208,657)	0	0	0
EarlyLearn Fringe Adjustment	(1,380)	0	(1,380)	0	0	0
ExCEL Projects Round 2	0	1,973	1,973	0	0	0
Federal Pre-k Award	0	9,990	9,990	0	0	0
IC W/DOE - ANTS Program	0	5,000	5,000	0	0	0
Manager and OJ titles CB	7,609	0	7,609	13,028	0	13,028
RCM Projects	0	4,208	4,208	0	0	0
Revenue Adjustment	0	35,445	35,445	0	0	0
SCA Energy Program	0	1,037	1,037	0	0	0
SEWB Welfare Adjustment	0	21,505	21,505	0	21,505	21,505
Smart Schools Technology	0	0	0	0	40,719	40,719
UFT CB	127,933	0	127,933	316,256	0	316,256
OTHER	4,215	3,520	7,735	2,433	(50)	2,383
<b>Subtotal, Other Adjustments</b>	<b>\$841,994</b>	<b>(\$8,742)</b>	<b>\$833,252</b>	<b>\$341,153</b>	<b>\$62,190</b>	<b>\$403,343</b>
<b>TOTAL, All Changes - November 2018 and FY20 Prelim</b>	<b>\$790,587</b>	<b>\$125,987</b>	<b>\$916,574</b>	<b>\$243,774</b>	<b>\$168,264</b>	<b>\$412,037</b>



<i>Dollars in Thousands</i>	FY 2019			FY 2020		
	City	Non-City	Total	City	Non-City	Total
<b>DOE Budget as of the Fiscal 2020 Preliminary Plan</b>	<b>\$13,144,591</b>	<b>\$13,365,153</b>	<b>\$26,509,744</b>	<b>\$13,083,117</b>	<b>\$13,810,524</b>	<b>\$26,893,641</b>
<b>New Needs - FY20 Exec</b>						
Students in Shelters	\$0	\$0	\$0	\$11,921	\$0	\$11,921
State Aid Backfill	0	0	0	73,709	0	73,709
Carter Cases Adjustment	203,100	0	203,100	101,550	0	101,550
Charter Schools Tuition	0	0	0	88,294	0	88,294
Comprehensive School Support Strategy	0	0	0	19,579	0	19,579
Insourcing	0	0	0	4,340	0	4,340
Lease Budget Adjustment	37,771	0	37,771	0	0	0
Next Generation Network (NGN) Adjustment	2,000	0	2,000	15,000	0	15,000
Special Education Investments	9,894	0	9,894	33,386	0	33,386
Student Enrollment Management System (SEMS)	1,654	0	1,654	1,632	0	1,632
Transportation Budget Adjustment	59,100	0	59,100	0	0	0
<b>Subtotal, New Needs</b>	<b>\$313,519</b>	<b>\$0</b>	<b>\$313,519</b>	<b>\$349,410</b>	<b>\$0</b>	<b>\$349,410</b>
<b>Savings - FY20 Exec</b>						
Breakfast in the Classroom	\$0	\$0	\$0	(\$6,000)	\$0	(\$6,000)
Billing for Non-NYC Residents	0	0	0	(4,000)	4,000	0
Certification of Core Curriculum Program Materials	0	0	0	(1,100)	0	(1,100)
Electronic Timekeeping System Expansion	0	0	0	(5,000)	0	(5,000)
Hiring Freeze Savings	0	0	0	(21,406)	0	(21,406)
Legacy Teacher Program Technical Adjustment	0	0	0	(1,400)	0	(1,400)
Medicaid - Charter Schools	0	0	0	(6,500)	6,500	0
Medicaid - Transportation	0	0	0	(20,000)	20,000	0
Prior Year Revenue	(5,000)	5,000	0	0	0	0
Procurement Efficiency Savings	0	0	0	(27,000)	0	(27,000)
Program Re-Estimates	0	0	0	(10,700)	0	(10,700)
Renewal School Savings	0	0	0	(19,000)	0	(19,000)
<b>Subtotal, Savings</b>	<b>(\$5,000)</b>	<b>\$5,000</b>	<b>\$0</b>	<b>(\$122,106)</b>	<b>\$30,500</b>	<b>(\$91,606)</b>
<b>Other Adjustments - FY20 Exec</b>						
Heat, Light and Power	\$11,988	\$0	\$11,988	\$21,724	\$0	\$21,724
Heating Fuel Adjustment	(3,371)	0	(3,371)	(1,588)	0	(1,588)
IC W/ DOE - ANTS PROGRAM	5	4,585	4,590	0	0	0
Revenue Adjustment	0	17,977	17,977	125	(73,834)	(73,709)
I/C DOHMH FY19	0	0	0	13,200	(13,200)	0
NYCSSS Technical Adjustment	121,959	(121,959)	0	0	13,200	13,200
Collective Bargaining Lump Sums	106	121,853	121,959	261	(261)	0
Charter Rev	(31)	22,104	22,073	300	(300)	0
Other	(158)	1,313	1,154	(364)	549	186
<b>Subtotal, Other Adjustments</b>	<b>\$130,498</b>	<b>\$45,872</b>	<b>\$176,370</b>	<b>\$33,658</b>	<b>(\$73,846)</b>	<b>(\$40,188)</b>
<b>TOTAL, All Changes - FY20 Exec</b>	<b>\$439,017</b>	<b>\$50,872</b>	<b>\$489,889</b>	<b>\$260,963</b>	<b>(\$43,346)</b>	<b>\$217,617</b>
<b>DOE Budget as of the Fiscal 2020 Executive Plan</b>	<b>\$13,583,607</b>	<b>\$13,416,025</b>	<b>\$26,999,633</b>	<b>\$13,344,080</b>	<b>\$13,767,178</b>	<b>\$27,111,258</b>

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