

Adding up the Numbers:

The Education Budget under Mayoral Control

EDUCATIONAL PRIORITIES PANEL

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Update and Summary
of 2005-06 EPP Bulletins

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Executive Summary

For more than a century, a succession of New York City mayors have claimed that they were reducing administrative overhead in the school system and driving more resources to instruction. These claims have been dutifully reported by the press with rarely any effort to verify them. For the last fifty years, the salaries of teachers were increased through collective bargaining, so mayors were technically correct that “more funding” was going to instruction, but often the share of the school system’s operating budget dedicated to instruction and programs for students did not change by much. The resumption of mayoral control of the school system has ushered in new claims, criticism of these claims, and even more difficulty in securing any press attention to budget patterns that provide a more realistic picture of how dollars are spent.

This report was undertaken as part of an effort by the Educational Priorities Panel to reconcile two very different perceptions of the first two years of school budgeting (FY 2003-04 and FY 2004-05) ushered in by mayoral control of the NYC public education system. During these two years, city and education officials were announcing a series of major initiatives, organizational restructuring, and additional staff and funding for schools. At the same time, EPP’s office received a flood of reports by parents and school staff about widespread budget cuts at the school level that were resulting in larger class sizes, fewer courses at the high school level, a lack of services for special education students, and the elimination of Title 1 programs.

As a coalition of civic groups that work together to monitor the education spending, we re-analyzed the NYC Department of Education allocation memoranda and the NYC Office of Management and Budget documents and could find no evidence of funding reductions. During the first year of school budgets, EPP was presented with a puzzle that we could not solve. By the beginning of the 2004-05 school year, however, we began to understand how changes in the funding formulas for school-level personnel had triggered budget shortfalls that had a direct impact on students. Later in the fall when the NYC Comptroller’s Office released its annual financial report of actual city and agency expenditures, EPP found that there had been a marked decrease in spending for special education in 2003-04, despite an anticipated increase in the July 1, 2003 adopted budget. In short, we began to uncover clues that would solve the puzzle of whether there had been funding increases or funding reductions in the first two years of mayoral control of the school system. This triggered additional questions.

This report consolidates a series of short EPP bulletins issued in 2005 and 2006 that were updated in the fall of 2007 to provide a four-year picture of public education funding under the new school governance system. Each section attempts to introduced the reader to a variety of ways in which funding can be evaluated, each one providing a different answer to the central question of whether there have been improvements in budgeting for NYC public schools under mayoral control. Here is the summary of EPP’s findings:

Section 1: City Funding for Education

- When pension and debt service payments are included, the average share of the city’s total spending that was directed to the public education system in the four years before mayoral control of schools (FY 00 to FY 03) was 21.65%. In the first four years of mayoral control of schools (FY 04 to FY 07), this average increased modestly to 21.66%.
- When pension and debt service payments are excluded, the four-year average share of the city’s total spending for the public schools before mayoral control (FY 00 to FY 03) was 21.41%. In the first four years of mayoral control of schools (FY 04 to FY 07), this average decreased slightly to 20.58%.

- The state budget agreement resulting from the Court of Appeals decision in Campaign for Fiscal Equity lawsuit will not increase city funding for public schools over current funding levels. Projected city expenditures for the Department of Education from FY 08 to FY 11 will increase by a total of \$2.2 billion. Increases over the prior four years (FY 04 to FY 07) totaled \$3.2 billion, if pensions and debt service payments are included.

Section 2: Funding for Instruction

- In the first four years of mayoral control, there have been significant one-year decreases in funding for special education, general education, and categorical programs. Some of these decreases were the result of transfers of spending from one allocation category to another.
- When expenditures for tax-levy instruction and categorical program services for students are combined, their share of the operating budget of the Board of Education (FY 00 to FY 03) was 62.63%. In the first four years of mayoral control of schools (FY 04 to FY 07), their share of the Department of Education's operating budget decreased slightly to 62.39%.
- "Bureaucratic bloat" remains a red herring. Spending on central and mid-level administration has fallen from 6.06% percent of the Board of Education's operating budget in FY 00 to 3.81% of the Department of Education's operating budget in FY 07. The decrease in the proportion of spending for student instruction and services is due to the city's budget policy of reducing tax-levy funding to schools whenever student registers decline. This policy results in a decline in the share of funding going to student instruction and services and the continuation of average class sizes that are larger than those in the rest of the state and the nation.

Section 3: Funding for Schools

- School-site budgeting introduced by mayoral control simplified formulas and eliminated the practice of redirecting state categorical funding to schools with fewer high-need students.
- School budgets did not change the formulas for how classroom teachers are funded, but changed the formulas for out-of-classroom staff in order to drive more funds to small schools and to support the creation of new, mandated school-site positions (parent coordinators and teacher coaches for literacy and math). By the second year of mayoral control, elementary schools with 840 to 1,680 students had \$122,800 to \$432,400 fewer dollars for out-of-classroom staff.
- Budget shortfalls at the school level for out-of-classroom staff resulted in funding for classroom teachers being used for other purposes. A random sample of NYC elementary schools in a 2005 NYS Comptroller audit found that half of them had used state class size reduction funds to supplant tax-levy funding for classroom teachers. Future CFE funding to reduce large average size classes could also be used to close school budget gaps rather than hiring additional teachers.

Section 4: Funding for High-Need Students

- Despite a total of \$165 million increase in federal Title 1 funding in FY 04 and FY 05, a smaller proportion of these dollars was directed to schools serving large

numbers of high-poverty students. These schools saw their per-pupil funding level decrease from an average of \$951 in FY 03, the year before mayoral control, to \$868 by FY 05. These reductions are not large enough to account for widespread reports of the elimination of Title 1 programs. One possibility was that principals shifted funds from stand-alone Title 1 programs to positions formerly funded by tax-levy dollars.

- The \$445 million decrease in spending for special education in FY 04 cannot be readily explained, because funding formulas did not change and the adopted operating budget for this school year projected increased funding in this area. The elimination of community school district special education administrators may have resulted in less compliance by schools in following special education mandates. An alternative explanation was that coding errors occurred in tracking school-site spending. By FY 06, the proportion of spending for special education and services returned to prior levels before mayoral control of schools.

Section 5: Budget Transparency and Equity

- Total dollar figures are now provided for over 1,300 schools on the web site of the Department of Education, but on the other side of the ledger, figures for how much funds are retained at the central level and for what purpose are no longer provided with any consistency. New state laws on school governance did not weaken budget reporting requirements. Nevertheless, in the first four years of mayoral control there has never been a detailed public report on the allocation of Title 1 funds beyond amounts going to the school level. The lack of information on budgeting practices beyond the school level makes it difficult to measure whether resources are being distributed equitably or used for supplanting of city tax-levy funding.
- One of the unforeseen consequences of mayoral control of schools is the reluctance of state and federal officials to take corrective action even then there are clear instances of supplanting of funds or a lack of required reporting. State and city legislators have so far failed to close “loopholes” in the new law that have resulted in a lack of oversight of NYC Department of Education contracting. Non-competitive contracts entered into by top school officials tripled. In FY 01, there were 38 no-bid contracts worth a total of \$15 million. By the second year of mayoral control, there were 94 no-bid contracts totaling \$45 million.

Claims that mayoral control has resulted in an increase in the city’s funding level for public schools and an increase in the proportion of the education system’s resources going to instruction, services, and high-needs students cannot be substantiated. On the other hand, predictions that mayoral control would significantly reduce the city’s support for its K-12 public education system have not materialized. The most notable budget change brought about by the new school governance law has been less oversight by federal and state education agencies.

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1. CITY FUNDING FOR EDUCATION

IS THERE A LARGER SHARE OF CITY FUNDING GOING TO THE PUBLIC SCHOOL SYSTEM UNDER MAYORAL CONTROL?

- [√] **Yes. Adopted budgets show a larger share if pensions and debt service costs are included. Actual expenditures, however, do not show much of a change.**
- [√] **No. The school system's operating budget now accounts for a slightly smaller share of all city funds if pensions and debt service cost are excluded.**

IN THE FUTURE, WILL THE CITY BE MAKING A LARGER CONTRIBUTION TO THE SCHOOL SYSTEM BECAUSE OF THE CFE SETTLEMENT?

- [√] **No. The projected cumulative increase in city funds for the public school system for the next four years is \$2.2 billion. Over the past four years, the city increased its funding for education by a total of \$3.2 billion, if pensions and debt service are included.**

Proponents of mayoral control of the school system argued that there was never any incentive for a New York City mayor to provide more funds to education, since he could not claim credit for any improvements. Opponents argued that this change in governance would allow the Mayor to decrease funding. Just in case the opponents were correct, the NYS Legislature strengthened the law requiring the city to maintain its fiscal effort for public schools. Were the optimists or the pessimists correct in their predictions?

A July 2005 report by the NYC Independent Budget Office (IBO) seems to support the optimists. The Educational Priorities Panel comes to a somewhat different conclusion after reviewing the city's adopted budgets for an 8-year period as reported in documents issued by the NYC Office of Management and Budget, the Mayor's budget agency.

EPP asked different questions about city funding than IBO did in its report. In addition to finding out if the level of city funding for public education had increased, we also wanted to know if the city was dedicating a larger percentage of its budget to this function after the Mayor was given control of the school system. Every year government grows more costly, so even in years when newspapers are reporting huge budget cuts, agency funding levels tend to increase. One of the ways to measure real growth in resources is not to tally constantly growing dollars but to look at any changes in the share of available city funds going to education.

There are two ways of answering this question, depending on whether education pensions and debt service payments are included or not. EPP compared the city's contribution to the public school system as a share of the city's total funding during two four-year periods: 1) the last four years of the existence of the NYC Board of Education when the Mayor appointed only two out of seven seats on the Board and 2) the first four years of adopted city budgets under the new governance system of mayoral control. EPP looked at city budgets at the beginning of the city's fiscal year (July 1st), because they tend to be a better reflection of policy choices made by city officials. These budgets are modified throughout the year as cost estimates change. EPP then looked at actual city expenditures, using two different ways of calculating city expenditures exclusive of all state and federal funds.

If pension costs and debt service are included in adopted budgets, the city has increased its support for public education. When most federal and state funds to the city are excluded, the share of the city's budget that was scheduled to go to education increased in three out of the last four years of mayoral control compared to the previous four years. On average, from Fiscal Year 99-00 to Fiscal Year 02-03, 21.3% of city funding was dedicated to the public school system in the budget adopted on July 1st. During the first four years of mayoral control, this share, on average, grew to 22.7%. More than \$1 billion of this increase reflected a jump in anticipated pension costs, and another half of a billion reflected an increase in projected payments of principal and interest for debt incurred to build and repair schools (see Table 1 in Appendix).

Adopted Budget as of July 1 of each year with pensions & debt payments included
(in billions)

NYC Board of Education as Share of City Funds: Average 21.33%

Fiscal Year	1999-00	2000-01	2001-02	2002-03
City Funds	\$23.815	\$25.195	\$26.608	\$28.837
City Ed. Funds	\$5.143	\$5.349	\$5.607	\$6.178
Share	21.60%	21.23%	21.07%	21.42%

NYC Dept. of Education as Share of City Funds: Average 22.65%

Fiscal Year	2003-04	2004-05	2005-06	2006-07
City Funds	\$30.308	\$33.288	\$35.197	\$37.669
City Ed. Funds	\$6.765	\$7.044	\$8.178	\$9.002
Share	22.32%	21.16%	23.23%	23.90%

For more details, see Table 1 in the Appendix

Both pension contributions and debt service have driven up the level of city support for the public school system. Increases in pension contributions and debt payments do not necessarily mean that there are more employees or school buildings, but they do mean that each employee and each building are projected to cost more.

Rather than tracking how the city's adopted budgets were modified as each budget year progressed, EPP compared adopted budgets to actual expenditures using figures provided in the Executive Budget (*Message of the Mayor* p.4 and agency summary).

City's actual expenditures with pensions & debt payments included (in billions)

NYC Board of Education as Share of City Funds: Average 21.65%

Fiscal Year	1999-00	2000-01	2001-02	2002-03
City Funds	\$26.014	\$27.564	\$26.377	\$29.267
City Ed. Funds	\$5.372	\$6.008	\$5.901	\$6.375
Share	20.65%	21.80%	22.37%	21.78%

NYC Dept. of Education as Share of City Funds: Average 21.66%

Fiscal Year	2003-04	2004-05	2005-06	2006-07
City Funds	\$32.792	\$37.060	\$39.046	\$43.440
City Ed. Funds	\$7.130	\$7.671	\$8.666	\$9.556
Share	21.74%	20.70%	22.19%	22.00%

For more details, see Table 3 in the Appendix

Even though city support for its school system increased by \$3.2 billion over four years, Table 3 in the Appendix shows very little difference in the average share of city expenditures dedicated to the public school system before and after mayoral control, even when pensions and debt service are included. From FY 04 to FY 07, the average share of city expenditures for education increased by only 0.0084% over the previous four-year average. The major difference between adopted budgets and actual expenditures is in the totals for city revenues. In general, Mayor Bloomberg's administration has used very conservative estimates of city revenues in the adopted budget. Actual revenues of the city have been much larger and have outpaced higher than anticipated expenditures by agencies, including the public school system.¹

If pension costs and debt service are excluded, the city has slightly reduced its support for the operating budget of the public school system. This eight-year snapshot of budgets adopted at the beginning of the fiscal year shows that the average proportion of city funding for the operating budget of the public school system has decreased since the system came under mayoral control:

Adopted Budget as of July 1 of each year excluding all pensions & debt payments
(in billions)

NYC Board of Education Operating Budget as Share of City Funds: Average 21.06%

Fiscal Year	1999-00	2000-01	2001-02	2002-03
City Funds	\$21.376	\$22.702	\$23.903	\$24.699
City Ed. Funds	\$4.611	\$4.700	\$4.894	\$5.308
Share	21.57%	20.70%	20.47%	21.49%

NYC Dept. of Education Operating Budget as Share of City Funds: Average 20.27%

Fiscal Year	2003-04	2004-05	2005-06	2006-07
City Funds	\$24.897	\$27.393	\$29.060	\$32.113
City Ed. Funds	\$5.153	\$5.436	\$5.809	\$6.599
Share	20.70%	19.84%	19.99%	20.55%

For more details, see Table 2 in the Appendix

The four-year average share of total city revenues declined by 0.7899% after mayoral control. In terms of dollars, however, over these last four years city funding in the Adopted Budget for the Department of Education's operating budget has increased by \$1.446 billion even when pensions and debt service payments are excluded. It should be noted that much of these added funds have gone to collective bargaining salary increases for teachers and other staff covered by unions, not a significant expansion of student services or smaller class sizes.

A comparison of actual expenditures, rather than projected expenditures as of July 1, shows a slightly larger decrease (0.8285%) in the share of city revenues dedicated to the public school system over a four-year period. Once again, this decrease is attributable to much higher actual city revenues than the conservative estimates provided by adopted budgets. Because Mayor Bloomberg's administration has dedicated much of each year's

¹ This holds true even when other methods for estimating net city revenues are used. In Table 5 in the Appendix, EPP used budget figures from the *NYC Comptroller's Annual Financial Report* which computes total city revenues in a slightly different way than in *Message of the Mayor*. "Other Categorical Funding" was also excluded in the computation. Using these calculations, the four-year average percentage of city revenues dedicated to public education drops from 21.18% to 20.87%, a slight 0.3070% decrease after the governance system was changed.

budget surplus to the pre-payment of city debt, total city funding excluding all debt payments more clearly shows that available budget surpluses, even after pre-payments were made, were not directed to the school system.

City's actual expenditures excluding pensions & debt payments (in billions)

NYC Board of Education Operating Budget as Share of City Funds: Average 21.41%

Fiscal Year	1999-00	2000-01	2001-02	2002-03
City Funds	\$21.473	\$23.183	\$23.595	\$24.175
City Ed. Funds	\$4.753	\$4.976	\$4.836	\$5.210
Share	22.13%	21.46%	20.50%	21.55%

NYC Dept. of Education Operating Budget as Share of City Funds: Average 20.58%

Fiscal Year	2003-04	2004-05	2005-06	2006-07
City Funds	\$25.935	\$28.581	\$30.820	\$33.658
City Ed. Funds	\$5.552	\$5.689	\$6.368	\$6.852
Share	21.41%	19.90%	20.66%	20.36%

For more details, see Table 4 in the Appendix

Using other calculations for revenues and expenditures, the four-year average percentage of city revenues dedicated to the public school system's operating budget drops by almost two percentage points (1.9538%) after the governance system was changed.²

It should also be noted that the number of students educated by NYC public schools has declined over this eight year period, so an additional calculation was made to ascertain per-pupil funding levels, both on a dollar basis as well as a percentage of all city funds. The results are similar to the table above, showing the same slight decrease in the share of New York City funding dedicated to its public schools after mayoral control. This per-pupil expenditure analysis excludes pensions and debt payments. Because NYS Education Department data on audited pupil register exclude duplicated counts of students (which can occur with special education students) and students enrolled in pre-K programs and charter schools or private special education programs, the per-pupil funding for education in the table below is somewhat overstated because it includes funding for charter schools, pre-K programs, and tuition for students in private special education programs as well as other "pass through" expenditures not benefiting K-12 students enrolled in public schools.

Per-Pupil: Expenditures as A Share of City Expenditures: Average 21.41%

Fiscal Year	1999-00	2000-01	2001-02	2002-03
City Funds (millions)	\$21,473	\$23,183	\$23,595	\$24,175
Pupils (millions)	1.056,708	1.048,692	1.038,833	1.030,008
Total City Funds Per Pupil	\$20,321	\$22,107	\$22,713	\$23,471
City Ed. Funds (millions)	\$4,753	\$4,976	\$4,836	\$5,210
Total City Funds Per Pupil	\$4,498	\$4,745	\$4,655	\$5,058
Share	22.13%	21.46%	20.50%	21.55%

² In Table 6 in the Appendix, EPP used actual city revenue figures from the *NYC Comptroller's Annual Financial Report* which reflects fewer city debt payments than in *Message of the Mayor*. We also excluded "Other Categorical Funding" because they are excluded in net city funding.

Per-Pupil: Expenditures as A Share of City Expenditures: Average 20.58%

Fiscal Year	2003-04	2004-05	2005-06	2006-07
City Funds (millions)	\$25,935	\$28,581	\$30,820	\$33,658
Pupils (millions)	1.028,546	1.017,956	0.997,926	0.978,416
Total City Funds Per Pupil	\$25,215	\$28,077	\$30,884	\$34,401
City Ed. Funds (millions)	\$5,552	\$5,689	\$6,368	\$6,852
Total City Funds Per Pupil	\$5,398	\$5,589	\$6,381	\$7,003
Share	21.41%	19.90%	20.66%	20.36%

For more details, see Table 4A in the Appendix

The city's projection of additional city funding for its school system from FY 2008 to FY 2011, which Governor Spitzer interpreted as the "local share" of the CFE agreement, is lower than the city's funding increases over the previous four years. Changes in the composition of the state's highest court resulted in a disappointing final ruling in the Campaign for Fiscal Equity lawsuit. The Court of Appeals majority decision, though it adjusted amounts for inflation, blurred the distinction between annual state school aid increases and additional CFE funding above these regular increases. Governor Spitzer's Executive Budget subsequently presented a "CFE agreement" that provided a generous boost to state school aid, but did not calculate education funding for the New York City school district above a historical annual rate of state school aid increases. Moreover, he maintained a 39% limit on New York City's share of the total increase in state school aid, thereby not closing the per-pupil funding gap between the city and school districts in the rest of the state.

To compute the city's share of the "CFE agreement," the Governor's Executive Budget merely adopted figures in New York City's *January 2007 Financial Plan* that projected that the city's increase in funding for schools over the next four fiscal years would be \$2.2 billion over the Fiscal Year 2007 funding level. In the adopted state budget, NYC officials succeeded in inserting language that the city was not required to provide a minimal dollar amount for in given year, but that over the course of four years the city would make a good faith effort to increase funding for education by the target amount.

EPP wanted to ascertain whether these projected four-year increases in city funding were any larger than the previous four-year total. This is a comparison of the budget figures for the next four years that appear on page forty nine of the Summary of the city's January 25, 2007 *Financial Plan* (in millions) with budget figures for the past four years that appear in the Mayor's *Executive Budget*.

4-Year Average Annual Increase of City Funds to NYC Department of Education: 10.93% (including pensions, debt service but excluding "Other Categorical"; actual expenditures)
in millions

Fiscal Year	FY 2004	FY 2005	FY 2006	FY 2007
City Education Funding	\$7,042	\$7,587	\$8,604	\$9,484
Increase from Previous Year	\$774	\$545	\$1,017	\$880
% Increase from Previous Year	12.35%	7.74%	13.40%	10.23%
Cumulative Total of \$ increases	\$774	\$1,319	\$2,336	\$3,216

For more details, see Table 7 in the Appendix

Average Projected 4-Year Annual CFE Increase of City Funds to NYC Dept. of Ed.: 5.41%
in millions

Fiscal Year	FY 2008	FY 2009	FY 2010	FY 2011
City Education Funding	\$10,016	\$10,611	\$11,145	\$11,707
Increase from Previous Year	\$532	\$595	\$534	\$562
% Increase from Previous Year	5.61%	5.94%	5.03%	5.04%
Cumulative Total of \$ increases	\$532	\$1,127	\$1,661	\$2,223

For more details, see Table 7 in the Appendix

EPP's assumption in the comparison above is that the city's projection of funding increases for the NYC Department of Education included payments of pensions and debt service. If this assumption is correct, then total city funding increases projected from FY 2008 to FY 2011 for the "CFE Agreement" are actually much lower than the previous four years, where there was a cumulative increase of \$3.2 billion and a four-year average annual increase of 10.93%. However, for the purposes of providing the most favorable case possible, EPP has also computed the city's annual funding increases to public education over the last four years excluding pension and debt payments and compared them with a projection of the city's future CFE funding increases. (See Table 7 in the Appendix.) The result of this computation is that the city's future CFE dollar amount increases are greater than the previous four-year total of \$1.7 billion, but the city's annual percentage increases are smaller than the average for the past four years, which was 7.42%.

Once the state budget was adopted, funding available for CFE programs was computed to account once again for average annual increases in state school aid. In a July 6, 2007 memo issued by the NYS Department of Education, state school aid increases available for CFE-related programs (called "Contracts for Excellence") were calculated as funds above the growth in funding for charter schools and a hypothetical 3% annual "inflation factor" in state school aid for instruction (see full memo in Appendix). Though the court's final CFE decision and the Governor's CFE funding plan blurred this distinction, it was resurrected *ex post facto* to limit the proportion of new funding that could be used for CFE-related initiatives.

The last computation in Table 7 in the Appendix adjusts the city's "CFE Increases" to those above this hypothetical 3% annual "inflationary" increase in city funding. The adjustment reduces the city's share of additional funding for CFE to \$1.3 billion from \$2.2 billion. This much smaller funding amount still falls within the parameters of the disappointing Court of Appeals decision.

2. FUNDING FOR INSTRUCTION

UNDER MAYORAL CONTROL ARE MORE FUNDS GOING TO INSTRUCTION?

[✓] **Not for all years. Though there have been increases over the last four years, there have also been one-year decreases in spending for general education and special education. When instruction and categorical program spending are combined, there has been a slight decrease in the average share of the operating budget for student instruction and programs over the last four years (62.39%) in comparison to the prior four years before mayoral control (62.63%).**

SO, IS A LARGER SHARE OF FUNDING GOING TO ADMINISTRATION?

[✓] **No, other budget practices account for the slight reductions in spending for student instruction and programs.**

For more than a century, a succession of New York City mayors have claimed that they were reducing administrative overhead at the Board of Education and driving more resources to instruction. These claims have been dutifully reported by the press with rarely any effort to verify them. Every few years the salaries of teachers were increased through collective bargaining, so mayors were technically correct that “more funding” was going to instruction, but often the share of the school system’s operating budget dedicated to instruction and programs for students did not change by much. The resumption of mayoral control of the school system has ushered in new claims, criticism of these claims, and even more difficulty in securing any press attention to budget patterns that provide a more realistic picture of how dollars are actually spent.

When city schools opened in September 2003 under the first year of mayoral control, there were widespread reports by parents and teachers of budget cuts, larger class sizes, fewer course offerings in the high schools, and a dramatic reduction of special education services under a new administrative reorganization. A new round of complaints emerged in September 2004, when many principals reported that they were facing cuts of \$100,000 to \$400,000 to their school budgets. Some of these cuts were rescinded by mid-September, but many principals were still left with fewer operating funds than the year before. Department of Education officials, on the other hand, continued to claim that under *Children First* restructuring more resources were going to instruction.

Which assertion was the correct one? To answer this question, EPP compared budgets at the beginning of the fiscal year to reports of actual spending in the first four school years under mayoral control. First, we assembled all the units of appropriation that are related to instruction and student programs and grouped them under “general education,” “special education,” and “categorical programs” to track year-to-year changes in dollars and in the shares of the total school system’s operating budget dedicated to these functions (for more details see Tables 8 and 9 in the Appendix). We included “categorical programs” because much of this money has been used for instruction and has sometimes been reclassified as belonging under other units of appropriation. The largest funding source for “categorical programs,” shortened to “programs” in the following summary, is the federal Title 1 program. The summary of adopted budgets shows that there were plans for a sizeable increase in funding for instruction in the 2003-04 school year (the first year of mayoral control) followed by plans for a large cut to special education in the 2004-05 school year.

(in millions, rounding will make some totals and percentages inexact)

ADOPTED BUDGETS					
Fiscal Year	General Ed	Special Ed	Total Inst.	Programs	Total
2003-04	\$4,216	\$1,490	\$5,706	\$2,290	\$7,996
\$+/- prev. yr.	+ \$321	+ \$209	+ \$530	+ \$164	+ \$674
% total DOE	33.81%	11.94%	45.75%	18.36%	64.11%
2004-05	\$4,445	\$1,161	\$5,607	\$2,490	\$8,097
+/- prev. yr.	+ \$229	(\$328)	(\$99)	+ \$201	+ \$101
% total DOE	34.09%	8.90%	42.99%	19.09%	62.08%
2005-06	\$4,547	\$1,545	\$6,091	\$2,589	\$8,680
+/- prev. yr.	+ \$101	+ \$383	+ \$484	+ \$99	+ \$583
% total DOE	32.16%	10.93%	43.09%	18.32%	61.41%
2006-07	\$5,439	\$1,835	\$7,273	\$2,139	\$9,412
+/- prev. yr.	+ \$892	+ \$290	+ \$1,182	(\$450)	+ \$732
% total DOE	35.21%	11.88%	47.09%	18.32%	60.94%

See Table 8 in Appendix for more details & other categories & years of appropriations

To complete the analysis of student instructional and program resources, EPP looked at spending as reported in the NYC Comptroller's *Annual Financial Statement* for each fiscal year. Actual expenditures in many areas were much higher than anticipated, but one-year reductions in instruction were also much steeper and some were not anticipated. Nevertheless, instruction and program expenditures, when combined, saw only modest growth in the first two years of mayoral control.

(in millions, rounding will make some totals and percentages inexact)

EXPENDITURES					
Fiscal Year	General Ed	Special Ed	Total Inst.	Programs	Total
2003-04	\$4,619	\$1,150	\$5,769	\$2,610	\$8,379
\$+/- prev. yr.	+ \$569	(\$445)	+ \$123	(\$14)	+ \$110
% total DOE	35.15%	8.75%	43.90%	19.86%	63.76%
2004-05	\$4,475	\$1,335	\$5,809	\$2,753	\$8,563
+/- prev. yr.	(\$144)	+ \$185	+ \$41	+ \$143	+ \$184
% total DOE	34.09%	9.64%	41.93%	19.87%	61.80%
2005-06	\$4,837	\$1,795	\$6,632	\$2,687	\$9,320
+/- prev. yr.	+ \$363	+ \$460	+ \$822	(\$66)	+ \$757
% total DOE	32.37%	12.01%	44.38%	17.98%	62.36%
2006-07	\$5,532	\$2,121	\$7,654	\$2,134	\$9,788
+/- prev. yr.	+ \$696	+ \$326	+ \$1,022	(\$553)	+ \$469
% total DOE	34.86%	13.36%	48.22%	13.45%	61.67%

See Table 9 in Appendix for more details & other categories & years of expenditures

EPP staff and members met with Department of Education budget officials to discuss these reductions in instructional and program funding. They readily admitted that some of the increases to general education had been shifts in funds from "categorical programs." As for the dramatic drop in expenditures for special education, there were two

explanations. The first was that the adopted budget for the 2003-04 school year had not been adjusted for the prior year's spending patterns, a suggestion that implied that special education spending had already declined in the 2002-03 school year. The second explanation was that there were "coding errors" in special education and general education expenditures.

While reporting of special education expenditures has been error prone for decades, the \$445 million decrease in special education expenditures that occurred during the first year of mayoral control coincided with a complete transfer of responsibility for special education services from community school district staff (whose positions were, for the most part, eliminated) to school-based staff.³ Complaints by school psychologists that year to the NYC Office of the Public Advocate revealed widespread problems in the new restructuring from a lack of clerical staff and computer access at many school sites to a reluctance by principals to refer students to special education or provide them with services.⁴ During the 2003-04 and 2004-05 school years, reports by the Deputy Chancellor for Instruction listed school-level compliance with special education requirements as her top priority and primary activity. It is more than likely that some portion of the reduction in special education expenditures reflects an actual drop in these services and not "coding" problems. (This issue will be discussed in more detail in Section 4.) By the third year of mayoral control and reorganization, after much effort at damage control, special education expenditures returned to their previous share of the school system's operating budget.

The pattern of general education expenditures is more difficult to explain. The hefty increase of \$569 million in general education instructional expenditures in the 2003-04 school year does not reconcile with widespread reports of cuts at the school level. While next year there was an actual decrease of \$144 million in general education expenditures, the size of this reduction is not large enough to account for the significant budget reductions at the school level reported by principals, staff, and parents. NYC Department of Education officials discounted these reports and asserted that reductions were partially due to a decrease in student enrollment that were magnified by difficulties principals had in adjusting to school-site budgeting. There is an element of truth in these assertions, but as EPP's analysis of school budgeting in the next two sections of this report will document, the majority of principals had little choice but to increase class sizes, eliminate course offerings at the high school level, and reduce their staffing. While most schools got two to three new staff positions under *Children First* initiatives (parent coordinators and math and literacy coaches for teachers) the new school budgets dramatically reduced funding for out-of-classroom staff positions. In the past, tax-levy budget gaps like these at the school level could be offset by increases in categorical program funding, but some of these funds were now re-directed to *Children First* initiatives.

Another way of explaining what occurred in the first two years of mayoral control is that at the system-wide level, expenditures for instruction and services increased modestly by \$110 million in the first year and \$184 million in the next (in comparison to the much higher increases in the last two years), but at the micro, school-site level, funding for new *Children First* staffing was extracted from decreases in out-of-classroom positions

³ Staffing of community school districts was eliminated until a lawsuit was brought against the city to abide by state education law. This resulted in an agreement to retain a superintendent and clerk for each district, though they were essentially employees of a newly created regional administration (which was abolished in the 2007-08 school year). Few of these administrative changes affected Citywide special education programs for students with more severe disabilities.

⁴ NYC Public Advocate press release, "Crisis in Special Education," February 9, 2004.

and the re-direction of categorical funding. This left principals with budget shortfalls that they could not close.

The larger question that EPP wanted to answer, however, was whether a larger share of the school system's funding was going to instruction. The summary of expenditures on page eight shows that the share of spending for instruction grew from 43.9% to 48.2% in the first four years of mayoral control. But some of this growth merely represented a transfer of funds from categorical funding. When instructional and categorical expenditures are combined, their share of total school system expenditures declined from 63.76% in 2003-04 to 61.67% in 2006-07. Year-to-year changes can sometimes be misleading, so EPP did an eight-year comparison of expenditures in Table 9 in the Appendix. The average share of total school system expenditures dedicated to instruction and programs in the four years before mayoral control of the schools was 62.63%. The average for the last four years has been 62.39%, a slight decline.

So, is a higher proportion of funding going to administration? Before the return to mayoral control of the schools, city officials traditionally pointed their fingers at the "bloated bureaucracy" of the school system whenever there were complaints about budget cuts at the school level. Parents reading about the number of salaries above \$100,000 for administrators at the central headquarters have also been critics of administrative "bloat." But fiscal experts and researchers have always come to the opposite conclusion that the NYC school system benefits from "an economy of size." Given the huge numbers of students in the city's school district and the larger-than-average size of most city schools, the student-to-administrator ratio is larger than in most other school districts in the nation. School districts with the highest proportion of administrative expenses are usually small rural and suburban districts. Nevertheless, because so many parents have focused on budget increases for the central office since mayoral control, EPP looked at the units of appropriation for administration above the school level in the Comptroller's reports on expenditures. There were also questions we wanted to answer about whether there had been any real savings in the replacement of community school district staff by regional administrative staff.

NYC Public School System Expenditures (in millions)

Before Mayoral Control	1999-00	2000-01	2001-02	2002-03
Mid-Level Administration	\$363.4	\$372.7	\$275.3	\$240.1
Central Administration	\$287.7	\$276.9	\$274.5	\$283.4
Total Dollars	\$651.1	\$649.6	\$549.8	\$523.5
Percent of all Spending	6.06%	5.60%	4.63%	4.10%
After Mayoral Control	2003-04	2004-05	2005-06	2006-07
Mid-Level Administration	\$219.5	\$220.3	\$230.2	\$215.2
Central Administration	\$327.0	\$343.9	\$366.9	\$389.9
Total Dollars	\$546.4	\$564.3	\$597.1	\$605.1
Percent of all Spending	4.16%	4.07%	4.00%	3.81%

See Table 9 in Appendix for more details

An eight-year comparison of spending for administration shows that some savings in mid-level administration were offset by increases in spending by central administration. The proportion of expenditures for administration as a share of the Department of Education's total spending, however, has now fallen below four percent (3.81%). "Bureaucratic bloat" still remains a red herring.

If there has been no increase in the proportion of spending for administration, what else can account for the reduction in the proportion of spending for instruction and services? All during the fiscal crisis of 1975 to 1977, when art classes were eliminated and class sizes grew, the city's per-pupil funding was still above average for the state until 1984. In a retrospective analysis for EPP by Dr. Joan Scheuer of public school funding during the 1980's, the Panel found that in 1984 per-pupil funding began to fall below the average for school districts in the rest of the state.⁵ The explanation for why this happened is very simple. After a decade of falling enrollment, student registers began to grow, largely because of immigration. The budget policy adopted by the city in response to this enrollment increase proved to be corrosive. The Mayor's Office of Management and Budget stated that the city would not fully fund school register increases. OMB asserted that there might be a need to hire additional teachers due to an increase in students, but there was no need to increase fixed-administrative expenses, such as more money for more school secretaries or additional librarians. Under Mayor Koch, whose priority was housing, few new schools were created to accommodate the rapid increase of students in neighborhoods that had become the destination points for new arrivals. Fixed administrative expenses did not grow because there was only a modest growth in the number of new schools and the number of principals and other staff.

Since 1997 there has been a slow, but steady decrease in student registers. But the city's policy for funding enrollment has now changed. Schools that were never fully funded for the increase in students are now losing funding at close to the city's share of instructional costs for a general education student, roughly \$2,500 per student. This New York City budget policy is particularly reprehensible because at the state level, per-pupil operating funds are not reduced when student registers decline.

In the rest of the state, school district budget policies have resulted in higher per-pupil instructional expenditures and smaller class sizes whenever there are student register decreases. Current city budget policies will not result in these kinds of instructional investments. Enrollment decreases at a school result in fewer teachers, not fewer students in a classroom. Any school where student registers have declined will also face difficult choices as to what out-of-classroom staff to eliminate, not just the reduction of teaching staff. These are "management efficiencies" that perpetuate understaffed schools and large class sizes. Though the city continues to receive increases in state school aid even when student enrollment declines, the city's budget policy is to reduce city tax-levy funds to the schools whenever registers fall. This policy means that fewer resources are going to the school level and that students are not receiving the full benefit from state school funding.

Recommendation:

Since state school aid is not reduced when school districts have lower student enrollments, there is no need for city schools to lose funding for teachers as well as funding for out-of-classroom positions. The Department should adopt a budget policy, whenever a school has an enrollment decrease, of maintaining school administrative funding and re directing savings from enrollment decreases to class size reduction. (These register-decline policies should not apply to schools that are in process of closing or other schools with a sizeable decrease in students.)

⁵ Budget Briefing 1990: A Graphic Review of the Decade in New York City Schools, 1990.

3. FUNDING FOR SCHOOLS

HAS MAYORAL CONTROL IMPROVED THE WAY IN WHICH FUNDS ARE DISTRIBUTED AMONG SCHOOLS?

- [√] **Yes, the creation of a budget for each school ensures that extra funds for high-need students are directed to schools educating these students.**

DOES THIS MEAN THAT THERE HAS BEEN SUFFICIENT FUNDING FOR SCHOOLS?

- [√] **No. New York City budget policies make it impossible for schools to provide the staff for small class sizes, libraries, physical fitness, and art/music programs that are the norm in the rest of the state. The adoption of a per-pupil funding system may result in further erosion of school-level resources.**

Budget documents for the NYC public school system are massive. Before the advent of mayoral control, the central budget office mailed out a 200-to-300-page memo over the summer to document changes in funding streams and to provide details on allocations to districts. In turn, districts re-allocated most of these funds to their schools using budget policies and documents that were far less public and less subject to review. There were few ways, besides intensive studies by academics or large accounting firms, to ascertain the extent to which some districts were retaining school funds or distributing them unfairly.⁶

Unbelievably, some community school board members with a reputation as “reformers” openly advocated that state funds targeted to schools serving large numbers of low-income children be redirected to schools that were better performing. Their belief was that schools serving more middle class students should be “compensated” because they did not have enough low-income children to qualify for federal Title 1 funding. They used “model” documents of each school’s student-to-staff ratio to show the fairness of their district’s distribution of funds. These documents hid the reality that a portion of the extra money for high-need students was re-directed to better-off schools and that schools serving a majority of high-need students were often using this money to hire paraprofessionals or out-of-classroom staff rather than additional teachers.

Mayoral control has provided more simplicity and more fairness in the allocation of funding to schools. Now parents and school staff can access a school’s budget through the Internet by clicking on http://schools.nyc.gov/offices/d_chanc_oper/dbor to see some of the different types of allocations going to their school. The number of formulas, the lack of explanation for the formulas, and the various adjustments to the formulas can be confusing at first, but the Department of Education has succeeded in presenting in a simpler way the key elements of a school’s budget. More importantly, funds for high-need students are being distributed more equitably among schools.

More fairness and transparency in school funding, however, have not solved key staffing difficulties for schools created by long-standing city budget practices. For larger-

⁶ Mayor Giuliani hired the accounting firm of Coopers & Lybrand to produce an analysis of the range of per-pupil funding in 1994. In 1993, EPP released a two-year study conducted by New York University researchers, *Equity in the Funding of Public Elementary and Middle Schools in New York City*.

sized schools in particular, the budgeting system ushered in by mayoral control has increased these difficulties. To track funding for staff at the school level, the Educational Priorities Panel examined selected years of the main budget memo sent out by the beginning of the summer from 1986-87 up to 2006-07.⁷ This budget memo is prepared by the Division of Budget Operation & Review (BOR) and was generally referred to as “BOR Allocation Memorandum No. 1” and is now called “School Allocation Memorandum No. 1” (SAM). It marks the beginning of a series of shorter memoranda that will be issued throughout the school year. In some years, because of delay in the adoption of the state budget, a memo sent in August contained all the detailed funding formulas for community school districts and the elementary and middle schools they administered. Up to the 2000-01 school year, a separate budget memo was prepared for high schools and high school districts, which had never been under “community control” and were administered by the central office of the Board of Education.

Detailing all the revisions in budget practices over this twenty-year period might make an interesting academic study, but EPP was interested in tracking large funding streams for school-level personnel and in identifying the most important changes brought about by mayoral control. First, it is important to understand which services are not included in school budgeting, though they are provided to schools:

Food, busing, building maintenance, school guards, and payroll services The central office of the school system administers these functions. An EPP review of *New York Times* news articles found that during the 1930’s Mayor LaGuardia began to centralize many services that used to be the responsibility of principals. Some of the impetus came from efforts to eliminate flagrant corruption, such as high fees for school lunches, as well as the need to rapidly create public employment programs during the Great Depression. Among all these centralized services, the cost of contracts with private school bus companies has increased the most over the past twenty years. These expenditures in the 2006-07 school year totaled \$937.6 million. This is high for a school system where most students either walk or take public transportation to school.

Special education programs for more severely disabled students “Citywide Special Education” is almost a parallel school system for students with severe learning, emotional, or physical disabilities, who are mostly served in separate buildings. But some schools serving general education students also have a number of classrooms set aside for Citywide programs. School administrators have little responsibility for these students beyond scheduling access to different parts of the school building for lunch, gym, and bus transportation. Much like charter schools, these Citywide programs are treated like subtenants. Citywide expenditures for the 2006-07 school year totaled \$652.3 million. The closure of large institutions for disabled children in the 1960’s and 1970’s shifted a share of the costs for educating these children from the state to local school districts.

Non public schools This is a catch-all category that covers funding for the Fashion Institute of Technology, pre-school special education programs run by a variety of non-governmental agencies, charter schools run by private groups, and pass-through funding for special education provided by private schools. Over the last eight years, expenditures have more than doubled from \$497.3 million in the 1999-00 school year to \$1.112 billion in the 2006-07 school year. Part of this increase is due to the growth of expenditures for charter schools, which was \$490 million for the 2006-07 school year.

⁷ This EPP review is summarized in Table 10 in the Appendix with details for selected school years along with a Narrative on school-level personnel formulas, also in the Appendix.

At the school level, despite a plethora of distinct funding streams over the last twenty years, allocations for school staff can be grouped into three categories:

- A) Classroom teachers,
- B) Out-of-classroom staff, and
- C) Extra staff for high-need students.

These personnel expenditures total \$7.477 billion in the 2006-07 school year and account for three fourths of all spending for instruction and programs. Contrary to EPP's expectations, there were only two budget areas where change took place in the transition to mayoral control: tax-levy funding formulas for out-of-classroom staff and categorical funding for high-need students. The next section will describe changes in categorical funding. What follows is a simplified description of major tax-levy funding streams for personnel and their interrelationship at the school level. For a more detailed description of funding formulas, see the Narrative in the Appendix.

A) General education teachers: The two funding formulas for classroom staffing have not changed in over twenty years and did not change with mayoral control.⁸

Allocation formulas for special education teachers have been so varied over the years that we did not track them for this comparison of staff funding for schools. Even in the 2006-07 school year, these special education formulas were still being changed.⁹ But the two main funding formulas for general education teachers (called "workload" and "breakage") have been in place and consistently applied for the last two decades with some variations in staffing levels for Title 1 schools.¹⁰ The "workload" formula provides sufficient funding for classroom teachers and additional teachers needed to provide a full school day for students even when teachers have preparation or administrative periods out of the classroom. "Breakage" provides 5% to 6.39% above the total salary amount for teachers because of variances in actual class sizes and in order to round up fractional teacher salaries. The formulas have not changed because there has been no progress in reducing average class sizes in collective bargaining agreements, which remain 25 students in the early grades; 32 in grades 4th to 6th; 30 in Title 1 middle schools; 33 for non-Title 1 middle schools; 34 for high school subject classes; and 28 for high school vocational classes. As the summary chart of Table 10 and the Narrative in the Appendix show, for three different-sized hypothetical elementary schools eligible for federal Title 1 funds, the "base teacher workload" and "breakage" formulas have provided enough funds so that:

- A small school with 420 students could have 19 general education teachers;
- A medium-sized school with 840 pupils could have 38 general education teachers;
- A large school with 1,680 students could have almost 77 general education teachers.

EPP's review of BOR/SAM memos found that the methodology for computing the average teacher salary has varied. In some years, when teacher positions were funded on the basis of the average salary for the community school district, a "fall" average was combined with a "spring" average. In other years, the average was based on an April or a

⁸ A third formula, "Supporting Occasional Absence" to pay for substitute teachers was also in use for twenty years, but the funding was often retained at the community school district and high school district level.

⁹ When school budgets were implemented in September 2003, there were complaints by school principals that the teacher workload and class size factors had not been computed correctly for special education classes. Ever since there have been annual corrections or changes to some special education staffing formulas, including the use of different student counts and the addition of new types of classes. Funding guidelines have become more prescriptive.

¹⁰ Twenty years ago, Title 1 schools received additional tax-levy funding so that these schools had smaller class sizes and teachers had more preparation periods. The "workload" formulas were changed in 1994-95 for non-Title 1 elementary schools to bring them up to the same standards as Title 1 schools. These differentials still remain in effect in middle schools.

June computation, which produced a higher dollar amount.¹¹ When the school system has faced big budget cuts, the average salary for teachers has been adjusted by a projection of retirements of higher-paid teachers, thus lowering the dollar amount. One of the unanticipated developments in the transition from community school district budgeting to school-site budgeting (where an average teacher salary is computed for each school) is that in some schools this average has declined as higher-paid teachers have retired.

For the most part, when the average teacher salary was based on the average for each community school district, the “average” kept increasing slightly each year because of collective bargaining increases and because teacher retirements were balanced by upward adjustments to the salaries of many other teachers. In the smaller scale of a school, however, the retirement of four teachers among nineteen teachers can dramatically reduce the school’s average teacher salary computation. Why does this matter? After all, if these retiring teachers have been replaced by newly-hired teachers at half the salary of the most senior teachers, an average computed for all the teachers in the school should be sufficient to cover the school’s payroll costs for them. The decreases in average teacher salaries matter for one important reason. Many principals use a portion of their allocations for “base teachers” and “breakage” to cover the salaries of out-of-classroom staff, not teachers. This is not illegal. The NYC Board of Education has often used this wording at the beginning of its explanations of funding formulas:

- “Three fundamentals should be kept in mind while reading this document
- The Allocation Formulas are a method for distributing dollars.
 - The Allocation Formulas are not a method for distributing positions.
 - The Allocation Formulas are not a set of guidelines for staffing schools.”¹²

There are enough variations in the numbers of students at different grade levels and loopholes in calculating class size maximums to allow school principals to use some of their teachers “workload” and “breakage” allocations to cover a portion of the payroll costs of school secretaries, librarians, counselors, aides, assistant principals, and other out-of-classroom staff. When the average teacher salary for a school decreases, principals are forced to make difficult decisions: to use more of their teacher dollars for out-of-classroom payroll costs or to reduce their out-of-classroom staff. At the elementary school level, many schools are forced to keep class sizes high year after year because they are provided with insufficient payroll funds to cover the costs of a librarian, a counselor, school aides, or an assistant principal.

B) Out-of-classroom staff: these allocation formulas have changed frequently over the twenty-year period analyzed by EPP, but they have always provided inadequate funding. This funding became even more inadequate after mayoral control. While the formulas for teachers are based on union-contract provisions for class size maximums and teacher preparation periods, in contrast, the formulas for allocating funding for school administration are not based on any standard for staffing schools beyond covering a principal’s salary and those of librarians and counselors at the middle school and high school levels. Unlike the allocation formulas for teachers, allocation methods for funding for out-of-classroom staff and school supplies have varied over the last twenty years and the dollars even more so, as can be seen in the summary chart in Table 10 and the

¹¹ As the school year progresses, two factors increase the average teacher salary: 1) newly hired teachers (with low salaries) quit or are asked to leave or, at the high school level, are laid off because of student register decreases and 2) more teachers finally receive the payroll adjustments they are due for longevity or prior teaching experience (if newly hired).

¹² NYC Board of Education *Allocation Formulas 1986-1987*, page 1.

Narrative, both in the Appendix. Until the 1999-00 school year, there were three to four major funding streams that provided personnel funding for out-of-classroom staff:

1) "school organization," 2) "school support per capita," 3) "supporting percent," and 4) "basic school staffing." From 2000-01 to 2002-03, three school years before mayoral control, some of these allocations were consolidated with smaller funding streams and there were only two major funding streams remaining for out-of-classroom staff:

"School organization" which provided \$43,175 to every elementary and middle school and \$653,000 to every high school; and

"School support per capita" which grew from \$346 per student for elementary and middle schools to \$455 in 2002-03 and \$705 per high school student. The dollar increases really represented only another consolidation of other funding.

In 2003-04, the first full school year under mayoral control when school-site budgeting began in earnest, these two funding streams were retained.¹³ But the dollar amounts for "school organization" and "support per capita" were significantly changed. Small elementary schools benefited from a five-fold increase in "school organization," but mid-sized and larger schools lost half of their "per capita" funding. In the second year of mayoral control of schools, "per-capita" funding was cut again and these shortfalls grew larger, especially for big elementary schools. The following summary shows the impact of these changes in allocations for out-of-classroom staff for elementary schools with 420 students, 840 students, and 1,680 students.

Comparison of Funding for Base Teachers and for Out-Of-Classroom Staff for Elementary Schools							
School Year & School Size	Gen Ed Teacher Dollars Base+5%	G. E. Tchr Positions	Schl. Org. Dollars	Per Capita Dollars	Total O-O-C Dollars	O-O-C \$ as % of Tchr \$	O-O-C Positions. if equal to Tchr \$
2001-02	@\$48,080			@\$346			
Small school	\$922,343	19.18	\$43,175	\$145,320	\$188,495	20.44%	3.92
Middle sized	\$1,844,686	38.37	\$43,175	\$290,640	\$333,815	18.10%	6.94
Large schl.	\$3,689,373	76.73	\$43,175	\$581,280	\$624,455	16.93%	12.99
2002-03	@\$54,950			@\$455			
Small school	\$1,054,134	19.18	\$43,175	\$190,932	\$234,107	22.21%	4.26
Middle sized	\$2,108,268	38.37	\$43,175	\$381,864	\$425,039	20.16%	7.74
Large schl.	\$4,216,536	76.73	\$43,175	\$763,728	\$806,903	19.14%	14.68
Mayoral Control — School Budgets							
2003-04	@\$55,881			@\$198			
Small school	\$1,071,994	19.18	\$230,000	\$83,160	\$313,160	29.21%	5.60
Middle sized	\$2,143,987	38.37	\$230,000	\$166,320	\$396,320	18.49%	7.09
Large schl.	\$4,287,275	76.73	\$230,000	\$332,640	\$562,640	13.12%	10.07
2004-05	@\$56,881			@\$86			
Small school	\$1,150,902	19.18	\$230,000	\$36,120	\$266,120	23.12%	4.68
Middle sized	\$2,182,355	38.37	\$230,000	\$72,240	\$302,240	13.85%	5.31
Large schl.	\$4,364,709	76.73	\$230,000	\$144,480	\$374,480	8.58%	6.58

See Table 10 in Appendix for selected years and summary chart.

This summary shows that the number of base teachers remained stable before and after mayoral control for all three sizes of schools, but funding for out-of-classroom

¹³ The names of the funding streams were changed. "School organization" became "fixed rate" or "school overhead" and "school support per capita" simply became "per capita."

staff decreased significantly for all but small schools. The large elementary schools with over 1,680 students lost at least \$244,263 from their 2002-03 funding levels, and the next year they were down by over \$432,423. Within two years, the largest schools lost more than half of their personnel funding for out-of-classroom staff.¹⁴ If these staff positions are quantified as equivalent in dollars to teacher positions (last column), large elementary schools lost funding for eight staff positions by the second year of mayoral control and middle-sized schools lost more than two staff positions. Undoubtedly, some elementary schools reduced their out-of-classroom staffing, which is bare-bones compared to schools in the rest of the state. But widespread complaints by teachers and parents about increases in class sizes after mayoral control indicates that many principals increased the numbers of students in each class and applied the “savings” from their “base teacher” and “breakage” allocations towards the payroll costs of school secretaries, aides, and assistant principals. Elementary schools were hit the hardest, especially those with librarians and counselors, but there were also some reductions for middle and high schools. These are the formula changes that took place in the funding streams for out-of-classroom staff in the first two years of mayoral control:

“School Organization” allocations for 2003-04 and 2004-05

School Level	\$ Allocation
Elementary	\$230,000
Middle	\$325,000
High School	\$430,000

“Per Capita” allocations based on school student registers

School Level	School Yr	\$ Allocation	School Yr	\$ Allocation
Elementary	2003-04	\$198	2004-05	\$86
Middle	2003-04	\$198	2004-05	\$200
High School	2003-04	\$590	2004-05	\$450

“School organization” and “per capita” allocations may appear to be more generous for middle and high schools, but it should be remembered that these schools are supposed to fund librarians and counselors from these allocations. More importantly, the majority of middle and high schools educate 800 or more students, so for most of them the increase in “school organization” amounts were outweighed by the reductions in “per capita” dollar amounts. Small middle schools and high schools, on the other hand, gained funding. After the 2004-05 school year these out-of-classroom formulas have increased slightly only because of collective bargaining salary increases.

Some parents and advocates suspected that these changes reflected the new administration’s bias in favor of small schools. NYC Department of Education officials, such as Deputy Chancellor for Instruction Carmen Fariña, frequently made public statements that small school were simply more “efficient in their use of funding” without acknowledging that more funding had been provided to them. The Chief Financial Officer who structured these changes, Bruce Feig, asserted that big schools had “economies of scale,” a term usually reserved for much larger systems, and that these schools could easily find pots of money from their million-dollar budgets to augment funding for out-of-classroom staff. The majority of city students, however, are educated in large schools, and thus experienced cuts in teachers, course offerings, and special programs.

¹⁴ In the 2004-05 school year, the NYC Department of Education planned to provide “per capita” allocation only up to 600 students, but these budget plans were rescinded in the first week of the school year because of widespread protests and pressure from the NYS Legislature.

There is another plausible explanation for why these budget cuts were crafted. In the BOR/SAM allocation memos that EPP reviewed for the twenty-year period, a frequent description of “supporting per capita” was often “the amount available.” Since this allocation was not tied any standard for staffing, in bad budget years this was the part of the budget that could be cut without violating collective bargaining agreements or state or federal mandates. While out-of-classroom staffing was cut in the first year of mayoral control, almost every school was supposed to get three additional staff positions outside of the regular personnel funding streams: a parent coordinator and teacher coaches for literacy and math (there were too few math coaches with the requisite background to fill all these new positions). Though budget documents repeatedly stated that Children First initiatives were funded by additional, new funding, the reality was that these new out-of-classroom staff positions were added to many schools that had lost tax-levy funding for out-of-classroom staff equivalent to anywhere from two to ten positions. In short, funding for these three new positions was made possible, in part, because of reductions in “per capita” funding despite these official disclaimers. It is also interesting to note that the new administration was so dedicated to ensuring that every school fill these three specific new out-of-classroom positions that the positions were funded outside of the school budgets they had created for every school. Had schools been allocated more funds through “school organization” or “per capita” allocations for these three new positions there would have been no way of making sure that the extra dollars would not have gone to plug the holes created by sharp reductions in “per capita” funding.

Given these city school funding policies, Campaign for Fiscal Equity funds to reduce class sizes may be used by schools to close these continuing budget shortfalls. An examination of the recent history of efforts to reduce class sizes shows that funds for “extra” teachers tend to be used merely to maintain current class sizes. A 2005 audit by NYS Comptroller Hevesi, released on March 16, 2006, evaluated the use of an \$88 million-a-year state program to reduce class sizes in the early grades. Kindergarten-to-third-grade classes were supposed to be reduced from an average of twenty-five students to an average of twenty students. The following chart appears on page sixteen of the audit comparing the number of early-grade class sizes in the 1999-00 school year that were at an the average of twenty-five students (13,267 classes) and the number of newly created classes above this baseline number.

Actual Number of Classes from Kindergarten through 3rd Grade in NYC Schools			
School Year	Tax-Levy Base Year	Actual Number of Early-Grade Classes	Difference
2001-02	13,267	14,148	881
2002-03	13,267	13,918	651
2003-04	13,267	13,574	307
2004-05	13,267	13,287	20

The summary shows that despite an annual allocation by the state of \$88 million to pay for additional teachers so that average class sizes could be reduced, there were 861 fewer early-grade classes in the 2004-05 school year than in the 2001-02 school year. The steepest reductions in the number of extra classes took place in the two-year period of reductions in funding for elementary school out-of-classroom staffing. This is a textbook case of how categorical funding, that was supposed to pay for extra instruction, ended up being used to plug the holes created by reductions in city tax-levy funding. The audit stated that the target goal of the program, an additional 1,586 new classes, was never met. A fifty-percent compliance level by the city in 2001-02 fell to less than a one-percent compliance rate by the second year of mayoral control of schools, even though the state continued to provide \$88 million a year. In a close review of a random sample of fifty-four

elementary schools, the NYS Comptroller's audit found that almost half of these schools had fifty-five fewer tax-levy teacher positions than required.¹⁵ State funds for "extra" teachers became funds for teachers whose salaries should have been tax-levy funded. The result of these practices is that a majority of young students continue to be educated in classes above twenty students despite nine years of "extra" funds from the state. Even with accountability measures adopted to ensure that CFE funds result in smaller class sizes, continuing city budget policies will make it difficult to achieve this goal.

Resource problems at the school level may grow far worse under "Fair Student Funding." This per-pupil allocation system, when fully phased-in, will eliminate any relationship between tax-levy funding and actual teacher salary levels. What is now "reality based" could become an abstract dollar amount. In January 2007, school officials announced that in the 2007-08 school year, in order to further simplify school funding and eliminate "inequities," schools would be provided with a flat fee per pupil, with added per-pupil amounts (called "weights") for low-income students, English-language learners, and low-achieving students.¹⁶ On the surface, this new school funding system seems to be simpler to understand and fairer. Chancellor Klein asserted that better-off schools historically received more funding because they tend to retain their teachers, and thus their teachers are at higher salary levels. In contrast, schools serving low-income children have higher rates of teacher turnover and thus lower average teacher salaries. Additionally, by providing extra per-pupil funding for high-need students, better performing schools would seek them out.

These extra student "weights," however, are lower than those provided by state's new funding system. The city weights now range from \$947 for student poverty at the elementary school level to a high of \$1,974 for low-income students who are also low-achieving at the middle school level. Weights range for English Language Learners from \$1,578 to \$1,974 and for special education students from \$1,578 to \$9,994. For one year, schools with more senior teachers will be getting the same funding as last year under a "save harmless" program. Almost half of schools serving high numbers of low-income students are funded on this save-harmless basis, because, contrary to expectations, they have a stable teacher workforce with high average teacher salaries. The most serious problem with this new funding system is that it eliminates the only part of the current school budget that is based on standards for staffing and actual salary levels. As this section has mentioned, allocations for out-of-classroom staff have risen or declined based on "the funds available." The only stable funding for schools has been for classroom teachers based on real workload and real salary factors. These classroom staffing standards are eliminated in a per-pupil funding system. If there is a future downturn in the city's economy, the per-pupil dollar amount could remain flat or even decrease.

Another possible outcome, if this funding system is adopted systemwide, is that some principals may perceive that there is a budgetary benefit from high teacher turnover. In the past, the salaries of teaching staff were funded irrespective of their salary levels. If all schools are funded on a per-student basis, inexperienced, new teachers will provide a budget "savings" while more experienced teachers at higher salary levels will become an "excess cost." The intellectual author of this funding approach, Dr. Marguerite Roza of the University of Washington, readily admits that this funding system reduces the numbers of high-salaried teachers.¹⁷

¹⁵ NYS Comptroller Audit 2005-N-3, *Administration of The Early Grade Class Size Reduction Program*, pages 26-27.

¹⁶ The per-student amounts are \$3,902 (elementary), \$4,091 (middle school) and \$3,902 (high school) with added weights for type of high school.

¹⁷ Education Sector Reports, *Frozen Assets*, January 2007. This article is available on EPP's web site, Edpriorities.org.

4. FUNDING FOR HIGH-NEED STUDENTS

IN THE FIRST TWO YEARS OF SCHOOL BUDGETS UNDER MAYORAL CONTROL, WERE THERE PLANS TO REDUCE FUNDING FOR HIGH-NEED STUDENTS?

- [√] **Yes, even though federal Title 1 funds were increased by \$92 million in the 2003-04 school year, Title 1 per capita funding going to schools was reduced from \$951 per student to \$901 per student. A larger proportion of Title 1 funds went to central initiatives, such as funding for literacy and math coaches. In the 2004-05 school year, Title 1 funding to the city increased again by \$73 million, but again Title 1 per capita funding was reduced to \$868 per student.**

- [√] **No. In the adopted city budget for 2003-04, special education staff funding for high schools was supposed to increase by \$23 million from prior-year funding of \$174 million. Instead, personnel expenditures fell to a total of just \$56 million. Similarly, special education funding for personnel in elementary and middle schools was supposed to increase to \$533 million from prior-year funding of \$383 million. Instead, in the first year of mayoral control of schools, these expenditures in elementary and middle schools fell to a total of just \$325 million. There is no satisfactory explanation for this dramatic, but unplanned, reduction in special education expenditures. Even by the second year of school budgeting, special education expenditures did not return to those in the 2002-003 school year.**

The last section described formula changes in tax-levy funding for school personnel when mayoral control ushered in school budgeting. Essentially, the formulas for general education teachers did not change, but the formulas for funding out-of-classroom staff was changed in a way that benefited smaller schools but created large budget gaps for mid-sized and large schools. By the second year of school budgets, mid-sized schools lost funding equivalent to two out-of-classroom positions and large schools lost funding equivalent to eight positions. This examination of tax-levy personnel formulas helped EPP understand why parents and teachers reported significant budget cuts and class size increases at the school level in the first two years of mayoral control of schools at the same time that the city's adopted budgets showed increased funding for general education instruction.

A similar analysis for funding for high-need students posed two difficulties:

1) There are many more funding streams for high-need students. The first difficulty is that the emergence and disappearance of specific funding streams in this area of allocations to schools have been so numerous and constant that they cannot be covered in detail by an overview. For example, in the last section on tax-levy formulas for school personnel, EPP followed changes in six major formulas (two for general education teachers and four for out-of-classroom staff) over the last twenty years. In contrast, there have always been anywhere from fifteen to twenty major categorical programs and, until the 2000-01 school year, between thirty to forty allocation tables for special education funding (not including Citywide Special Education, which is a central division and has separate allocations). Beside the sheer number of formulas, many of them change slightly

each year or are replaced by new formulas or programs. Even after the 2004-05 school year, when school budgeting had become more stable and predictable, there still have been constant changes to funding formulas for special education teachers and services, some of them corrections of errors in funding formulas for special education teachers in prior years. EPP's solution to this problem was to focus only on 1) the largest program in categorical funding, the federal Title 1 program for high-poverty students, and 2) the Special Needs/Academic Intervention Services (SN/AIS) block grant, created in 2000-01, which includes state funds for high-poverty students and English Language Learners (ELL) as well as federal, state, and city funds for special education services at the school level.

2) EPP's analysis of funding formulas for high-need students found no changes that would account for the extent to which these services were reduced.

In the last section, EPP's analysis of tax-levy personnel formulas found no change in how teachers were funded, but EPP did find a significant change in how out-of-classroom positions were funded. We had expected to find a similar change in the formulas for high-need students, but found none. Despite NYC Comptroller reports showing a dramatic drop in special education expenditures by schools, which substantiates reports of decreased services for special education students in the first two years of school budgeting, there was no change in the funding formula for the SN/AIS block grant in the transition to school budgeting other than the elimination of two minor "weights."¹⁸ Furthermore, the city's adopted budget showed no planned reductions in special education funding. EPP did find that Title 1 per-capita allocations to schools were reduced over this two-year period from \$951 in the year before mayoral control of schools to \$901 in FY 04 (despite a \$92 million increase in Title 1 funding to the school system) and reduced again to \$868 in FY 05 (despite an increase of \$73 million). Over this two-year period, this represented a \$83 per-student reduction.¹⁹ For medium-sized and large schools this would result in the loss of one to two positions, if these positions were considered equivalent to a teacher's salary. While these reductions created additional budget shortfalls in personnel funding at the school level, these reductions are not of sufficient size to explain the widespread reports of the elimination of Title 1 programs at the school level.

It is possible that the reduction in Title 1 programs for high-need students resulted primarily from continuing efforts by schools to close their tax-levy budget shortfalls for out-of-classroom staff. Changes in Title 1 per capita allocations to schools cannot fully explain the degree of contraction of these programs reported for the first two years of school budgeting. However, the contraction of student services could have resulted if a portion of student-need funding was used by some schools to solve tax-levy shortfalls. The lack of publicly available budget details about funding for extra services for high-need students makes it difficult to ascertain if this occurred.

Here is a fairly typical pattern of how "extra" funds can be used to plug tax-levy budget shortfalls at the school level. Over the last several years there has been a gradual disappearance of elementary school music, art and physical education teachers. These are cluster teachers who cover classes when regular classroom teachers take their preparation periods and are funded through the tax-levy "teacher workload" formula described in the last section (page thirteen). In almost all cases, they have been replaced by teachers providing extra help in reading or math. This may represent a greater focus on academics or student test-taking drills. But this trend also represents a method that

¹⁸ See page 5 of Narrative on school-level personnel formulas in the Appendix. The minor "weights" that were eliminated were for student mobility rates and a count of the number of uncertified teachers in a school.

¹⁹ Title 1 increases as reported by the NYC Comptroller's *Annual Financial Report* for each fiscal year.

principals routinely use to replace a tax-levy funded teaching position with a position funded by federal Title 1 or state funds for low-income children. The tax-levy “savings” of one teacher’s salary can then be applied to the payroll costs of school secretaries and aides. In short, the purposeful underfunding of out-of-classroom staffing has resulted not only in fewer teachers and larger class sizes, but has also resulted in narrowing the curricula and providing little if any “extra” services to high-need students.

Principals have been using Title 1 funds in a myriad of ways, from paying for a reading or math teacher or for a partial teacher’s salary or for a stand-alone Title 1 program, such as an after-school program. For most years under Chancellors Cortines, Crew, and Levy, increased federal funding for Title 1 had been passed along to the schools. Some schools used these increased Title 1 funds to start or expand stand-alone Title 1 programs for students while other schools replaced more of their tax-levy teachers with Title 1 funded teachers so the tax-levy “savings” could be used to support the salaries of their out-of-classroom staff. When school budgets were created in the first year of mayoral control, principals were faced with declines in Title 1 per-capita funds: These allocations fell from an average of \$951 per student in the 2002-03 school year to \$901 in 2003-04 and then to \$868 in 2004-05. Over a two year period, for a large school of 1,600 students this resulted in the loss of funding for two Title 1 positions at the same time that out-of-classroom funding was reduced by eight positions, if equivalent to average teacher salaries. Mid-sized schools lost the equivalent of one Title 1 position and two out-of-classroom positions during this two-year period.²⁰ Small schools still gained overall funding because of the increase in the “School Organization” allocations. The chart below describes elementary schools where 70% of the students were receiving free lunch. The per-pupil allocation is based on a per-capita dollar amount closest to the citywide average.

Comparison of funding and staff positions for Base Teachers, for Out-Of-Classroom Staff, and for Title 1 programs for Title 1 elementary schools							
School Year & School Size	Gen Ed Teacher \$ Base+5%	G. E. Tchr Positions	Total O-O-C Dollars	O-O-C Pos. = to Tchr	Total Title 1 Dollars	Title 1 Pos. = to Tchr	Teacher, O-O-C Title 1
2002-03	@\$54,950				Title 1 per capita \$951		
Small school	\$1,054,134	19.18	\$234,107	4.26	\$279,594	5.09	28.53
Middle sized	\$2,108,268	38.37	\$425,039	7.74	\$559,188	10.18	56.28
Large school	\$4,216,536	76.73	\$806,903	14.68	\$1,118,376	20.35	111.77
Mayoral Control — School Budgets							
2003-04	@\$55,881				Title 1 per capita \$901		
Small school	\$1,071,994	19.18	\$313,160	5.60	\$264,894	4.74	29.53
Middle sized	\$2,143,987	38.37	\$396,320	7.09	\$529,788	9.48	54.94
Large school	\$4,287,275	76.73	\$562,640	10.07	\$1,059,576	18.96	105.76
2004-05	@\$56,881				Title 1 per capita \$868		
Small school	\$1,150,902	19.18	\$266,120	4.68	\$255,192	4.49	28.35
Middle sized	\$2,182,355	38.37	\$302,240	5.31	\$510,384	8.97	52.65
Large school	\$4,364,709	76.73	\$374,480	6.58	\$1,020,768	17.95	101.26

See Table 10 in Appendix for selected years and summary chart.

It is possible that more principals shifted their Title 1 funding from stand-alone programs, such as after-school programs, to teachers. By replacing tax-levy cluster teacher positions with Title 1 funded math and reading teachers, more tax levy funding

²⁰ It should be noted that in the chart on this page and in the summary of Table 10 in the Appendix, Title 1 positions are assumed to be equivalent to the average teacher salary. This may overstate the number of Title 1 positions because employee benefits must come out of these Title 1 allocations. On the other hand, because schools receive Title 1 funds on a per-student basis, less-senior employees are often funded by Title 1.

would become available for out-of-classroom staff. This shift of funding would also explain why there were so many reports of the reduction or elimination of “Title 1” programs. Parents, in particular, are more familiar with the use of Title 1 programs for stand-alone programs and are less familiar with the use of Title 1 funding for teachers’ salaries. Thus, parents would perceive the reduction or elimination of a stand-alone Title 1 program as a sizable cut in Title 1 funds, when it primarily represented a shift in how Title 1 funds were being used by the school.

Explanations for the dramatic decrease in special education expenditures are even more difficult to evaluate. There may have been a reduction in services to special education students in order to solve shortfalls in tax levy funding. Another possibility is that additional general education expenditures may have been necessary to solve errors in the formulas for special education teacher staffing. Or the drop in expenditures may simply have revealed errors in special education budgeting that existed before mayoral control of schools. The year before mayoral control, personnel expenditures for high school special education staff had totaled \$214.6 million. In the next year, they totaled \$56.2 million. Comparable figures for special education staff at elementary and middle schools were \$493.9 million for the 2002-03 school year and \$345.4 million in the 2003-04 school year. (See Table 9 in the Appendix.) These are dramatic reductions in expenditures, but they were not planned. In the first year of school budgeting, 2003-04, the school system’s adopted budget showed planned increases of \$23 million for high school special education staff and \$130 million for elementary and middle school special education staff. The need to close school budget gaps combined with the elimination of oversight by district-level special education staff may have resulted in the reduction of services to special education students.

The origins of this problem began in the 2000-01 school year, when there was a dramatic change in the allocation methodology for categorical “high-need” state and federal funds. NYS Education officials wanted to encourage school districts to use more of their special education funds to prevent low-achieving students from being referred to special education programs. NYC school budget officials responded by combining 45 funding streams, mostly special education but also PCEN and Module 2B funds, into a block grant called “Special Needs/Academic Intervention Services” (SN/AIS).²¹

The new formula was not simple: there were seven types of “need” that were counted to create a “virtual register” of high-need students for each school. EPP’s major criticism of the consolidation was that city school officials had created formulas that primarily allocated the majority of funds to special education and low-achieving students with no real monetary incentives to provide the intervention services that would raise student achievement or prevent special education referrals. The other major problem with SN/AIS block grant was that the “flexibility” in the use of funds was an illusion. District-level special education staff still told principals what classes or services to provide at the school level for special education students. In turn, principals continued to use funds allocated to them for “poverty” or “low achievement” in the same ways that they had always used PCEN and Module 2B funds.

Only minor changes were made in the formula used for the “virtual register” in the 2003-04 school year when school budgeting began.²² But the “flexibility” promised by the SN/AIS block grant became a reality, because the new administration’s restructuring had eliminated most community school district special education staff and, suddenly, there was no close supervision about how special education funds were used. As discussed in

²¹ See Narrative in the Appendix for an explanation of PCEN and Module 2B funding.

²² The seven types of need used in counting students were reduced to five due to the elimination of factors for student mobility and uncertified teacher.

Section 2 (page nine), the \$445 decrease in special education expenditures in the first year of school budgeting was characterized as a result of “coding errors.” Despite this explanation, for the next two years “special education compliance” became the main activity of the Deputy Chancellor for Instruction. In the second year of school budgets, the “virtual register” method was changed into a per-capita formula. The formula was also restructured to allow principals to form classes for special education and English Language Learner students even if the students fell below the number required to fund a teacher. Nevertheless, special education expenditures in schools still remained below 2002-03 levels. By the third year of mayoral control, SN/AIS funding stream guidelines became more prescriptive. This same year, 2005-06, special education expenditures by schools approached the levels experienced before school budgeting began. Even in the current school year, however, there are complaints that in some schools special education students are not getting the services mandated by their Individualized Education Program.²³

Alternative explanations for the decrease in expenditures for special education at the school level that have some validity. One is that there were errors in the structure of school budgets for special education, so the full budgeted amount could not be spent and had to be augmented with additional general education funding. For example, principals in the first year of school budgeting asserted that the same “workload” formula used for general education teachers was used for special education teachers. This was a serious error because, in most cases, special education class sizes were half the size of general education classes so the teacher-student ratio was very different. In the second year, principals stated that schools were not being funded for students who needed more than one period of Resource Room, now called SETSS (Special Education Teacher Support Services). Only this year, funding has been belatedly provided for preparation periods for some special education teachers. It is possible that principals funded these shortfalls in formulas for special education with new allocations of tax levy funding. Thus, the pattern was that errors or problems in the budget formulas for special education emerged and were addressed in the subsequent year. In the first year of school budgeting, general education expenditures were much higher than anticipated in the city budget, and a portion of these expenditures may have been spent to fully fund special education teacher salaries. This give credence to the explanation that reductions in special education expenditures were merely budget “coding errors.” Nevertheless, had reductions in expenditures stemmed only from these technical errors, the decrease in special education expenditures should have been proportional to the size of the special education staff at different school levels. The steepest reductions, however, were at the high school level with far fewer special education teachers and classes than elementary and middle schools. High schools tend to be larger, and these schools had the biggest budget gaps for out-of-classroom staffing in 2003-04 and 2004-05.

A second explanation rests on speculation that special education budgeting, which tends to be prone to errors, was poorly structured before mayoral control of schools. Therefore, expenditures in the first year of school budgets were accurate for the first time and spending in this area was quantified correctly. The main problem with this explanation is that after the 2003-04 and 2004-05 school years and efforts by top school officials to secure school-level compliance with special education mandates, the proportion of special education spending returned to the same proportion as in the 2002-03 school year, before school budgeting and mayoral control of the schools began.

²³ “Student Claims School Fails to Deliver Mandated IEP Services,” *New York Teacher*, March 15, 2007, page 2.

5. BUDGET TRANSPARENCY & EQUITY

UNDER MAYORAL CONTROL, IS THERE MORE TRANSPARENCY ABOUT THE DISTRIBUTION OF EDUCATIONAL RESOURCES?

- [√] **No. While more budget details are now available about school-level resources, there is less public information on the distribution of resources at the systemwide level.**

IS A LARGER SHARE OF RESOURCES NOW DIRECTED TO HIGH-NEED STUDENTS?

- [√] **The question of whether equity has increased or decreased under mayoral control cannot be answered because of a lack of information.**

In New York City's very large school system, with over one million students, the education budget is frequently the only source of information that provides a large enough snapshot of the instructional and service programs that are in place for children. From the 2003-04 school year onward, when the period of mayoral control began, objective funding formulas and budgets have been created for each public school. While total dollar figures are now provided for over 1,300 schools on the web site of the Department of Education, on the other side of the ledger, figures for how much funds are retained at the central level and for what purpose, are no longer provided with any consistency. In short, "transparent" budget reporting for how education dollars are spent in New York City has not yet been achieved.

An example of a lack of budget transparency is that there has been no Department of Education information in three out of the last four years about the amount of federal Title 1 funds available to the school system. In all four years, there has not been a full explanation of how Title 1 funds are being used. With the exception of one school year, 2004-05, the allocation memoranda for Title 1 has been lacking the most basic details. For the other years, NYC Comptroller financial reports were needed just to learn how much Title 1 funds the New York City school system received. Unfortunately, the Comptroller's annual audit of city's expenditures does not provide enough details in the Department of Education's section on categorical programs (called "Reimbursable Funds") to show how Title 1 funds have been spent.

The summary on the next page traces the availability of information on how Title 1 funding was distributed by Department of Education. This summary also traces the proportion of funds allocated to high-poverty schools on a per-capita basis as a share of total Title 1 funds. The second half of the summary provides information from the NYC Comptroller's *Annual Financial Report*. Because of more complete reporting in the 2004-05 school year, EPP was able to determine that Title 1 funds withheld at the central level increased fourfold from \$46.5 million the year before mayoral control of schools began to \$204.1 million in 2004-05. For the other three years, there is no report on the dollar amount of Title 1 funds withheld for central programs. Until the recent budget year, the share of total Title 1 funds distributed to the schools on a per-student basis fell from a high of 85.29% in the last year under the old Board of Education system to a low of 58.52% in 2005-06. This downward trend was reversed in the most recent school year,

Proportion of Title 1 Funds allocated to public schools on Per-Capita Basis based on Department of Education Information					
School Yr	2002-03	2003-04	2004-05	2005-06	2006-07
Allocation Memo #	BOR #1 Table G:2.1 BOR #17	SAM #1 Section H Sam #15	SAM #1 Section R SAM #27	SAM #3 SAM #55	SAM #3 SAM #55
Total Title 1 reported	\$612,692,353	NA	\$777,570,093	NA	NA
Non-Public Schools	\$38,640,974	\$40,356,431	\$43,297,177	\$44,173,084	NA
Neglected Child A*	\$2,061,839	\$1,837,545	\$2,593,440	\$1,374,568	\$1,271,119
Part D*	\$1,673,794	\$2,444,473	\$2,838,129	\$2,459,553	\$1,875,868
For Public Schools	\$571,949,453	NA	\$732,262,460	NA	NA
Ave. NYC Per Capita	\$934.67	\$869.88	\$897.15	\$910.37	\$989.05
Student Poverty Count (Pub. Schls)	602,989	NA	580,127	NA	551,794
Carry-Over from Past Yr.	\$25,000,000	NA	\$34,000,000	NA	NA
Central Title 1 Programs	\$46,523,587	NA	\$204,125,400	NA	NA
Per Capita for Public Schools (no Indirect)****	\$550,425,866	**\$501,464,637	\$510,277,353	\$511,992,419	\$544,388,148
Per Capita for Schools as %	89.84%	NA	65.62%	NA	NA
Proportion of Title 1 Funds Allocated to Public Schools on Per-Capita Basis Based on NYC Comptroller Information on Revenue Budget					
Title 1 NYC Adopted Budget***	\$572,128,024	\$688,128,024	\$802,636,427	\$818,023,000	\$768,023,000
Per Capita for Schools as %	96.21%	72.87%	63.58%	62.59%	70.88%
Title 1 Modified Budget***	\$646,534,352	\$738,533,754	\$812,194,317	\$874,890,300	\$836,949,214
Per Capita for Schools as %	85.13%	67.90%	62.83%	58.52%	65.04%

*As reported in BOR/SAM memoranda after beginning of school year.

**School per-capita amounts derived from Region totals for 2003-04 school year

*** As reported by the NYC Comptroller's *Annual Financial Report* for each year. The modified budget, unlike adopted budget, reflects carryover of Title 1 funds from previous year.

**** A portion of allocations of Title 1 to schools can include indirect costs of providing Title 1 services at the school level. The amounts reported for these years do not include these costs.

The absence of this information about categorical program funds matters, because without it, there is no way of measuring whether students who need extra resources to succeed are actually receiving these extra resources. Extra federal and state funds for high-need students could be used merely to reduce city funding for education. In short, there is currently no way to know if extra funds are being used equitably or for supplanting. Mayor Bloomberg and Chancellor Klein have described the new per-pupil funding system for schools as a method to drive more resources to high-need schools. They argue that schools serving more middle-class communities are better able to retain their teachers, and thus receive more funding to cover senior teacher salaries. The new budgeting system, called Fair Student Funding, adds additional supplements to per-pupil funding, called "weights," for students from low-

income and from immigrant families and for students who are low achieving. In some instances, the new city funding “weights” are below the weights that are provided by state school aid. Under the old state formulas, the NYC Department of Education received \$770.3 million in the 2006-07 school year in Extraordinary Needs Aid, which roughly equated to an additional \$1,212 for every high-poverty student.²⁴ When Governor Spitzer’s administration restructured state School Aid, a 1.30 “weight” for student poverty was created that provided \$1,698 above the per-pupil foundation level.²⁵ The city weight of an extra \$947 for student poverty at the elementary school level is below the state funding allocation for student poverty. However, at the middle school level, schools receive an additional city weight of \$1,974 for low-income students who are also low-achieving. This is a higher weight than provided by state school funding.

It could be argued that a comparison of state and city “weights” is irrelevant. State school aid now provides funding to the city school district based on its overall student-need measures rather than categorical programs for only high-need students. The thinking behind this shift in state funding objectives is that school systems serving largely high-poverty students need investments to bring up the academic performance level of *all* of their schools and that this is a better strategy than targeting funds only to high-need students. In the past, there was a budgetary emphasis on tracing categorical funding with little thought to better student outcomes. Now there is an emphasis in trying to improve the performance of schools serving high-need students. Nevertheless, extra funds are being provided to New York City because so many of its students are high-need, so the school system should be able to show that the needs of these students are being addressed.

Federal Title 1 funds, however, are still targeted funds that are supposed to be used for high-need students only. There may be a problem of supplanting in the use of these funds, which may explain the lack of budget information about this federal program. Even though Title 1 funding for low-income children increased by \$274 million in the first four years of mayoral control, more of these federal funds for low-income children are being withheld by the central level of the school system for its own initiatives. In at least one instance, funding for literacy and math coaches for teachers, Title 1 appears to be supplanting general education expenditures for *Children First* initiatives. For example, in high-poverty schools Title 1 is used to fund a portion of the salaries of these coaches. In non-Title 1 schools, city tax-levy and additional state funds are used to pay the salaries of instructional coaches. The whole concept of targeted categorical funding has been subverted. The city is providing more of its tax-levy funding for instructional coaches for schools not serving high-poverty students, while federal funds are being used in the place of city tax-levy funds in Title 1 schools. So far, federal education officials have not put a halt to this funding practice.

The state law on mayoral control of schools is scheduled to “sunset” on June 30, 2009. The Governor and the NYS Legislature could return to the old governance system or attempt to amend Education Law to improve the current system. Changes in language, however, may not be enough. There must be a political will to secure compliance with current or future requirements for budgetary reporting and targeted funding. Criticism about mayoral control of schools has often focused on the number of no-bid contracts let by the Chancellor and his central staff, which has tripled since mayoral control of the schools. The NYC Comptroller has reported that in 2001, there was a total of 38 non-competitive contracts with a total value

²⁴ Extraordinary Needs Aid revenue from NYC Comptrollers Annual report for FY 2007. Student count of poverty based on 635,258 free-lunch eligible students (whether in Title 1 or non-Title 1 schools) projected for the 2006-07 school year in NYC Department of Education BOR Memo #3, issued April 12, 2006.

²⁵ “EPP Comments on Governor’s Executive Budget,” available on Edpriorities.org website.

of \$15 million. By the second year of mayoral control, there were 94 no-bid contracts with a total value of \$45 million.²⁶ In interviews with NYC Comptroller staff, EPP learned that part of the problem is that in the transition of the school system from governance by the independent Board of Education to governance by the mayor, loopholes emerged. One was that the Department of Education remained a state agency, thus it could not be treated like other city agencies when it came to city oversight of contracting. It is significant that over the course of the last four years, this legal loophole has not been closed by the NYS Legislature or the NYC Council.

In the first year of mayoral control of the schools, when the NYC Department of Education issued its allocation memorandum for Title 1 funds that lacked basic information, EPP at first assumed that the new governance law had altered wording in section 2590-Q-7 of state Education Law requiring reporting of expenditures by the New York City school system. But the new language remained very similar to the previous language in this section (both versions are in Appendix 12):

...the chancellor shall transmit to each community board a statement enumerating the federal, state, city and private funds which have been allocated there under to such community board for its programs....At the same time, the chancellor shall transmit to the community boards a statement of the allocation of the balance of such funds to the several programs administered by him and the city board including the distinct amounts assigned to each category of schools and programs set forth in section twenty-five hundred ninety-i and the amount allocated for the operation of the city board, his office and the other administrative bureaus and divisions thereof.

No “loophole” exists for basic budget information that the city school system is required to provide under state education law 2590-Q. The BOR/SAM Memoranda are issued each year as part of compliance with this statute. Yet, with the exception of the 2004-05 school year, the NYC Department of Education has continued to release incomplete public information on how federal Title 1 funds are used and has done so without any consequences.

The lack of oversight and efforts to secure corrective action, rather than just the existence of “loopholes” in the new governance system, has resulted in education budget practices that continue to be questionable. One of the unforeseen consequences of mayoral control is the lack of willingness of officials at the state and federal level to take action even when there are clear instances of budget “gamesmanship” to reduce city funding for education. In 2006, the Office of the NYS Comptroller belatedly issued an audit documenting the decline in the number of classes in the early grades in New York City and, in a random sample of schools, the supplanting of tax levy funding by state funding for class size reduction. NYC Department of Education officials disputed the methodology used by the Comptroller’s Office, but no governmental body commissioned a new study or challenged the continuation of the state’s \$88-million-a-year program to reduce class sizes in the early grades. Similarly, the federal government has taken no action on the use of Title 1 funding to pay for part of the salaries of literacy and math coaches in Title 1 schools at the same time that these expenses are being covered by tax-levy funds in non-Title 1 schools. Mayoral control of schools has ushered in a degree of invulnerability to basic budgetary oversight by federal and state education agencies as well as the NYS legislature that was unforeseen and that needs to be addressed.

²⁶ “Thompson Delivers Speech on Fiscal Accountability in NYC Schools,” March 12, 2007 press release from Office of the NYC Comptroller.

Table 1: ADOPTED BUDGET City Funds for the Public School System as a Share of Total City Funds, Including All Pension Contributions and Debt Service

Four-Year Period of Board of Education Average Share of City Funds: 21.3313%				
FISCAL YEAR	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total City Funds*	\$24,429,274,959	\$25,759,587,821	\$27,314,509,167	\$29,627,388,368
Unrestricted Fed/St Aid	-\$614,730,137	-\$564,323,068	-\$706,418,737	-\$790,230,164
Net City Funds	\$23,814,544,822	\$25,195,264,753	\$26,608,090,430	\$28,837,158,204
Ed. City Funding‡	\$4,594,112,570	\$4,678,479,305	\$4,878,194,190	\$5,056,703,909
Ed. Debt ‡	\$177,442,962	\$177,442,962	\$191,116,127	\$300,518,943
Ed. Pensions ‡	\$354,548,777	\$471,587,059	\$522,545,718	\$569,777,407
Ed. Other Categorical‡	\$17,222,970	\$21,651,270	\$15,317,970	\$251,017,970
Ed. w/ D & P & OC	\$5,143,327,279	\$5,349,160,596	\$5,607,174,005	\$6,178,018,229
Ed. % of City	21.5974%	21.2308%	21.0732%	21.4238%
Four-Year Period of Mayoral Control NYC Department of Education Average Share of City Funds: 22.6530%				
FISCAL YEAR	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total City Funds*	\$30,863,051,666	\$33,850,492,033	\$35,759,162,652	\$38,008,451,245
Unrestricted Fed/St Aid	-\$555,418,737	-\$562,418,737	-\$562,418,737	-\$339,796,737
Net City Funds	\$30,307,632,929	\$33,288,073,296	\$35,196,743,915	\$37,668,654,508
Ed. City Funding‡	\$5,126,151,697	\$5,412,426,889	\$5,773,199,658	\$6,559,637,751
Ed. Debt ‡	\$559,535,482	\$481,034,879	\$822,512,695	\$806,022,803
Ed. Pensions ‡	\$1,052,667,736	\$1,127,003,784	\$1,546,127,145	\$1,596,590,827
Ed. Other Categorical‡	\$26,517,970	\$23,317,970	\$36,002,630	\$39,338,191
Ed. w/ D & P & OC	\$6,764,872,885	\$7,043,783,522	\$8,177,842,128	\$9,001,589,572
Ed. % of City	22.3207%	21.1601%	23.2347%	23.8968%

*City funds, including transfers from the Capital Budget and Other Categorical Grants
all from page i of *Expense Revenue Contract* report, Office of Management & Budget
for all of the fiscal years (<http://www.nyc.gov/html/omb/home.html>)

‡All from *Expense Revenue Contract* report, Office of Management & Budget for all fiscal years, Agency Expense
Budget Summary for Education (most begin on page 56 or 57), "Funding Summary" & "Notes" sections

Table 2: ADOPTED BUDGET City Funds for the Public School System Operating Budget as a Share of Total City Funds, Excluding All Pension Contributions and Debt Service

Four-Year Period of Board of Education Average Share of City Operating Funds: **21.0595%**

FISCAL YEAR	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total City Funds*	\$24,429,274,959	\$25,759,587,821	\$27,314,509,167	\$29,627,388,368
Unrestricted Fed/St Aid	-\$614,730,137	-\$564,323,068	-\$706,418,737	-\$790,230,164
Net City Funds	\$23,814,544,822	\$25,195,264,753	\$26,608,090,430	\$28,837,158,204
Debt Service**	\$1,148,742,033	\$1,277,245,174	\$1,251,546,823	\$2,081,846,947
Mac Debt**	N/A	N/A	N/A	\$255,299,800
Total Debt Service	\$1,148,742,033	\$1,277,245,174	\$1,251,546,823	\$2,337,146,747
Pension Cntrbtns**	\$1,289,337,409	\$1,216,419,209	\$1,453,850,221	\$1,800,529,014
City w/o D & P	\$21,376,465,380	\$22,701,600,370	\$23,902,693,386	\$24,699,482,443
Ed. City Funding‡	\$4,594,112,570	\$4,678,479,305	\$4,878,194,190	\$5,056,703,909
Ed. Other Categorical‡	\$17,222,970	\$21,651,270	\$15,317,970	\$251,017,970
Total Ed. City Funding	\$4,611,335,540	\$4,700,130,575	\$4,893,512,160	\$5,307,721,879
Ed. As % of City	21.5720%	20.7040%	20.4726%	21.4892%

Four-Year Period of Mayoral Control NYC Department of Education Average Share of City Operating Funds: **20.2696%**

FISCAL YEAR	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total City Funds*	\$30,863,051,666	\$33,850,492,033	\$35,759,162,652	\$38,008,451,245
Unrestricted Fed/St Aid	-\$555,418,737	-\$562,418,737	-\$562,418,737	-\$339,796,737
Net City Funds	\$30,307,632,929	\$33,288,073,296	\$35,196,743,915	\$37,668,654,508
Debt Service**	\$2,795,744,993	\$2,518,642,712	\$1,391,345,224	\$654,659,361
Mac Debt**	N/A	N/A	\$10,000,000	\$10,000,000
Total Debt Service	\$2,795,744,993	\$2,518,642,712	\$1,401,345,224	\$664,659,361
Pension Cntrbtns**	\$2,614,514,452	\$3,376,227,788	\$4,735,420,201	\$4,890,620,898
City w/o D & P	\$24,897,373,484	\$27,393,202,796	\$29,059,978,490	\$32,113,374,249
Ed. City Funding‡	\$5,126,151,697	\$5,412,426,889	\$5,773,199,658	\$6,559,637,751
Ed. Other Categorical‡	\$26,517,970	\$23,317,970	\$36,002,630	\$39,338,191
Total Ed. City Funding	\$5,152,669,667	\$5,435,744,859	\$5,809,202,288	\$6,598,975,942
Ed. As % of City	20.6956%	19.8434%	19.9904%	20.5490%

*City funds, including transfers from the Capital Budget and Other Categorical Grants all from page i of *Expense Revenue Contract* report, Office of Management & Budget for all of the fiscal years (<http://www.nyc.gov/html/omb/home.html>)

**All from page 2E of *Expense Revenue Contract* report, Office of Management & Budget for all fiscal years

‡All from *Expense Revenue Contract* report, Office of Management & Budget for all fiscal years, Agency Expense Budget Summary for Education (most begin on page 56 or 57), "Funding Summary" & "Notes" sections

Table 3: ACTUAL EXPENDITURES City Funds for the Public School System as a Share of Total City Funds, Including All Pension Contributions and Debt Service (in millions)

Four-Year Period of Board of Education Average Share of City Funds: 21.6502%				
FISCAL YEAR	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total City Funds*	\$26,645	\$28,198	\$27,043	\$30,710
Unrestricted Fed/St Aid*	-\$631	-\$634	-\$666	-\$1,443
Net City Funds	\$26,014	\$27,564	\$26,377	\$29,267
Ed. City Funding‡	\$4,685	\$4,924	\$4,785	\$5,103
Ed. Debt ‡	\$517	\$648	\$613	\$593
Ed. Pensions ‡	\$102	\$384	\$452	\$572
Ed. Other Categorical‡	\$68	\$52	\$51	\$107
Ed. w/ D & P & OC‡	\$5,372	\$6,008	\$5,901	\$6,375
Ed. % of City	20.6504%	21.7965%	22.3718%	21.7822%
Four-Year Period of Mayoral Control NYC Department of Education Average Share of City Funds: 21.6586%				
FISCAL YEAR	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total City Funds*	\$33,755	\$37,664	\$39,540	\$43,475
Unrestricted Fed/St Aid	-\$963	-\$604	-\$494	-\$35
Net City Funds	\$32,792	\$37,060	\$39,046	\$43,440
Ed. City Funding‡	\$5,464	\$5,605	\$6,306	\$6,780
Ed. Debt‡	\$730	\$819	\$1,053	\$1,131
Ed. Pensions ‡	\$848	\$1,163	\$1,245	\$1,573
Ed. Other Categorical‡	\$88	\$84	\$62	\$72
Ed. w/ D & P & OC	\$7,130	\$7,671	\$8,666	\$9,556
Ed. % of City	21.7431%	20.6989%	22.1943%	21.9982%

*Actual city funds from page 4 of Message, Executive Budget (all years)

‡ For FY 00 to FY 03 from page 123 of Message of the Mayor, Executive Budget FY 05. For FY 04 to FY 07 from page 85 of Message of the Mayor, Executive Budget FY 08. Debt & pensions calculated in different ways than in Table 1 & Table 2. For example, additional Transition Finance Authority borrowing is reflected as well as corrections of General Obligation debt to reflect pre-payments. Pension contributions are reported as lower than those reported in "Notes" at end of Department Summary in OMB "Expense Revenue Contract" reports for all years.

Table 4: ACTUAL EXPENDITURES City Funds for the Public School System Operating Budget as a Share of Total City Funds, Excluding All Pension Contributions and Debt Service

Four-Year Period of Board of Education Average Share of City Operating Funds: 21.4115%				
FISCAL YEAR	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total City Funds*	\$26,645	\$28,198	\$27,043	\$30,710
Unrestricted Fed/St Aid*	-\$631	-\$634	-\$666	-\$1,443
Net City Funds	\$26,014	\$27,564	\$26,377	\$29,267
Debt Service*	\$739	\$310	\$704	\$1,819
Mac Debt*	\$0	\$0	\$5	\$225
Debt Discretionary Transfers*	\$3,187	\$2,944	\$681	\$1,417
Pension Cntrbtns**	\$615	\$1,127	\$1,392	\$1,631
City w/o D & P	\$21,473	\$23,183	\$23,595	\$24,175
Ed. City Funding‡	\$4,685	\$4,924	\$4,785	\$5,103
Ed. Other Categorical‡	\$68	\$52	\$51	\$107
Total Ed. City Funding	\$4,753	\$4,976	\$4,836	\$5,210
Ed. As % of City	22.1348%	21.4640%	20.4959%	21.5512%
Four-Year Period of NYC Department of Education Average Share of City Operating Funds: 20.5830%				
FISCAL YEAR	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total City Funds*	\$33,755	\$37,664	\$39,540	\$43,475
Unrestricted Fed/St Aid*	-\$963	-\$604	-\$494	-\$35
Net City Funds	\$32,792	\$37,060	\$39,046	\$43,440
Debt Service*	\$2,917	\$3,128	\$3,168	\$4,132
Mac Debt*	\$502	\$111	\$10	\$10
Debt Discretionary Transfers*	\$1,130	\$2,006	\$1,169	\$914
Pension Cntrbtns**	\$2,308	\$3,234	\$3,879	\$4,726
City w/o D & P	\$25,935	\$28,581	\$30,820	\$33,658
Ed. City Funding‡	\$5,464	\$5,605	\$6,306	\$6,780
Ed. Other Categorical‡	\$88	\$84	\$62	\$72
Total Ed. City Funding	\$5,552	\$5,689	\$6,368	\$6,852
Ed. As % of City	21.4074%	19.9048%	20.6619%	20.3577%

* Actual city funds from page 4 of Message, Executive Budget (FY 05 and FY 08). City debt is calculated in different way than in Table 2. For example, "Net Impact of Discretionary Transfers of Debt Service" is included.

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‡ For FY 00 to FY 03 from page 123 of Message of the Mayor, Executive Budget FY 05. For FY 04 to FY 07 from page 85 of Message of the Mayor, Executive Budget FY 08.

Table 4A: Per-pupil ACTUAL EXPENDITURES City Funds for the Public School System Operating Budget as a Share of Total City Funds, Excluding All Pension Contributions and Debt Service

Four-Year Period of Board of Education Average Share of City Operating Funds: 21.4115%				
FISCAL YEAR	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total City Funds*	\$26,645	\$28,198	\$27,043	\$30,710
Unrestricted Fed/St Aid*	-\$631	-\$634	-\$666	-\$1,443
Net City Funds	\$26,014	\$27,564	\$26,377	\$29,267
Debt Service*	\$739	\$310	\$704	\$1,819
Mac Debt*	\$0	\$0	\$5	\$225
Debt Discretionary Transfers*	\$3,187	\$2,944	\$681	\$1,417
Pension Cntrbtns**	\$615	\$1,127	\$1,392	\$1,631
City w/o D & P (millions)	\$21,473	\$23,183	\$23,595	\$24,175
NYC audited pupil enrollment§	1.056708	1.048692	1.038833	1.030008
Total city funds per pupil	\$20,321	\$22,107	\$22,713	\$23,471
Ed. City Funding‡	\$4,685	\$4,924	\$4,785	\$5,103
Ed. Other Categorical‡	\$68	\$52	\$51	\$107
Total Ed. City Funding (millions)	\$4,753	\$4,976	\$4,836	\$5,210
Ed. funds per pupil	\$4,498	\$4,745	\$4,655	\$5,058
Ed. As % of City	22.1348%	21.4640%	20.4959%	21.5512%
Four-Year Period of NYC Department of Education Average Share of City Operating Funds: 20.5830%				
FISCAL YEAR	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total City Funds*	\$33,755	\$37,664	\$39,540	\$43,475
Unrestricted Fed/St Aid*	-\$963	-\$604	-\$494	-\$35
Net City Funds	\$32,792	\$37,060	\$39,046	\$43,440
Debt Service*	\$2,917	\$3,128	\$3,168	\$4,132
Mac Debt*	\$502	\$111	\$10	\$10
Debt Discretionary Transfers*	\$1,130	\$2,006	\$1,169	\$914
Pension Cntrbtns**	\$2,308	\$3,234	\$3,879	\$4,726
City w/o D & P (millions)	\$25,935	\$28,581	\$30,820	\$33,658
NYC audited pupil enrollment	1.028546	1.017956	0.997926	0.978416
Total city funds per pupil	\$25,215	\$28,077	\$30,884	\$34,401
Ed. City Funding‡	\$5,464	\$5,605	\$6,306	\$6,780
Ed. Other Categorical‡	\$88	\$84	\$62	\$72
Total Ed. City Funding (millions)	\$5,552	\$5,689	\$6,368	\$6,852
Ed. funds per pupil	\$5,398	\$5,589	\$6,381	\$7,003
Ed. As % of City	21.4074%	19.9048%	20.6619%	20.3577%

* Actual city funds from page 4 of Message, Executive Budget (FY 05 and FY 08). City debt is calculated in different way than in Table 2. For example, "Net Impact of Discretionary Transfers of Debt Service" is included.

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‡ For FY 00 to FY 03 from page 123 of Message of the Mayor, Executive Budget FY 05. For FY 04 to FY 07 from page 85 of Message of the Mayor, Executive Budget FY 08.

§ NYS Department of Education audited registers for students attending NYC public schools, excluding all pre-K students, duplicated count of sp. ed. students, and students enrolled in charter schools and private special education programs.

Table 5: ACTUAL EXPENDITURES City Funds for the Public School System as a Share of Total City Funds, Including All Pension Contributions and Debt Service but excluding other categorical (in millions)

Four-Year Period of Board of Education Average Share of City Funds: 21.1798%				
FISCAL YEAR	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total City Funds*	\$39,404	\$42,227	\$42,544	\$45,093
Unrestricted Fed/St Aid*	-\$631	-\$634	-\$666	-\$1,443
Fed/St & Other Categorical	-\$12,218	-\$13,119	-\$15,035	-\$15,204
Net City Funds	\$26,555	\$28,474	\$26,843	\$28,446
Ed. City Funding‡	\$4,685	\$4,924	\$4,785	\$5,103
Ed. Debt ‡	\$517	\$648	\$613	\$593
Ed. Pensions ‡	\$102	\$384	\$452	\$572
Ed. w/ D & P	\$5,304	\$5,956	\$5,850	\$6,268
Ed. % of City	19.9736%	20.9173%	21.7934%	22.0347%
Four-Year Period of Mayoral Control NYC Department of Education Average Share of City Funds: 20.8728%				
FISCAL YEAR	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total City Funds*	\$49,538	\$55,325	\$56,917	\$62,925
Unrestricted Fed/St Aid	-\$963	-\$604	-\$494	-\$35
Fed/St & Other Categorical	-\$15,228	-\$16,936	-\$16,045	-\$17,698
Net City Funds	\$33,347	\$37,785	\$40,378	\$45,192
Ed. City Funding‡	\$5,464	\$5,605	\$6,306	\$6,780
Ed. Debt‡	\$730	\$819	\$1,053	\$1,131
Ed. Pensions ‡	\$848	\$1,163	\$1,245	\$1,573
Ed. w/ D & P	\$7,042	\$7,587	\$8,604	\$9,484
Ed. % of City	21.1173%	20.0794%	21.3086%	20.9860%

* Comptroller Comprehensive Financial Report FY 07, Changes in Fund Balances p.262

‡ For FY 00 to FY 03 from page 123 of Message of the Mayor, Executive Budget FY 05. For FY 04 to FY 07 from page 85 of Message of the Mayor, Executive Budget FY 08. Pensions payments are actual. Debt reported in a different way than Table 1 and Table 3.

Table 6: ACTUAL EXPENDITURES City Funds for the Public School System Operating Budget as a Share of Total City Funds, Excluding All Pension Contributions, Debt Service, & Other Categorical

Four-Year Period of Board of Education Average Share of City Operating Funds: 14.9486%				
FISCAL YEAR	FY 99-00	FY 00-01	FY 01-02	FY 02-03
Total City Funds*	\$39,404	\$42,227	\$42,544	\$45,093
Unrestricted Fed/St Aid*	-\$631	-\$634	-\$666	-\$1,443
Fed/St & Other Categorical*	-\$12,218	-\$13,119	-\$15,035	-\$15,204
Net City Funds	\$26,555	\$28,474	\$26,843	\$28,446
Debt Service Interest*	-\$1,875	-\$2,027	-\$1,959	-\$2,005
Debt Redemptions*	-\$1,499	-\$1,709	-\$1,797	-\$1,902
Debt Lease Payments*	-\$159	-\$98	-\$107	-\$189
Debt Refunding Escrow*	-\$17	-\$46	-\$4	-\$4
Pension Cntrbtns**	-\$615	-\$1,127	-\$1,392	-\$1,631
City w/o D & P	\$30,720	\$33,481	\$32,102	\$34,177
Ed. City Funding‡	\$4,685	\$4,924	\$4,785	\$5,103
Ed. As % of City	15.2507%	14.7068%	14.9056%	14.9311%
Four-Year Period of NYC Department of Education Average Share of City Operating Funds: 12.7351%				
FISCAL YEAR	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Total City Funds*	\$49,538	\$55,325	\$56,917	\$62,925
Unrestricted Fed/St Aid*	-\$963	-\$604	-\$494	-\$35
Fed/St & Other Categorical*	-\$15,228	-\$16,936	-\$16,045	-\$17,698
Net City Funds	\$33,347	\$37,785	\$40,378	\$45,192
Debt Service Interest*	-\$2,109	-\$2,083	-\$2,379	-\$2,427
Debt Redemptions*	-\$2,048	-\$2,016	-\$2,551	-\$3,214
Debt Lease Payments*	-\$135	-\$205	-\$229	-\$310
Debt Refunding Escrow*	-\$3	\$0	\$0	\$0
Pension Cntrbtns**	-\$2,308	-\$3,234	-\$3,879	-\$4,726
City w/o D & P	\$39,950	\$45,323	\$49,416	\$55,869
Ed. City Funding‡	\$5,464	\$5,605	\$6,306	\$6,780
Ed. As % of City	13.6771%	12.3668%	12.7610%	12.1355%

* Comptroller Comprehensive Financial Report FY 07, Changes in Fund Balances p.262
 Debt is reported differently than in Table 2 and Table 4.
 ‡ For FY 00 to FY 03 from page 123 of Message of the Mayor, Executive Budget FY 05. For FY 04 to FY 07 from page 85 of Message of the Mayor, Executive Budget FY 08.

Table 7: YEAR TO YEAR INCREASES — LAST FOUR YEARS & PROJECTED CFE in millions

4-Year NYC Dept. of Ed. Ave. Increase in City Funds (with Pension & Debt), Actual Expenditures					
FISCAL YEAR	FY 03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Ed. City Funding‡	\$5,103	\$5,464	\$5,605	\$6,306	\$6,780
Ed. Debt‡	\$593	\$730	\$819	\$1,053	\$1,131
Ed. Pensions ‡	\$572	\$848	\$1,163	\$1,245	\$1,573
Ed. w/ D & P	\$6,268	\$7,042	\$7,587	\$8,604	\$9,484
Increase \$		\$774	\$545	\$1,017	\$880
Increase %		12.3484%	7.7393%	13.4045%	10.2278%
4-Year Ave Yearly Increase \$	\$804				
4-Year Ave Yearly Increase %	10.9300%				
Cumulative Total Over 4 years:		\$774	\$1,319	\$2,336	\$3,216

4-Year NYC Dept. of Ed. Average Increase in City Funds (without Pension & Debt), Actual Expenditures					
FISCAL YEAR	FY 03	FY 03-04	FY 04-05	FY 05-06	FY 06-07
Ed. City Funding‡	\$5,103	\$5,464	\$5,605	\$6,306	\$6,780
Increase \$		\$361	\$141	\$701	\$474
Increase %		7.0743%	2.5805%	12.5067%	7.5167%
4-Year Ave Yearly Increase \$	\$419				
4-Year Ave Yearly Increase %	7.4195%				
Cumulative Total Over 4 years:		\$361	\$502	\$1,203	\$1,677

YEAR TO YEAR INCREASES — PROJECTED CFE INCREASES

With pensions and debt service but without other categorical

4-Year NYC Dept. of Education Average Increase in City Funds, CFE Projected Increases					
FISCAL YEAR	FY 07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Ed. City Funding‡	\$9,484	\$10,016	\$10,611	\$11,145	\$11,707
CFE Increase \$		\$532	\$595	\$534	\$562
Increase %		5.6094%	5.9405%	5.0325%	5.0426%
4-Year Ave Yearly Increase \$	\$556				
4-Year Ave Yearly Increase %	5.4063%				
Cumulative Total Over 4 years:		\$532	\$1,127	\$1,661	\$2,223

Without pensions, debt service or other categorical

4-Year NYC Dept. of Education Average Increase in City Funds, CFE Projected Increases					
FISCAL YEAR	FY 07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Ed. City Funding‡	\$6,780	\$7,312	\$7,907	\$8,441	\$9,003
CFE Increase \$		\$532	\$595	\$534	\$562
Increase %		7.8466%	8.1373%	6.7535%	6.6580%
4-Year Ave Yearly Increase \$	\$556				
4-Year Ave Yearly Increase %	7.3489%				
Cumulative Total Over 4 years:		\$532	\$1,127	\$1,661	\$2,223

City CFE funds above a hypothetical annual growth rate of 3% in city dollars

4-Year NYC Dept. of Education Average Increase in City Funds, CFE Projected Increases					
FISCAL YEAR	FY 07	FY 07-08	FY 08-09	FY 09-10	FY 10-11
Ed. City Funding‡	\$6,780	\$7,312	\$7,907	\$8,441	\$9,003
CFE Increase \$		\$329	\$376	\$297	\$316
CFE Increase %		4.8525%	5.1422%	3.7562%	3.7436%
4-Year Ave Yearly Increase \$	\$330				
4-Year Ave Yearly Increase %	4.3736%				
Cumulative Total Over 4 years:		\$329	\$705	\$1,002	\$1,318

adjustments for charter school enrollment growth not computed, rounding alters average increase

‡From page 85 of Message of the Mayor. Executive Budget. Totals exclude "Other Categorical."

Table 8: Comparison of Adopted Budget Appropriations (does not include pensions or debt service for facilities)

Total Education Budget: by unit of appropriation		\$11,521,485,031	\$12,354,214,936	\$12,472,296,735 (unadjusted for spending patterns over past yr)	\$13,041,841,299 (adjusted for spending patterns over past 2 yrs)	\$14,135,612,635	\$15,446,218,460	\$16,974,358,879
Adopted Budget		01-02 Schl Yr	02-03 Schl Yr	03-04 Schl Yr	04-05 Schl Yr	FY 05-06	FY 06-07	FY 07-08
INSTRUCTION		General Education	General Education	General Education	General Education	General Education	General Education	General Education
301 E & M schl staff	401	\$2,245,590,818	\$2,603,854,226	\$2,946,755,010	\$2,838,770,614	combined w/HS is		
311 HS schl staff	401	\$949,002,860	\$994,674,687	\$1,013,267,731	\$1,263,281,838	\$4,076,415,366	\$4,908,056,950	\$5,613,337,482
302 E & M supplies	402	\$239,613,813	\$152,067,031	\$122,465,371	\$187,331,900	combined w/HS is		
312 HS supplies	402	\$119,614,085	\$145,096,111	\$133,845,934	\$156,059,257	\$470,104,426	\$530,473,686	\$600,569,216
Subtotal		\$3,553,821,576	\$3,895,692,055	\$4,216,334,046	\$4,445,443,609	\$4,546,519,792	\$5,438,530,636	\$6,213,906,698
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			\$341,870,479	\$320,641,991	\$229,109,563.00	\$101,076,183	\$892,010,844	\$775,376,062
General Education %:		30.85%	31.53%	33.81%	34.09%	32.16%	35.21%	36.61%
Special Education		Special Education	Special Education	Special Education	Special Education	Special Education	Special Education	Special Education
303 E & M schl staff	403	\$513,309,141	\$382,789,377	\$512,529,276	\$332,756,100	combined w/HS is		
313 HS schl staff	403	\$205,601,157	\$174,103,265	\$197,255,867	\$60,051,900	\$717,812,547	\$901,572,523	\$1,106,785,683
321 Citywide	421	\$394,136,467	\$378,205,852	\$459,803,264	\$499,086,600	Combined w/instr sup		
325 Sp Ed Instr Sup*	421	\$42,415,010	\$28,120,396	\$16,040,923	\$4,000,000	\$535,708,104	\$611,393,489	\$654,603,671
323 Support Services	423	\$201,947,854	\$200,278,937	\$198,308,674	\$142,749,699	\$146,851,972	\$161,459,529	\$222,818,670
304 E & M supplies	404	\$10,684,657	\$988,033	\$1,265,317	\$244,300	combined w/HS is		
314 HS supplies	404	\$3,696,827	\$3,561,756	\$3,081,056	\$10,400	\$9,735,000	\$10,192,000	\$4,839,348
322 Citywide supplies	422	\$12,202,574	\$17,730,897	\$17,421,897	\$15,299,300	Combined w/instr sup		
326 Sp Ed*	422	\$3,453,907	\$18,497,943	\$8,737,943	\$2,000,000	\$29,395,400	\$25,138,400	\$24,615,090
324 Sport Services	424	\$65,599,946	\$75,987,002	\$75,161,330	\$105,137,300	\$105,030,114	\$125,029,918	\$125,448,206
Subtotal		\$1,453,047,540	\$1,280,263,458	\$1,489,605,547	\$1,161,335,599	\$1,544,533,137	\$1,834,785,859	\$2,139,110,668
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			-\$172,784,082	\$209,342,089	-\$328,269,948	\$383,197,538	\$290,252,722	\$304,324,809
Special Education %:		12.61%	10.36%	11.94%	8.90%	10.93%	11.88%	12.60%
Total INSTRUCTION \$:		\$5,006,869,116	\$5,175,955,513	\$5,705,939,593	\$5,606,779,208	\$6,091,052,929	\$7,273,316,495	\$8,353,017,366
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			\$169,086,397	\$529,984,080	-\$99,160,385	\$484,273,721	\$1,182,263,566	\$1,079,700,871
INSTRUCTION %:		43.46%	41.90%	45.75%	42.99%	43.09%	47.09%	49.21%
CATEGORICAL								
Personnel & OTPS								
381	481	\$1,346,222,400	\$1,485,921,626	\$1,567,629,498	\$1,734,225,995	\$1,831,673,063	\$1,355,522,029	\$1,373,574,766
382	482	\$591,883,440	\$639,248,309	\$721,935,520	\$755,884,607	\$757,383,670	\$783,451,372	\$679,151,356
Total CATAGORICAL \$:		\$1,938,105,840	\$2,125,169,935	\$2,289,565,018	\$2,490,110,602	\$2,589,056,733	\$2,138,973,401	\$2,052,726,122
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to FY 07	Difference FY 07 to FY 08
			\$187,064,095	\$164,395,083	\$200,545,584	\$98,946,131	-\$450,083,332	-\$86,247,279
CATAGORICAL %:		16.82%	17.20%	18.36%	19.09%	18.32%	13.85%	12.09%
TOTAL INSTRUCTION & CATEGORICAL PROGRAMS \$		\$6,944,974,956	\$7,301,125,448	\$7,995,504,611	\$8,096,889,810	\$8,680,109,662	\$9,412,289,896	\$10,405,743,488
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			\$356,150,492	\$694,379,163	\$101,385,199	\$583,219,852	\$732,180,234	\$993,453,592
INSTR & CAT %		60.28%	59.10%	64.11%	62.08%	61.41%	60.94%	61.30%
ADMINISTRATION								
Mid-level Admin								
Personnel & OTPS								
305 CSD	Elim.	\$202,169,141	\$116,485,595					
315 HS Div/Regions	415	\$111,510,574	\$115,245,308	\$146,491,457	\$157,987,500	combined w/Sp Ed Adm		Schl Support Orgs.
327 Sp Ed Admin	415	\$37,644,733	\$26,503,715	\$30,856,637	\$17,585,500	\$190,291,442	\$212,385,519	\$209,026,528
306 CSD	Elim.	\$4,701,439	\$8,487,094					
316 HS Div/Regions	416	\$642,565	\$717,754	\$9,356,848	\$23,052,020	combined w/Sp Ed Adm		
328 Sp Ed	416	\$2,113,573	\$573,870	\$573,870	\$573,870	\$23,073,956	\$14,074,072	\$10,447,072
Subtotal		\$358,782,025	\$268,013,336	\$187,278,812	\$199,198,890	\$213,365,398	\$226,459,591	\$219,473,600
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			-\$90,768,689	-\$80,734,524	\$11,920,078	\$14,166,508	\$13,094,193	-\$6,985,991
M-L Admin %		3.11%	2.17%	1.50%	1.53%	1.51%	1.47%	1.29%
Central Admin								
Personnel & OTPS								
353 All division	453	\$50,549,904	\$76,393,008	\$142,592,897	\$135,061,700	\$155,620,370	\$146,856,286	\$165,384,684
354	454	\$71,192,194	\$126,600,989	\$131,722,924	\$179,562,600	\$189,669,586	\$219,979,952	\$238,953,783
Funding Central Admin		\$121,742,098	\$202,993,997	\$274,315,821	\$314,624,300	\$345,289,956	\$366,836,238	\$404,338,467
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to Ex 07	Difference FY 07 to Ex 08
			\$81,251,899	\$71,321,824	\$40,308,479	\$30,665,656	\$21,546,282	\$37,502,229
Central Admin %		1.06%	1.64%	2.20%	2.41%	2.44%	2.37%	2.38%
Total ADMINISTRATION \$:		\$480,524,123	\$471,007,333	\$461,594,633	\$513,823,190	\$558,655,354	\$593,295,829	\$623,812,067
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to FY 07	Difference FY 07 to FY 08
			-\$9,516,790	-\$9,412,700	\$52,228,557	\$44,832,164	\$34,640,475	\$30,516,238
Total ADMINISTRATION %:		4.17%	3.81%	3.70%	3.94%	3.95%	3.84%	3.68%

OPERATIONS								
Personnel & OTPS								
341 School Security	441	\$1,997	NYPD Budget		\$0	\$0	\$0	\$0
335 Custodians	435	\$384,139,653	\$383,428,328	\$320,018,482	\$319,729,308	\$371,466,177	\$389,900,594	\$392,545,970
339 Food Services	439	\$154,058,880	\$164,212,301	\$150,389,470	\$151,598,800	\$176,000,263	\$175,203,337	\$188,484,911
336 Custodians	436	\$101,303,225	\$83,661,445	\$128,257,663	\$127,077,323	\$141,550,818	\$172,727,503	\$155,813,522
338 School Buses	438	\$572,615,045	\$607,005,853	\$667,150,249	\$695,980,249	\$818,298,060	\$915,813,060	\$1,033,910,552
340 Food Services	440	\$161,448,662	\$148,301,461	\$155,693,357	\$153,923,100	\$155,000,000	\$174,911,674	\$175,628,346
342 School Security	442	\$131,315,025	\$129,883,899	\$136,981,076	\$147,771,899	\$157,787,629	\$169,535,193	\$193,320,694
344 Energy & Leases	444	\$235,311,769	\$230,805,876	\$244,480,643	\$261,226,943	\$311,684,037	\$371,491,111	\$386,146,908
OPERATIONS \$		\$1,740,194,256	\$1,747,299,163	\$1,802,970,940	\$1,857,307,622	\$2,131,786,984	\$2,369,582,472	\$2,525,850,903
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			\$7,104,907	\$55,671,777	\$54,336,682	\$274,479,362	\$237,795,488	\$156,268,431
OPERATIONS %:		15.10%	14.14%	14.46%	14.24%	15.08%	15.34%	14.88%
COLLECTIVE BARGAINING								
		(a reserve fund)						
391 Collective Bargaining	491	\$466,789,154	\$791,970,507	\$17,226,940	\$203,765,173	\$181,416,419	\$24,223,609	\$19,977,814
Collective Bargaining \$:		\$466,789,154	\$791,970,507	\$17,226,940	\$203,765,173	\$181,416,419	\$24,223,609	\$19,977,814
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			\$325,181,353	-\$774,743,567	\$186,538,233	-\$22,348,754	-\$157,192,810	-\$4,245,795
Collective Bargaining %:		4.05%	6.41%	0.14%	1.56%	1.28%	0.16%	0.12%
FRINGE BENEFITS								
361	461	\$1,304,034,443	\$1,421,766,364	\$1,499,869,971	\$1,617,256,652	\$1,750,514,074	\$1,967,215,268	\$2,129,637,620
Fringe Benefits \$:		\$1,304,034,443	\$1,421,766,364	\$1,499,869,971	\$1,617,256,652	\$1,750,514,074	\$1,967,215,268	\$2,129,637,620
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			\$117,731,921	\$78,103,607	\$117,386,681	\$133,257,422	\$216,701,194	\$162,422,352
Funding % Fringe Benefits		11.32%	11.51%	12.03%	12.40%	12.38%	12.74%	12.55%
NON PUBLIC								
370 Pre K Sp Ed	470	\$592,175,306	\$627,614,146	\$701,570,808	\$759,340,020	\$455,555,000	\$548,141,689	\$621,490,510
370 CharterSchls&FosterC	472					\$334,266,281	\$485,646,260	\$595,344,664
Nonpublic & FIT	474					\$51,614,767	\$53,799,141	\$61,596,085
Non Public \$:		\$592,175,306	\$627,614,146	\$701,570,808	\$759,340,020	\$789,821,281	\$1,033,787,949	\$1,278,431,259
			Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	Difference FY 07 to 08
			\$35,438,840	\$73,956,662	\$57,769,212	\$30,481,261	\$243,966,668	\$244,643,310
Non Public %:		5.14%	5.08%	5.63%	5.82%	5.59%	6.69%	7.53%

Table 9 Comparison of Year to Year Expenditures from NYC Comptroller's Annual Financial Statement, Schedule G5										
Over & underspending against modified budget			underspent by \$38M	underspent by \$49M	overspent by \$14M	overspent by \$15M	overspent by \$236M	overspent by \$54M	underspent by \$4M	underspent by \$4M
Total EXPENDITURES without prior payment est.			\$10,749,298,245	\$11,608,278,489	\$11,877,353,480	\$12,771,903,927	\$13,141,526,967	\$13,857,135,827	\$14,945,687,093	\$15,871,822,840
Diff. previous year				\$858,980,244	\$269,074,991	\$894,550,447	\$369,623,040	\$715,608,860	\$1,088,551,266	\$926,135,747
			Expenditures 99-00 Schl Yr	Expenditures 00-01 Schl Yr	Expenditures 01-02 Schl Yr	Expenditures 02-03 Schl Yr	Expenditures 03-04 Schl Yr	Expenditures 04-05 Schl Yr	Expenditures 05-06 Schl Yr	Expenditures 06-07 Schl Yr
INSTRUCTION & STUDENT PROGRAMS	Unit of Appropriation prior to 2005	New UA 2005								New UA 2005
GENERAL ED INSTRUCTION	General Education		General Education	General Education	General Education	General Education	General Education	General Education	General Education	General Education
Personnel	301 E & M schl staff	401	\$2,156,129,517	\$2,377,655,829	\$2,395,442,803	\$2,715,254,470	\$2,851,468,583	\$2,642,405,611		
	311 HS schl staff	401	\$883,766,037	\$947,898,217	\$934,324,667	\$1,048,407,277	\$1,346,295,854	\$1,390,292,026	\$4,366,449,891	\$4,954,809,648
OTPS	302 E & M supplies	402	\$210,972,214	\$244,030,640	\$209,385,177	\$183,631,329	\$245,753,639	\$267,860,592	\$470,841,941	\$578,170,412
	312 HS supplies	402	\$112,848,582	\$122,670,791	\$110,768,241	\$103,044,848	\$175,334,180	\$174,037,563		
	Funding \$ Gen Ed		\$3,363,716,350	\$3,692,255,477	\$3,649,920,888	\$4,050,337,924	\$4,618,852,256	\$4,474,595,792	\$4,837,291,832	\$5,532,980,060
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	
			\$328,539,127	-\$42,334,589	\$400,417,036	\$568,514,332	-\$144,256,464	\$362,696,040	\$695,688,228	
	Funding % Gen Ed		31.29%	31.81%	30.73%	31.71%	35.15%	32.29%	32.37%	34.86%
SP ED INSTRUCTION	Special Education		Special Education	Special Education	Special Education	Special Education	Special Education	Special Education	Special Education	Special Education
Personnel	303 E & M schl staff	403	\$523,053,283	\$444,857,038	\$429,399,755	\$493,910,092	\$325,417,929	\$442,615,550		
	313 HS schl staff	403	\$189,965,529	\$194,227,945	\$186,954,906	\$214,623,848	\$56,211,683	\$83,865,862	\$856,166,098	\$1,130,204,626
	321 Citywide	421	\$386,299,647	\$395,613,186	\$401,639,666	\$489,246,632	\$493,460,188	\$531,598,693		
	325 Sp Ed Instr Sup*	421	\$30,315,460	\$37,702,669	\$34,758,076	\$28,669,758	\$4,764,724	\$2,011,580	\$600,647,496	\$634,526,214
	323 Support Services	423	\$198,096,729	\$206,182,197	\$216,955,223	\$237,786,297	\$148,409,141	\$147,420,443	\$175,250,462	\$191,121,864
OTPS	304 E & M supplies	404	\$8,848,009	\$1,466,364	\$1,035,779	\$1,050,370	\$263,374	\$189,059		
	314 HS supplies	404	\$3,242,522	\$2,822,313	\$2,671,131	\$2,026,841	\$268,172	\$1,437,726	\$2,733,888	\$3,949,147
	322 Citywide supplies	422	\$21,575,813	\$15,914,147	\$15,416,531	\$14,380,387	\$13,091,287	\$21,117,647	\$23,694,072	\$17,745,953
	326 Sp Ed*	422	\$3,637,001	\$3,796,429	\$22,074,786	\$16,617,461	\$46,610	eliminated		
	324 Support Services	424	\$76,923,058	\$91,993,466	\$98,629,623	\$96,865,034	\$108,185,950	\$105,121,767	\$136,656,847	\$143,558,486
	Funding \$ Sp. Ed. Instruction		\$1,441,957,051	\$1,394,575,754	\$1,409,535,476	\$1,595,176,720	\$1,150,119,058	\$1,335,378,327	\$1,795,148,863	\$2,121,106,290
	*includes administrative functions		Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	
			-\$47,381,297	\$14,959,722	\$185,641,244	-\$445,057,662	\$185,259,269	\$459,770,536	\$325,957,427	
	Funding % Sp Ed		13.41%	12.01%	11.87%	12.49%	8.75%	9.64%	12.01%	13.36%
	Funding \$ Tax Levy Instruction (Gen + Sp. Ed. Instruction)		\$4,805,673,401	\$5,086,831,231	\$5,059,456,364	\$5,645,514,644	\$5,768,971,314	\$5,809,974,119	\$6,632,440,695	\$7,654,086,350
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	
			\$281,157,830	-\$27,374,867	\$586,058,280	\$123,456,670	\$41,002,805	\$822,466,576	\$1,021,645,655	
	Funding % Tax Levy Instruction		44.71%	43.82%	42.60%	44.20%	43.90%	41.93%	44.38%	48.22%
CATEGORICAL	Categorical Programs		Categorical	Categorical	Categorical	Categorical	Categorical	Categorical	Categorical	Categorical
personnel	381	481	\$1,397,232,993	\$1,521,226,740	\$1,615,571,941	\$1,892,817,168	\$1,785,430,900	\$1,875,750,410	\$1,800,568,462	\$1,392,406,870
OTPS	382	482	\$466,210,778	\$611,641,619	\$634,953,506	\$730,434,698	\$824,179,087	\$877,347,179	\$886,638,027	\$741,766,146
TOTAL Categorical	Funding \$ Categorical		\$1,863,443,771	\$2,132,868,359	\$2,250,525,447	\$2,623,251,866	\$2,609,609,987	\$2,753,097,589	\$2,687,206,489	\$2,134,173,016
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	
			\$269,424,588	\$117,657,088	\$372,726,419	-\$13,641,879	\$143,487,602	-\$65,891,100	-\$553,033,473	
	Funding % Categorical		17.34%	18.37%	18.95%	20.54%	19.86%	19.87%	17.98%	13.45%
Total \$ Instruction & Student Programs Funding			\$6,669,117,172	\$7,219,699,590	\$7,309,981,811	\$8,268,766,510	\$8,378,581,301	\$8,563,071,708	\$9,319,647,184	\$9,788,259,366
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	
			\$550,582,418	\$90,282,221	\$958,784,699	\$109,814,791	\$184,490,407	\$756,575,476	\$468,612,182	
Percent % Instruction & Student Programs Funding			62.04%	62.19%	61.55%	64.74%	63.76%	61.80%	62.36%	61.67%
4-YEAR AVERAGE INSTRUCTION & PROGRAMS				62.63%				62.39%		

ADMINISTRATION

MID-LEVEL		Mid-level Admin	Mid-level Admin	Mid-level Admin	Mid-level Admin	Mid-level Admin	Mid-level Admin	Mid-level Admin	Mid-level Admin	Mid-level Admin		
Personnel	305 CSD	Elim.	\$201,328,243	\$214,908,027	\$118,850,820	\$70,252,770	eliminated					Elim.
	315 HS Div/Regions	415	\$114,794,889	\$124,316,382	\$123,900,611	\$136,976,968	\$174,087,350	\$194,063,479	\$206,881,636	\$200,214,046		415
	327 Sp Ed Admin	415	\$38,438,065	\$25,497,814	\$27,005,704	\$27,845,600	\$20,411,407	\$5,219,393				415
OTPS	306 CSD	Elim.	\$7,227,074	\$6,950,901	\$4,235,900	\$4,068,376	eliminated					Elim.
	316 HS Div/Regions	416	\$537,312	\$417,832	\$524,230	\$546,679	\$24,413,948	\$20,579,441	\$23,335,912	\$15,010,676		416
	328 Sp Ed	416	\$1,093,186	\$646,191	\$739,760	\$389,532	\$557,211	\$482,772				416
Funding \$ M-L Admin			\$363,418,769	\$372,737,147	\$275,257,025	\$240,079,925	\$219,469,916	\$220,345,085	\$230,217,548	\$215,224,722		
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07			
Funding % M-L Admin			3.38%	3.21%	2.32%	1.88%	1.67%	1.59%	1.54%	1.36%		
CENTRAL		Central Admin	Central Admin	Central Admin	Central Admin	Central Admin	Central Admin	Central Admin	Central Admin	Central Admin		
Personnel	353 All division	453	\$100,290,440	\$108,978,420	\$113,559,342	\$105,566,210	\$135,854,688	\$147,793,213	\$165,047,188	\$167,656,190		453
	354	454	\$187,388,245	\$167,927,779	\$160,982,756	\$177,858,893	\$191,115,293	\$196,145,881	\$201,824,265	\$222,254,703		454
Funding \$ Central Admin			\$287,678,685	\$276,906,199	\$274,542,098	\$283,425,103	\$326,969,981	\$343,939,094	\$366,871,453	\$389,910,893		
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07			
Funding % Central Admin			2.68%	2.39%	2.31%	2.22%	2.49%	2.48%	2.45%	2.46%		
Total Administration \$ (Mid-Level & Central) funding:			\$651,097,454	\$649,643,346	\$549,799,123	\$523,505,028	\$546,439,897	\$564,284,179	\$597,089,001	\$605,135,615		
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07			
Total Administration % (Mid-Level & Central) funding:			6.06%	5.60%	4.63%	4.10%	4.16%	4.07%	4.00%	3.81%		

4-YEAR AVERAGE ADMINISTRATION

5.10% 4.01%

OPERATIONS

OPERATIONS		Operations	Operations	Operations	Operations	Operations	Operations	Operations	Operations			
Personnel	341 School Security	441			NYPD Budget	\$0	\$0				441	
	335 Facilities	435	\$371,549,060	\$378,488,654	\$373,322,985	\$356,629,379	\$350,335,948	\$378,862,766	\$396,581,979	\$395,563,190	435	
	339 Food Services	439	\$145,798,682	\$159,016,016	\$161,021,565	\$153,596,335	\$159,708,932	\$177,333,618	\$183,485,551	\$188,910,432	439	
OTPS	336 Facilities	436	\$289,785,736	\$123,378,928	\$111,382,370	\$99,430,089	\$143,871,630	\$136,315,448	\$142,127,267	\$173,661,538	436	
	338 School Buses	438	\$494,926,309	\$546,592,876	\$574,164,972	\$625,361,799	\$663,349,613	\$689,999,882	\$848,670,464	\$937,593,308	438	
	340 Food Services	440	\$154,220,307	\$168,449,143	\$172,976,419	\$152,411,600	\$146,779,566	\$140,558,499	\$156,381,449	\$175,694,902	440	
	342 School Security	442	\$89,495,530	\$112,150,235	\$123,851,503	\$134,157,433	\$145,951,902	\$146,703,534	\$157,787,629	\$179,968,193	442	
	344 Energy & Leases	444	\$184,162,514	\$216,381,232	\$204,627,617	\$239,328,165	\$255,284,972	\$278,413,014	\$320,544,282	\$339,781,542	444	
Funding \$ Operations			\$1,729,938,138	\$1,704,457,084	\$1,721,347,431	\$1,760,914,800	\$1,865,282,563	\$1,948,186,761	\$2,205,578,621	\$2,391,173,105		
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07			
Funding % Operations			16.09%	14.68%	14.49%	13.79%	14.19%	14.06%	14.76%	15.07%		

4-YEAR AVERAGE OPERATIONS

14.76% 14.52%

COLLECTIVE BARGAINING		Collective Bargaining	Collective Bargaining	Collective Bargaining	Collective Bargaining	Collective Bargaining	Collective Bargaining	Collective Bargaining	Collective Bargaining	Collective Bargaining
Personnel	391	491	none reported	\$173,994,881	\$402,898,237	\$37,173,922	\$40,346,748	\$234,859,851	\$23,951,849	\$15,821,013
Note: Reserve Fund no analysis										
\$ Collective Bargaining			none reported	\$173,994,881	\$402,898,237	\$37,173,922	\$40,346,748	\$234,859,851	\$23,951,849	\$15,821,013
FRINGE		Fringe Benefits	Fringe Benefits	Fringe Benefits	Fringe Benefits	Fringe Benefits	Fringe Benefits	Fringe Benefits	Fringe Benefits	Fringe Benefits
Personnel	361	461	\$1,208,872,116	\$1,306,548,138	\$1,321,617,396	\$1,480,175,200	\$1,540,585,920	\$1,665,977,503	\$1,823,301,170	\$1,988,926,217
Funding \$ Fringe Benefits			\$1,208,872,116	\$1,306,548,138	\$1,321,617,396	\$1,480,175,200	\$1,540,585,920	\$1,665,977,503	\$1,823,301,170	\$1,988,926,217
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	
			\$97,676,022	\$15,069,258	\$158,557,804	\$60,410,720	\$125,391,583	\$157,323,667	\$165,625,047	
Funding % Fringe Benefits			11.25%	11.26%	11.13%	11.59%	11.72%	12.02%	12.20%	12.53%
4-YEAR AVERAGE FRINGE BENEFITS			11.30%			12.12%				
NON PUBLIC SCHOOL		Non Public	Non Public	Non Public	Non Public	Non Public	Non Public	Non Public	Non Public	Non Public
OPTS	370 Pre K Sp Ed	470	\$497,291,648	\$558,259,637	\$577,611,218	\$710,455,421	\$776,875,186	\$894,803,748	\$533,248,227	\$574,473,724
	370 Charter Schools	472							\$404,793,351	\$490,093,022
	NPS & FIT Payments	474							\$51,708,418	\$57,518,496
Funding \$ Non Public			\$497,291,648	\$558,259,637	\$577,611,218	\$710,455,421	\$776,875,186	\$894,803,748	\$989,749,996	\$1,122,085,242
			Difference FY 00 to 01	Difference FY 01 to 02	Difference FY 02 to 03	Difference FY 03 to 04	Difference FY 04 to 05	Difference FY 05 to 06	Difference FY 06 to 07	
			\$60,967,989	\$19,351,581	\$132,844,203	\$66,419,765	\$117,928,562	\$94,946,248	\$132,335,246	
Funding % Non Public			4.63%	4.81%	4.86%	5.56%	5.91%	6.46%	6.62%	7.07%
4-YEAR AVERAGE NON PUBLIC SCHOOLS			4.97%			6.52%				

491

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TABLE 10 SUMMARY OF RATIO OF ALLOCATIONS FOR BASE TEACHER TO OUT-OF-CLASSROOM (O-O-C) POSITIONS IN ELEMENTARY SCHOOLS with TITLE 1 POSITIONS and TOTAL POSITIONS (BASE TEACHER & O-O-C & TITLE 1)																
School Year	Small School of 420 Pupils					Medium-Sized School of 840 Pupils					Large School of 1,680 Pupils					Average Salary
	Tchr Pos.	O-O-C Staff	O-O-C as % of T	T1	Total Pos.	Tchr Pos.	O-O-C Staff	O-O-C as % of T	T1	Total Pos.	Tchr Pos.	O-O-C Staff	O-O-C as % of T	T1	Total Pos.	City Average or Schl Average
1986-87	19.18	3.45	18.00%	7.41	30.05	38.37	6.68	17.40%	14.82	59.86	76.73	13.12	17.10%	26.08	119.50	\$32,652
1991-92**	19.18	3.45	20.52%	6.52	29.64	38.37	7.68	20.03%	13.04	59.09	76.73	15.18	19.78%	26.08	118.00	\$39,899
1994-95**	19.18	2.82	14.72%	5.11	27.12	38.37	5.30	13.81%	10.22	53.88	76.73	10.24	13.35%	20.44	107.41	\$42,813
2000-01	19.18	3.92	20.44%	4.35	27.46	38.37	6.94	18.10%	8.71	54.02	76.73	12.99	16.93%	17.41	107.14	\$48,080
2002-03	19.18	4.26	22.21%	5.09	28.53	38.37	7.74	20.16%	10.18	56.28	76.73	14.68	19.14%	20.35	111.77	\$54,950
2003-04	19.18	5.60	29.21%	4.74	29.53	38.37	7.09	18.49%	9.48	54.94	76.73	10.07	8.73%	18.96	105.76	\$55,881
2004-05*	19.18	4.68	23.12%	4.49	29.40	38.37	5.31	13.85%	8.97	52.65	76.73	6.58	8.58%	17.95	101.26	\$56,881
2005-06*	19.18	4.60	23.97%	4.59	28.37	38.37	5.22	13.61%	9.18	52.77	76.73	6.47	8.43%	18.37	101.57	\$57,881
2006-07*	19.18	4.82	25.11%	4.69	28.69	38.37	5.64	14.71%	9.38	53.39	76.73	7.30	9.51%	18.75	102.79	\$58,881

These are hypothetical elementary schools (Title 1 poverty rate of 70%) with only general education students who are English-speaking (no LEP/ELL students) with the exact same number of pupils enrolled every year, evenly divided among seven grades (K to 6).

A majority of schools, however, have experienced declines in base teacher & per-capita allocations because of student register decreases.

The allocations above and detailed in the following sheets represent anywhere from 50% to 75% of total allocations to schools, depending on the mix of students & programs. Most additional funding is for special education, ELL, and low-achieving students.

Title 1: 2000-01 reflects a change from a citywide per-capita allocation to allocations based on the number of Title 1 eligible students in each borough. The per capita amount closest to the average for the city was chosen for 2000-01 to 2006-07 school years. 70% of students are eligible for Title 1 per capita in these hypothetical schools. The highest poverty schools used to get a supplementary "concentration grant," but this per-capita grant was eliminated by 2001-02. The following sheets do not reflect additional Title 1 funding for these grants.

Until school year 2003-04, community school districts received funding for teachers based on each csd average salary. From 2003-04 on each school has been allocated funding for teachers based on the average for each school. The teacher positions shown above are for "base teachers" for general education classroom coverage and one preparation period per day.

Before 2000-01, an average teacher salary was computed for general education teachers and another for special education teachers. Before 1994-95, non-Title 1 elementary schools had higher average class sizes and fewer prep periods and thus fewer teachers. (Some Title 1 and non-Title 1 differentials remain for middle schools.) The month in which the "average" teacher salary is computed and methodology used affects the average (for example, June averages are highest and in some years there were projections for retirements, which brings down the average). Starting in the 2006-07 school year, average teacher salary includes a state supplement for teachers in NYC which existed in all prior years but not directly allocated to schools and districts (but included in paychecks).

* In table above: For school years 2004-05 to 2006-07, the "average salary" for base teachers in this hypothetical school was simply increased by \$1,000 each year based on the 2003-04 city-wide average teacher salary. Because of teacher retirements, average salary levels have actually decreased for many schools.

Funding for out-of-classroom positions (O-O-C) does not include all possible sources of funds, only those allocated specifically to support these administrative positions (assistant principal, secretaries) and other staff (counselors, librarians, aides). Per capita allocations can also be used for supplies. An allocation called "Support Marginal Breakage" is not shown because districts often did not allocate this funding to schools.

** In table above: For these years, "Basic School Staffing" was an additional per-capita allocation because its specific intent was to increase O-O-C staff.

The following sheets summarize allocation formulas used each year for school staffing. Notes describe possible impacts on school-level funding.

**Table 10 Elementary School K-6, Title 1, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary
PERCENTAGE OUT-OF-CLASSROOM FUNDS TO TEACHER FUNDS (without additional funds for student needs)**

YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS	840 PUPILS	1,680 PUPILS
			Teachers	Teachers	Teachers
2006-07 Teacher-Ave. Salary: \$58,881 (note: 2003 ave. tchr teacher salary no TSA) with increase of \$3,000 based on 3/06 payroll of schl Schools allowed rollover of surplus funds from FY '06 \$22M reduction in Title 1 funds NOTE: Galaxy now reflects TSA & longevity & step increases to increase cash flow at school level	Class Size: 25 k-3, 32Elem A) Teacher per class: 1.2 Pupil-Teacher ratios: Early Grade 20.8333 Elem. 26.6667 B) 5% Breakage Factor 6.39% for HS Adjustment for UFT collective bargaining agreement & TSA. Adjustment in student count for CTT teachers (SETSS students previously omitted from Base Teacher calculation)	A) School Org: \$234,880 for elementary; \$354,240 middle schools; \$459,240 for high schools. Reflect TSA & union increases (org called "overhead") B) Per Capita: Elementary \$116 Middle Schools \$220; Per Capita \$495 for H.S. Supplemental per capita allocation reflection collective bargaining agreement: increase of \$30 for elementary; \$20 for middle; & \$45 for HS over FY 05 base Once again, school budget is same as FY'05 except for collective bargaining increases in teacher salaries, student registers, & TSA adjustments Schools must repay up to \$100 per student & \$100,000 hold-harmless for pupil reductions in FY 06 below FY 06 register projections	Early Grade	Early Grade	Early Grade
			240	480	960
			11.52001843	23.04003686	46.08007373
			Elementary	Elementary	Elementary
			180	360	720
			6.749991563	13.49998313	26.99996625
			Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
			18.27	36.54	73.08
			Salary:	Salary:	Salary:
			\$1,075,756.46	\$2,151,512.92	\$4,303,025.83
			Breakage 5%:	Breakage 5%:	Breakage 5%:
			\$53,787.82	\$107,575.65	\$215,151.29
			Total Teacher \$:	Total Teacher \$:	Total Teacher \$:
			\$1,129,544	\$2,259,089	\$4,518,177
			or teacher equivalent to	or teacher equivalent to	or teacher equivalent to
			19.18	38.37	76.73
			School Org:	School Org:	School Org:
			\$234,880	\$234,880	\$234,880
Per capita:	Per capita:	Per capita:			
\$48,720	\$97,440	\$194,880			
Total O-O-C \$:	Total O-O-C \$:	Total O-O-C \$:			
\$283,600	\$332,320	\$429,760			
% O-O-C:	% O-O-C:	% O-O-C:			
25.11%	14.71%	9.51%			
or teacher equivalent to	or teacher equivalent to	or teacher equivalent to			
4.82	5.64	7.30			

Student Need	Bronx closest to average Title 1 for city \$989.05	Title 1	Title 1	Title 1	
Title 1 Eligible	Title 1 per capita:	Title 1 per capita, 70%	\$276,066	\$552,132	\$1,104,264
294	\$939				
588	\$938.75				
1176					
Other major categorical funding programs with allocation tables:		TOTAL T+Sch Org+Title1 DOLLARS \$	\$1,689,210	3,143,541	6,052,201
LEP Part 154	ERSA	TEACHER POS. EQUIVALENT	28.69	53.39	102.79
Title III	LEP-PCEN funded				
in-schl	Attendance Improvement & suspensions	middle school intervention			
SAPIS workers	Dropout prevention grants	9th grade intervention			
	early-grade intervention	SURR schools			

New targeted allocations for Sp.Ed. CTT teacher prep periods
6 SP/AIS Weights: allocations for Sp Ed mandates. Such as Related Services
Register 1.0 LEP.50 change in per capita (no fringe):
Academic 2.0 Sp.Ed. Self Contained .05 Elem & M Schls
Poverty 1.0 Multiple SETSS) 6.0 \$357.41
PCEN is a set aside within SP/AIS as "Academic Need" HS \$203.28

Table 10 Elementary School K-6, Title 1, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary
PERCENTAGE OUT-OF-CLASSROOM FUNDS TO TEACHER FUNDS (without additional funds for student needs)

YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS Teachers	840 PUPILS Teachers	1,680 PUPILS Teachers
2005-06	Class Size: 25 k-3, 32E	A) School Org: \$230,000	Early Grade	Early Grade	Early Grade
Teacher Ave.	A) Teacher per class: 1.2	Fixed Rate for High	240	480	960
Salary:	Pupil-Teacher ratios:	Schools: \$430,000	11.52001843	23.04003686	46.08007373
\$57,881	Early Grade 20.8333	Middle School \$325,000	Elementary	Elementary	Elementary
(note: 2003 average teacher salary no TSA) with increase of \$2,000	Elem. 26.6667	Elementary \$230,000	180	360	720
	B) 5% Breakage Factor 6.39% for HS	No change from FY'04	6.749991563	13.49998313	26.99996625
	New Pupil-Teacher ratios for self-contained Sp. Ed. teachers in HS (10.7143) and middle schools & new HS classes (8.5714) and Collaborative Team Tch (10.0000) These are Base teachers.	B) Per Capita: Elementary \$86; Middle Schools \$200; Per Capita \$450 for H.S.	Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
Schools allowed rollover of surplus funds from FY '05	Sp. Ed. Resource Room (called SETSS) teacher funding was corrected	System of "Corridor" max & minimum adjustments to prior school budget is abandoned. Schools are given same budget as prior year, adjusted for register.	18.27	36.54	73.08
\$35,750 for Parent Coord. 50% PCEN 50% Tax Levy	Schools funded for Sp. Ed. based on the # of classes rather than students, so no breakage (5%) adjustment except Sp. Ed. Base teachers		Salary:	Salary:	Salary:
			\$1,057,486.45	\$2,114,972.90	\$4,229,945.79
			Breakage 5%:	Breakage 5%:	Breakage 5%:
			\$52,874.32	\$105,748.64	\$211,497.29
			Total Teacher \$:	Total Teacher \$:	Total Teacher \$:
			\$1,110,361	\$2,220,722	\$4,441,443
			or teacher equivalent to	or teacher equivalent to	or teacher equivalent to
			19.18	38.37	76.73
			School Org:	School Org:	School Org:
			\$230,000	\$230,000	\$230,000
			Per capita:	Per capita:	Per capita:
			\$36,120	\$72,240	\$144,480
			Total O-O-C \$:	Total O-O-C \$:	Total O-O-C \$:
			\$266,120	\$302,240	\$374,480
			% O-O-C:	% O-O-C:	% O-O-C:
			23.97%	13.61%	8.43%
			or teacher equivalent to	or teacher equivalent to	or teacher equivalent to
			4.60	5.22	6.47

Student Need	Queens closest to average Title 1 for city \$910.37	Title 1	Title 1	Title 1
Title 1 Eligible	Title 1 per capita:	\$265,776	\$531,552	\$1,063,104
294	\$904	or teacher equivalent to	or teacher equivalent to:	or teacher equivalent to:
588	\$903.70	4.59	9.18	18.37
1176		SCHL TOTAL \$	SCHL TOTAL \$	SCHL TOTAL \$
Other major categorical funding programs with allocation tables:	TOTAL T+Sch Org+Title1 DOLLARS \$	\$1,642,257	3,054,514	5,879,027
LEP Part 154	ERSA	28.37	52.77	101.57
Title III	LEP-PCEN funded	More targeted allocations for Sp.Ed. paras (out of SN/AIS)		
in-schl	Attendance Improvement &	5 SP/AIS Weights: allocations for Sp Ed mandates. Such as Related Services		
suspensions	Dropout prevention grants	Register 1.0	LEP.50	No change in
SAPIS workers	early-grade intervention	Academic 2.0	Sp.Ed. Self Contained .05	Per capita:
		Poverty 1.0		Elem & M Schls
		PCEN is a set aside within SP/AIS		\$332.89
				HS \$205.46

Table 10 Elementary School K-6, Title 1, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary
PERCENTAGE OUT-OF-CLASSROOM FUNDS TO TEACHER FUNDS (without additional funds for student needs)

YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS	840 PUPILS	1,680 PUPILS
			Teachers	Teachers	Teachers
2004-05	Class Size: 25 k-3, 32E	A) School Org: \$230,000	Early Grade	Early Grade	Early Grade
Teacher Ave. Salary:	A) Teacher per class: 1.2	Fixed Rate for High Schools: \$430,000	240	480	960
\$56,881	Pupil-Teacher ratios:	Middle School \$325,000	11.52001843	23.04003686	46.08007373
(note: 2003 average teacher salary no TSA) with increase of \$1,000	Early Grade 20.8333	Elementary \$230,000	Elementary	Elementary	Elementary
	Elem. 26.6667	No change from FY'04	180	360	720
	B) 5% Breakage Factor	B) Per Capita: Elementary \$86; Middle Schools \$200; Per Capita \$450 for H.S.	6.749991563	13.49998313	26.99996625
	6.39% for HS	Removal Project Arts, HS Activity Corridor phase-in for school budget	Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
	No factor for Teacher Occasional Absence shown	no increase above 2.56% or more than \$200,000	18.27	36.54	73.08
State School Aid increase of \$280 M to NYC schls, but budget cuts to schools	Sp. Ed. Resource Room (now called SETSS)	no decrease below 3% or more than \$200,000	Salary:	Salary:	Salary:
\$35,750 for Parent Coord. 50% PCEN 50% Tax Levy	teacher funding incorrect but teacher-pupil ratio calculation for other Sp. Ed teachers was corrected	adjusted for register (Most schools have decreases due to register declines and reductions in per capita.)	\$1,039,216.44	\$2,078,432.88	\$4,156,865.75
School Budget restorations in September-04 due to Leg. pressure	added to Base teachers	Variable policy rescinded: Any school above 600 students was to have \$58 reduction per capita above 600 students, none above 1,200.	Breakage 5%:	Breakage 5%:	Breakage 5%:
	Funding advanced to create Sp. Ed & ELL classes		\$51,960.82	\$103,921.64	\$207,843.29
			Total Teacher \$:	Total Teacher \$:	Total Teacher \$:
			\$1,091,177	\$2,182,355	\$4,364,709
			or teacher equivalent to	or teacher equivalent to	or teacher equivalent to
			19.18	38.37	76.73
			School Org:	School Org:	School Org:
			\$230,000	\$230,000	\$230,000
			Per capita:	Per capita:	Per capita:
			\$36,120	\$72,240	\$144,480
			Total O-O-C \$:	Total O-O-C \$:	Total O-O-C \$:
			\$266,120	\$302,240	\$374,480
			% O-O-C:	% O-O-C:	% O-O-C:
			24.39%	13.85%	8.58%
			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
			4.68	5.31	6.58

Student Need	Staten Island closest to average	Title 1 for city \$897.1	Title 1	Title 1	Title 1
Title 1 Eligible	Title 1 per capita:	Title 1 per capita, 70%	\$255,192	\$510,384	\$1,020,768
294	\$868		or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
588	\$867.73		4.49	8.97	17.95
1176		TOTAL T+Sch Org+Title1 DOLLARS \$	SCHL TOTAL \$	SCHL TOTAL \$	SCHL TOTAL \$
Other major categorical funding programs with allocation tables:		TEACHER POS. EQUIVALENT	\$1,612,489	2,994,979	5,759,957
LEP Part 154	ERSA		28.35	52.65	101.26
Title III	LEP-PCEN funded		SN/AIS formula changed--No longer "virtual register" but per capita. ROC targeted		
in-schl	Attendance Improvement & suspensions		5 SP/AIS Weights: allocations for Sp Ed mandates. Such as Related Services		
SAPIS workers	Dropout prevention grants		Register 1.0	LEP.50	Per capita:
			Academic 2.0	Sp.Ed. Self Contained .05	Elem & M Schls
			Poverty 1.0		\$332.89
					HS \$205.46
					not fully impl.

PCEN is a set aside within SP/AIS

Table 10 Elementary School K-6, Title 1, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary
PERCENTAGE OUT-OF-CLASSROOM FUNDS TO TEACHER FUNDS (without additional funds for student needs)

YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS	840 PUPILS	1,680 PUPILS
Mayoral Control 2003-04 Teacher Ave. Salary: \$55,881 (based on 5/03 schl. payroll) (does not include TSA, state funded teacher support aid All schools provided with Parent Coord. Literacy Coach Math Coach (not enough qualified Math coaches so not every schl.) These staff provided on top of corridor funding	Class Size: 25 k-3, 32E A) Teacher per class: 1.2 Pupil-Teacher ratios: Early Grade 20.8333 Elem. 26.6667 B) 5% Breakage Factor 6.39% for HS Factor for Teacher Occasional Absence not shown NOTE: AVERAGE SALARY NO LONGER AVERAGE FOR DISTRICT BUT AVERAGE FOR SCHL. Note: teacher-pupil ratio calculation for Sp. Ed. teachers was erroneous	A) School Org: \$230,000 (called "Fixed Rate") Fixed Rate for High Schools: \$430,000 Middle School \$325,000 Elementary \$230,000 B) Per Capita: \$198 Elem + Middle Schools Per Capita \$590 for H.S. Corridor phase-in for school budget no increase above 2.25% or more than \$300,000 no decrease below 2.5% or more than \$300,000 adjusted for register (Most schools have decreases due to register declines. Also, large schools hurt by reduction in per capita.) Baseline adjusted for FY03 & FY04 budget cuts	Teachers	Teachers	Teachers
			Early Grade	Early Grade	Early Grade
			240	480	960
			11.52001843	23.04003686	46.08007373
			Elementary	Elementary	Elementary
			180	360	720
			6.749991563	13.49998313	26.99996625
			Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
			18.27	36.54	73.08
			Salary:	Salary:	Salary:
			\$1,020,946.43	\$2,041,892.86	\$4,083,785.71
			Breakage 5%:	Breakage 5%:	Breakage 5%:
			\$51,047.32	\$102,094.64	\$204,189.29
			Total Teacher \$:	Total Teacher \$:	Total Teacher \$:
			\$1,071,994	\$2,143,987	\$4,287,975
			or teacher equivalent to	or teacher equivalent to	or teacher equivalent to
			19.18	38.37	76.73
			School Org:	School Org:	School Org:
			\$230,000	\$230,000	\$230,000
			Per capita:	Per capita:	Per capita:
\$83,160	\$166,320	\$332,640			
Total O-O-C \$:	Total O-O-C \$:	Total O-O-C \$:			
\$313,160	\$396,320	\$562,640			
% O-O-C:	% O-O-C:	% O-O-C:			
29.21%	18.49%	13.12%			
or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:			
5.60	7.09	10.07			
Student Need	Queens closest to average Title 1 for city		Title 1	Title 1	Title 1
Title 1 Eligible Title 1 per capita:		Title 1 per capita, 70%	\$264,894	\$529,788	\$1,059,576
294 \$901			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
588 \$901.13			4.74	9.48	18.96
1176		TOTAL T+Sch Org+Title1	SCHL TOTAL \$	SCHL TOTAL \$	SCHL TOTAL \$
Other major categorical funding		DOLLARS \$	\$1,650,048	\$3,070,095.50	\$5,910,191.00
programs with allocation tables:		TEACHER POS. EQUIVALENT	29.53	54.94	105.76
45 funding streams folded into SP/AIS, incl. PCEN			No change in SN/AIS funding--flat w/limits on increases, decreases, based on staffing/services		
LEP Part 154	LEP-PCEN funded		5 SP/AIS Weights:		
Title III	Attendance Improvement &		Register 8%	LEP 2%	Note: Related Services & Other Sp. Ed. Mandates Services funding reimb. not fully operational
question about	Dropout prevention grants		Academic 11%	Sp.Ed. Self Contained 22%	
funding for in-	SAPIS workers		Poverty 7.3%		
school suspensions			PCEN is a set aside within SP/AIS		

**Table 10 Elementary School K-6, Title 1, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary
PERCENTAGE OUT-OF-CLASSROOM FUNDS TO TEACHER FUNDS (without additional funds for student needs)**

YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS	840 PUPILS	1,680 PUPILS
			Teachers	Teachers	Teachers
2002-03 Average Teacher Salary \$54,950 (based on June payrolls +projections) Module 1 for districts eliminated TSA funds not included in teacher salaries \$42 million reduction to school districts Title 1 increase \$140M	Class Size: 25 k-3, 32E A) Coverage: Teacher per class: 1.2 B) Pupil-Teacher ratios: Early Grade 20.8333 Elem. 26.6667 C) 5% Breakage Factor D) Supporting Occasional Absence: 8 days at district substitute rate: 128.72x8= \$1,029.76 per base teacher (average for CSD's) not shown 2002 UFT union agreement 16% increase in return for 100 minutes more per work week in Extended Time Schools Insert high schl base teach	43 supplemental allocations rolled into schl. Org & per capita in FY'02, A) School Organization: \$43,175 B) Schl supporting per capita: \$454.60 (Increased in FY 01 for purchase of supplies & materials for Automate the Schools, but also reflects UFT increases & budget cuts from FY 02. Now \$240 AIS per capita in Module 2). C) Support Marginal 5% breakage: not shown School Organization amounts for high schools reduced to \$625,000 from \$653,000 in FY 02 Jr. High school same school organization & per capital as elementary High School support per capita: \$705	Early grade	Early grade	Early grade
			240	480	960
			11.52001843	23.04003686	46.08007373
			Elementary	Elementary	Elementary
			180	360	720
			6.749991563	13.49998313	26.99996625
			Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
			18.27	36.54	73.08
			Salary:	Salary:	Salary:
			\$1,003,937.05	\$2,007,874.10	\$4,015,748.20
			Breakage 5%:		
			\$50,196.85	\$100,393.70	\$200,787.41
			Total Teacher \$:		
			\$1,054,134	\$2,108,268	\$4,216,536
			or teacher equivalent to	or teacher equivalent to	or teacher equivalent to
19.18	38.37	76.73			
School Org:	School Org:	School Org:			
\$43,175	\$43,175	\$43,175			
Supporting per capita:	Supporting per capita:	Supporting per capita:			
\$190,932	\$381,864	\$763,728			
Total O-O-C:	Total O-O-C:	Total O-O-C:			
\$234,107	\$425,039	\$806,903			
% O-O-C:	% O-O-C:	% O-O-C:			
22.21%	20.16%	19.14%			
or teacher equivalent to	or teacher equivalent to	or teacher equivalent to			
4.26	7.74	14.68			
Student Need	Man closest to city average		Title 1	Title 1	Title 1
Title 1 Eligible	Title 1 per capita:	Title 1 per capita, 70%	\$279,594	\$559,188	\$1,118,376
294	\$951		or teacher equivalent to	or teacher equivalent to:	or teacher equivalent to:
588	\$951.13		5.09	10.18	20.35
1176		TOTAL T+Sch Org+Title1	SCHL TOTAL \$	SCHL TOTAL \$	SCHL TOTAL \$
Other major categorical funding programs with allocation tables:		DOLLARS \$	\$1,567,835	\$3,092,494.80	\$6,141,814.61
45 funding streams folded into SP/AIS, incl. PCEN		TEACHER POS. EQUIVALENT	28.53	56.28	111.77
SURR schools	Plus 8 grade retention		No change in SN/AIS funding--flat w/limits on increases, decreases		
Title 11	Attendance Improvement &	Promoting Success+ Summer School	7 SP/AIS Weights: LEP 2%		
LEP Part 154	Dropout prevention grants	Improving Pupil Performance	Register 8% Student Mobility		
SAPIS	Summer Camp	LEP-PCEN funded	Academic 11% Sp.Ed. Self Contained 22%		
Project READ	In-school suspensions		Poverty 7.3% Uncertified Teacher		
			PCEN is a set aside within SN/AIS		

Table 10 Elementary School K-6, Title 1, no Sp. Ed. or ELL, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary
COMPARISON OF TEACHER FUNDS TO OUT-OF-CLASSROOM FUNDS AND STUDENT-NEED FUNDS

YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS	840 PUPILS	1,680 PUPILS
			Teachers	Teachers	Teachers
2000-01 Average Teacher Salary \$48,080 (One average for G.E. & Sp. Ed. teachers base) TSA funds not included in teacher salary Average of fall & spring More consolidation of AIS funding High School & CSD allocations in same memo	A) Class Size: 25 k-3, 32E Coverage: Teacher per class: 1.2 Pupil-Teacher ratios: Early Grade 20.8333 Elem. 26.6667 B) 5% Breakage Factor called "Supporting %" for C) Supporting Occasional Absence: 8 days at dist substitute rate (CSD 17): \$123.49x8= per base teacher (average for CSD's) not shown Title 1 middle schools with additional class coverage requirements only for teachers hired before 7/85 (change took effect '99)	A) School Organization: \$43,175 increase by \$175 for supplies B) Schl supporting per capita: \$346.00 includes Module 5 funds such as Basic School Staffing and Supporting Percent for O-O-C staff: D) Support Marginal breakage: 5% (1 teacher for every 20 teachers) not shown Jr. High school same school organization & per capital as elementary	Early grade	Early grade	Early grade
			240	480	960
			11.52001843	23.04003686	46.08007373
			Elementary	Elementary	Elementary
			180	360	720
			6.749991563	13.49998313	26.99996625
			Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
			18.27	36.54	73.08
			Salary:	Salary:	Salary:
			\$878,422.08	\$1,756,844.16	\$3,513,688.32
			Breakage 5%:	Breakage 5%:	Breakage 5%:
			\$43,921.10	\$87,842.21	\$175,684.42
			Total Teacher \$:	Total Teacher \$:	Total Teacher \$:
			\$922,343	\$1,844,686	\$3,689,373
			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
			19.18	38.37	76.73
			School Org:	School Org:	School Org:
			\$43,175	\$43,175	\$43,175
Schl Sup per capita:	Schl Sup per capita:	Schl Sup per capita:			
\$145,320.00	\$290,640.00	\$581,280.00			
Total O-O-C:	Total O-O-C:	Total O-O-C:			
\$188,495	\$333,815.00	\$624,455.00			
% O-O-C:	% O-O-C:	% O-O-C:			
20.44%	18.10%	16.93%			
or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:			
3.92	6.94	12.99			
Student Need	No Concentration grants. Man. closest to city average		Title 1	Title 1	Title 1
Title 1 Eligible Title 1 per capita:		Title 1 per capita, 70%	\$209,328	\$418,656	\$837,312
294 \$712			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
588 \$712.03			4.35	8.71	17.41
1176		TOTAL T+Sch Org+Title1	SCHL TOTAL \$	SCHL TOTAL \$	SCHL TOTAL \$
Other major categorical funding		DOLLARS \$	\$1,320,166	\$2,597,157.37	\$5,151,139.74
programs with allocation tables:		TEACHER POS. EQUIVALENT	27.46	54.02	107.14
45 funding streams folded into SP/AIS, incl. PCEN			First year of SP/AIS block grant		
Chapter 2 Middle school pilot programs		SURR schools	SP/AIS Weights: 7 Allocations based on teachers & selected services/staff, limits on increases		
Title 11 Attendance Improvement &		Promoting Success+ Summer School	Register 8%	Student Mobility	
LEP Part 154 Dropout prevention grants		Improving Pupil Performance	Academic 11%	Sp.Ed. Self Contained 25%	
SAPIS AIS per capita block grant		LEP-PCEN funded	Poverty 6%	Uncertified Teacher	LEP 2%

Table 10 Elementary School K-6, Title 1, no Sp. Ed. or ELL, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary
COMPARISON OF TEACHER FUNDS TO OUT-OF-CLASSROOM FUNDS AND STUDENT-NEED FUNDS

YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS	840 PUPILS	1,680 PUPILS
			Teachers	Teachers	Teachers
1994-95 Average Teacher Salary \$42,813 (General Ed. average salary, Sp. Ed. separate. Ave. of Oct. + April EIT funds not included in teacher salary 92 waivers still in effect NOTE: Bd of Ed. shortfall of \$47.5 million after increase of \$375.5 M Waivers still in effect.	A) Class Size: 25 k-3, 32E Coverage: Teacher per class: 1.2 Pupil-Teacher ratios: Early Grade 20.8333 Elem. 26.6667 No difference between Title 1 elem & non-Title 1 elem FY 95 change in allocations B) 5% Breakage Factor C) Supporting Occasional Absence: 8 days at dist substitute rate (CSD 17): 101.03x8= \$808.24 per base teacher (average for CSD's) not shown Middle School pupil-teacher ratios: Title 1 computed for each district non Title 1 23.5714	A) School Organization: \$15,000 B) Schl support per capita: \$168.30 (School Support per capita \$69.07 plus Basic School Staffing of \$99.23, which could be waived) C) Supporting Percent other staff: 4.5% D) Support Marginal breakage: 5% (1 teacher for every 20 teachers) not shown Jr. High school same school organization & per capita as elementary	Early grade	Early grade	Early grade
			240	480	960
			11.52001843	23.04003686	46.08007373
			Elementary	Elementary	Elementary
			180	360	720
			6.749991563	13.49998313	26.99996625
			Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
			18.27	36.54	73.08
			Salary:	Salary:	Salary:
			\$782,193.94	\$1,564,387.88	\$3,128,775.75
			Breakage 5%:		
			\$39,109.70	\$78,219.39	\$156,438.79
			Total Teacher \$:	Total Teacher \$:	Total Teacher \$:
			\$821,304	\$1,642,607	\$3,285,215
			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
			19.18	38.37	76.73
			School Org:	School Org:	School Org:
			\$15,000	\$15,000	\$15,000
			Schl Sup per capita:	Schl Sup per capita:	Schl Sup per capita:
			\$70,686.00	\$141,372.00	\$282,744.00
Support Percent	Support Percent	Support Percent			
\$35,198.73	\$70,397.45	\$140,794.91			
Total O-O-C:	Total O-O-C:	Total O-O-C:			
\$120,885	\$226,769.45	\$438,538.91			
% O-O-C:	% O-O-C:	% O-O-C:			
14.72%	13.81%	13.35%			
or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:			
2.82	5.30	10.24			
Student Need Not eligible for Concentration grant per capita \$306 (75%+ pov)			Title 1	Title 1	Title 1
Title 1 Eligible Title 1 per capita:	Title 1 per capita, 70%		\$218,736	\$437,472	\$874,944
294 \$744			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
588 \$744.41			5.11	10.22	20.44
1176		TOTAL T+Sch Org+Title1	SCHL TOTAL \$	SCHL TOTAL \$	SCHL TOTAL \$
Other major categorical funding programs with allocation tables:		DOLLARS \$	\$1,160,924	\$2,306,848.72	\$4,598,697.45
Additional Special Needs 2B:per capita of \$187		TEACHER POS. EQUIVALENT	27.12	53.88	107.41
PSEN/PCEN (\$331 per capita) based on poverty & low-achievement					
Chapter 2	Middle school pilot programs	SURR schools	LEP Part 154=PSEN		
Title 11	Attendance Improvement &	Promoting Success+ Summer School	Module 2B (\$186.57 per capita)		
Chapter 53	Dropout prevention	Improving Pupil Performance	Prog. Alter. to S. E.		

Table 10 Elementary School K-6, Title 1, no Sp. Ed. or ELL, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary
COMPARISON OF TEACHER FUNDS TO OUT-OF-CLASSROOM FUNDS AND STUDENT-NEED FUNDS

YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS	840 PUPILS	1,680 PUPILS
			Teachers	Teachers	Teachers
1991-92 Average Teacher Salary \$39,899 (Projected early retirements from mid-year base) EIT funds not included in teacher salary NOTE: General Ed. Reduction of \$190 million Waivers for sp. Program funds	A) Class Size: 25 k-3, 32E Coverage: Teacher per class: 1.2 Pupil-Teacher ratios: Early Grade 20.8333 Elem. 26.6667 for Title 1 Pupil-Teacher ratios for non-Title 1 schls EG 22.5002 Elem 28.8003 B) 5% Breakage Factor C) Supporting Occasional Absence: 8 days at dist substitute rate (CSD 17): 101.03x8= \$808.24 per base teacher (average for CSD's) not shown Pupil-Teacher ratios for non-Title 1 middle schls 23.5714 for Title 1 middle schls depends on tchers hired '85	A) School Organization: \$7,500 B) Schl support per capita: \$269.28 Schl sup per capita \$175.90 (FY'91 per capita was \$194, cut offset by more Chpater 53 & State Incentive funds) Basic School Staffing (can be waived) \$93.38 C) Support Percent other staff: 5% D) Support Marginal breakage: 5% (1 teacher for every 20 teachers) not shown Jr. High school same school organization & per capital as elementary	Early grade	Early grade	Early grade
			240	480	960
			11.52001843	23.04003686	46.08007373
			Elementary	Elementary	Elementary
			180	360	720
			6.749991563	13.49998313	26.99996625
			Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
			18.27	36.54	73.08
			Salary:	Salary:	Salary:
			\$728,955.13	\$1,457,910.26	\$2,915,820.52
			Breakage 5%:		
			\$36,447.76	\$72,895.51	\$145,791.03
			Total Teacher \$:	Total Teacher \$:	Total Teacher \$:
			\$765,403	\$1,530,806	\$3,061,612
			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
			19.18	38.37	76.73
			School Org:	School Org:	School Org:
			\$7,500	\$7,500	\$7,500
			Schl Sup per capita:	Schl Sup per capita:	Schl Sup per capita:
			\$113,097.60	\$226,195.20	\$452,390.40
Support Percent	Support Percent	Support Percent			
\$36,447.76	\$72,895.51	\$145,791.03			
Total O-O-C:	Total O-O-C:	Total O-O-C:			
\$157,045	\$306,590.71	\$605,681.43			
% O-O-C:	% O-O-C:	% O-O-C:			
20.52%	20.03%	19.78%			
or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:			
3.94	7.68	15.18			
Student Need Not eligible for Concentration grant			Title 1	Title 1	Title 1
Title 1 Eligible	Title 1 per capita:	Title 1 per capita, 70%	\$260,190	\$520,380	\$1,040,760
294	\$885		or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
588	\$884.69		6.52	13.04	26.08
1176			SCHL TOTAL \$	SCHL TOTAL \$	SCHL TOTAL \$
Other major categorical funding programs with allocation tables:		TOTAL T+Sch Org+Title1 DOLLARS \$	\$1,182,638	\$2,357,776.48	\$4,708,052.97
Additional Special Needs 2B:per capita of \$197		TEACHER POS. EQUIVALENT	29.64	59.09	118.00
PSEN/PCEN (\$355 per capita) based on poverty & low-achievement					
Chapter 2	Middle school pilot programs	SURR schools	LEP Part 154=PSEN		
Title 11	Attendance Improvement &	Promoting Success+ Summer School	Module 2B (\$385 per capita)		
Chapter 53	Dropout prevention	Improving Pupil Performance	Prog. Alter. to S. E.		

Table 10 Elementary School K-6, Title 1, Pupils Equally Divided into Grades, with Systemwide Average Teacher Salary					
PERCENTAGE OUT-OF-CLASSROOM FUNDS TO TEACHER FUNDS (without additional funds for student needs)					
YEAR	Teacher Funding Formulas	Out-Of-Classroom Funding Formulas	420 PUPILS	840 PUPILS	1,680 PUPILS
			Teachers	Teachers	Teachers
1986-87	A) Class Size Early Grade k to 3: 25 students Base number of teachers =	A) School Organization: \$7,500	Early grade	Early grade	Early grade
Teacher Average salary: \$32,652 (Average teacher salary computed for each district average of fall & spring)	Registers divided by pupil-teacher ratio of 20.8333 (23.3340 if non Title 1) Elementary Grades 4-6: 32 pupils Base number of teachers =	Addl Sch. Org for small schls: called Supporting Marginal Breakage not shown	240	480	960
Year of final phase in of EG class size full day K FY 84 1st grade FY '85 2nd grade FY '86 3rd grade FY '87	Registers divided by pupil-teacher ratio of 26.6667 (29.8667 if non Title 1) Middle School: 30 or 33 Title 1: 19.7368 Non-Title 1: 23.5714	B) Supporting per capita for o-o-c staff & supplies: \$179.59	11.52001843	23.04003686	46.08007373
Mid-Year Adjustment of Student Registers	C) Supporting Occasional Absence: 8 sick days er year (contractual is 10) Used district specific rate not shown Gates Teacher allocation 15 pupils for ELA not shown	C) Supporting percent allocation: Half goes for o-o-c staff: 0.05 Gates Excess Cost allocation (not used in EPP calculations)	Elementary	Elementary	Elementary
			180	360	720
			6.749991563	13.49998313	26.99996625
			Total Base Teachers:	Total Base Teachers:	Total Base Teachers:
			18.27	36.54	73.08
			Salary:	Salary:	Salary:
			\$596,552.37	\$1,193,104.73	\$2,386,209.47
			Breakage 5%:	Breakage 5%:	Breakage 5%:
			\$29,827.62	\$59,655.24	\$119,310.47
			Total Teacher \$ =	Total Teacher \$ =	Total Teacher \$ =
			\$626,379.98	\$1,252,759.97	\$2,505,519.94
			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
			19.18	38.37	76.73
			Schl Org.	Schl Org.	Schl Org.
			\$7,500	\$7,500	\$7,500
			Supporting percent:	Supporting percent:	Supporting percent:
			\$29,827.62	\$59,655.24	\$119,310.47
			Supporting per capita:	Supporting per capita:	Supporting per capita:
			\$75,427.80	\$150,855.60	\$301,711.20
			Total O-O-C Funds:	Total O-O-C Funds:	Total O-O-C Funds:
			\$112,755.42	\$218,010.84	\$428,521.67
			O-O-C as %:	O-O-C as %:	O-O-C as %:
			18.00%	17.40%	17.10%
			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
			3.45	6.68	13.12
Student Need			Title 1	Title 1	Title 1
Title 1 Eligible \$823		Title 1 per capita, 70%	\$241,962	\$483,924	\$967,848
294 \$823.24			or teacher equivalent to:	or teacher equivalent to:	or teacher equivalent to:
588			7.41	14.82	29.64
1176		TOTAL T+Sch Org+Title1	SCHL TOTAL \$	SCHL TOTAL \$	SCHL TOTAL \$
Other major categorical funding programs with allocation tables:		DOLLARS \$	\$981,097	\$1,954,694.81	\$3,901,889.61
PCEN (\$672 per capita) based on poverty & low-achievement		TEACHER POS. EQUIVALENT	30.05	59.86	119.50
Chapter 2					
Gates funding for grades 4, 5, 7, & 8 (grade retention)					
Title 11 Module 2B (\$385 per capita)					
Chapter 53					
Alternatives to Sp. Ed.					
Middle school pilot programs					
Attendance Improvement & Dropout prevention		LEP funding			

APPENDIX 11 MAJOR SOURCES OF PERSONNEL FUNDING FOR SCHOOLS & CHANGES IN ALLOCATION FORMULAS

EPP was able to track some of the formulas and dollars for personnel allocations to schools as far back as the 1978-79 school year. But there was not enough information on categorical funding streams, especially the federal Title 1 program, for that year. EPP also found that in the 1978-79 school year, the tax-levy allocation formulas were different. Class sizes were larger, and kindergarten (if offered) was half day. Thirty years ago there were fewer funding streams for high-need students, but high-poverty schools eligible for federal Title 1 funds also received additional tax-levy funding so that these schools had smaller class sizes and teachers had more preparation periods.¹ Ten years later, the basic formulas used in the 1986-87 school year were not that different from the current ones, though there was a substantial difference in average teacher salaries and some of the funding streams.

Though each of these brief and simplified descriptions of budgeting for teachers, out-of-classroom staff, and high-need students identifies major funding streams and methods for allocating these funds, this is not by any means a complete picture of all the allocations that go to schools. Even now, despite a robust effort to simplify school funding, throughout the year the Department of Education's Division of Budget Operations & Review sends out a constant stream of allocation memos to schools. What parents, staff, and the public see on the web site is primarily the major allocations and formulas worked up for each school, but principals and their staffs must deal with a much larger universe of budget allocations and codes. School-level staff work with a budget reporting system called "Galaxy."

A) General education classroom teachers (1986-87 to 2006-07)

"Base Teacher" Despite the dramatic changes in how school budgets have been presented since mayoral control, the school system is still using a twenty-year-old formula for allocating tax-levy funds to schools for general education teachers. The formula is based on a student-to-teacher ratio, sometimes called a "workload allocation." The ratio is determined by collective bargaining agreements with the UFT on class-size maximums for students at different grade levels and teacher coverage for non-classroom periods so teachers can prepare class work (called prep periods) or perform administrative duties (at middle and high schools). These requirements work out to a formula of one teacher position for every

- 20.8333 students from kindergarten to third grade
- 26.6667 students from fourth to sixth grade
- 21.4286 students in Title 1 middle schools
- 23.5714 students in non-Title 1 middle schools
- from 18.5792 students to 25.0737 students in high schools, depending on the mix of courses offered at the high school and type of school.²

This formula generates sufficient funds so that elementary schools have both classroom teachers and teachers who can cover the prep periods of five other teachers. At the middle and high school levels, where students go from one class to another, the formula supplies enough funds so that students have a full school day, but teachers have up to two periods when they are out of the classroom.

¹ These differentials were eliminated in the 1994-95 school year when teachers in non-Title 1 elementary schools were given the same class sizes and preparation periods as teachers in Title 1 schools. In Title 1 middle schools, class sizes are still lower and teachers hired before 1985 still have more preparation periods.

² Currently there are four "curriculum indexes" for high schools, but at times there have been seven to seventeen curriculum indexes (some created for just one or two specific high schools).

“Breakage” Various reports over the years have made fun of the fractions used in computing these teacher-to-student ratios, but children do not show up to a school in neat groups of 25 or 32 students to a grade and, therefore, fractional funding is inevitable. So there has always been a five percent additional allocation above teachers’ salaries. Sometimes this was called “Supporting Percent.” It provides enough funding to level up to the salary of a full-time teacher’s position and to account for classes that may be smaller than average. For high schools, this “Breakage” factor has been increased to 6.39%.

Note: Prior to school-site budgeting, there were also teacher allocations to districts for “Supporting Occasional Absence” to pay for substitute teachers and “Supporting Marginal Breakage,” originally an additional “Breakage” factor for small schools only. These funds could have been re-allocated by some districts to the schools, but very often these funds were retained at the district level. This is why they were not included in the new school budgets in 2003-04 and subsequently.

B) Out-of-classroom staff (1986-87 to 2006-07)

In the selected years before mayoral control that EPP analyzed, schools received three to four tax-levy funding streams for their out-of-classroom staff from 1986-87 up through the 1999-00 school year:

1) **“School Organization”** — a small flat amount for each school which varied for elementary schools from a low of \$7,500 (from 1978-79 to 1991-92) to a high of \$43,175 in 1999-00;

2) **“School Support per Capita”** — a per-student amount that took into account size differences among schools to be used for staffing and classroom supplies which varied from a low of \$69.07 in 1994-95 to a high of \$269 in 1991-92;

3) **“School Supporting Percent”** — an amount equivalent to between 4.5% to 5% of the total salaries of classroom teachers that was identified as funding for out-of-classroom staff.³

4) **“Basic School Staffing”** In the 1987-88 school year, in recognition of the difficulties schools had in funding their out-of-classroom-staff, particularly schools that were smaller or larger, a new funding stream (providing between \$92 to \$99 per student) was created that would enable schools to help fund secretaries, librarians, counselors, aides, and a small portion of principals and assistant principals salaries. However, by the mid-1990’s the school system’s budget cuts were so deep that the “School Support Per Capita” amount had decreased from \$269 to a paltry \$69 per student. So this dedicated funding stream for staffing up schools began to be used to plug budget holes created by reductions in “Supporting Per Capita.” In addition, because of budget cuts, schools were allowed “waivers” so that “Basic School Staffing” could be used support core functions.

In the 2000-01 school year “Basic School Staffing” and “Supporting Percent” were folded into “Support Per Capita” along with allocations for supplies and other small funding streams. So from 2000-01 to 2002-03, the three school years before mayoral control, there were only two funding streams for out-of-classroom staff:

³ In some years, the allocation memo stated that the “Supporting Percent” was 10% or 9.5% of base teacher salaries and that 5% was to be applied for classroom breakage and the remainder to fund out-of-classroom staff.

1) **“School Organization”** which provided \$43,175 to every elementary and middle school and \$653,000 to every high school (reduced to \$625,000 in FY 02);

2) **“School Support per Capita”** which grew from \$346 per student for elementary and middle schools to \$455 in 2002-03 and \$705 per high school student. These increases really represented yet another consolidation of other funding streams along with collective bargaining salary increases.

“School Organization” allocations for 2002-03

School Level	\$ Allocation
Elementary	\$43,175
Middle	\$43,175
High School	\$625,000

“School Support Per Capita” allocations for 2002-03

School Level	\$ Allocation
Elementary	\$445
Middle	\$455
High School	\$705

In 2003-04, the first full school year under mayoral control when school-site budgeting began in earnest, these two funding streams were retained. But the dollar amounts for “School Organization” and “Support Per Capita” were dramatically altered.⁴ Small elementary schools benefited from a 500% increase in “school organization”, but mid-sized and larger schools experienced even more sizable shortfalls in funding for their out-of-classroom staff from a 50% cut in “Per Capita” funding. In the next school year, per-student funding was cut again and these shortfalls grew larger, especially for big elementary schools. The following chart shows the changes in formula allocations for out-of-classroom staff:

“School Organization” allocations for 2003-04 and 2004-05

School Level	\$ Allocation
Elementary	\$230,000
Middle	\$325,000
High School	\$430,000

“Per Capita” allocations based on school student registers

School Level	School Yr	\$ Allocation	School Yr	\$ Allocation
Elementary	2003-04	\$198	2004-05	\$86
Middle	2003-04	\$198	2004-05	\$200
High School	2003-04	\$590	2004-05	\$450

⁴ The names of the funding streams were changed. “School Organization” became “Fixed Rate” or “School Overhead” and “School Support Per Capita” simply became “Per Capita.” The older terms are used for the purpose of simplification.

C) Extra services for high-need students (1986-87 to 2006-07)

These mostly federal and state funds provide some measure of funding equity for the school system. That is, they drive more dollars to schools serving high-poverty and high-immigrant children who need more help than children from more middle-class and English-speaking families. Special education funding is also based on the principle of equity. Children with disabilities, in order to succeed, need more services than other children. These categorical and special education programs come in for severe criticism because, even with these extra funds, fewer high-need students reach acceptable academic performance levels and fewer graduate from high school. Nevertheless, before the emergence of these various efforts towards educational equity in the 1970's, high-need students often had even more dismal outcomes.

In budgeting, special education and categorical revenue and expenditures are kept largely separate even though there have been recent efforts to integrate them. With certain restrictions, the funding streams can now be used together at the school-level in order to prevent special education referrals and to better meet the needs of students, no matter how students are formally labeled. In practice these objectives are rarely met. Despite the blending of funds for some services, the basic characteristics of these two high-need funding streams remain very different for a variety of reasons.

Special education funds come with federal laws and regulations that can and have been used for court challenges. In addition, in New York City there is a federal court-monitored agreement that began in 1979 as part of a settlement of lawsuit called *Jose P.* brought by Advocates for Children and other special education advocacy organizations that adds an additional level of requirements for the use of these funds and treatment of special education students. Another attribute of special education funding is that it is related somewhat to actual costs of instruction and services, whether through payments to private schools or formulas for special education teacher staffing or the services of professionals, such as physical therapists. The ongoing problem in New York City and other large urban school systems is the institutional reluctance at all levels of the school system to provide these services to students with disabilities. Even though many school children do not receive an adequate level of services (or none at all), special education expenditures in New York City have for the most part increased every year until the dramatic reduction of \$445 million in the 2003-04 school year, the first year of mayoral control. This reduction only affected special education students in regular schools, not Citywide Special Education schools.⁵ By the 2005-06 school year, the share of special education expenditures (12%) as a percent of all expenditures approached those of the school system before the 2003-04 school year.

In contrast, categorical program dollars (much like out-of-classroom dollars) do not represent reality-based funding. The amounts dedicated to helping low-achieving children, schools serving high-poverty neighborhoods, or students needing to learn English are by no means related to any cost estimate of staff needed to bring these students to higher performance levels. Essentially these "extra" amounts of education funding are symbols of concern by public officials or a measure of the political clout of constituencies. In all cases, the funds allocated to "help" are insufficient.

Another contrast is the regulatory environment. State funds for high-poverty students (and in the past low-achieving students called Pupils with Compensatory Education Needs or PCEN) have often been redirected to better-off schools or other purposes with no consequences. Though there is a 1975 federal court agreement in a lawsuit brought by ASPIRA (an advocacy organization for Puerto Rican students) requiring extra instruction for students

⁵ This decrease in expenditures is described in Section 2, pages 7-8. Table 9 in the Appendix shows that these cuts did not affect Citywide Special Education Programs, described on page 12.

who do not speak English, the weaker law and oversight in this area has resulted in less leverage and more limited funding. The largest categorical funding stream, Title 1, comes with federal restrictions 1) to ensure that funds are targeted to schools serving the largest share of high-poverty students in each county and school district and 2) to prevent supplanting, that is, the use these federal dollars to reduce local school district and state funding. Federal requirements for targeting of funds are enforced, but under the administrations of Presidents Clinton and Bush federal efforts to prevent supplanting have grown much weaker. This was partly by design in order to encourage more flexibility in how Title 1 dollars are used by schools.

The Educational Priorities Panel was a strong advocate of more flexibility in the use of Title 1 funds, but we have also come to realize that “flexibility” in the use of categorical funds can result in supplanting. Here is a fairly typical pattern of how “extra” funds are used to plug tax-levy budget shortfalls at the school level. Over the last several years there has been a gradual disappearance of elementary school music, art and physical education teachers. These are cluster teachers who cover classes when regular classroom teachers take their preparation periods and are funded through the tax-levy “teacher workload” formula described in the last section (page 13). In almost all cases, they have been replaced by teachers providing extra help in reading or math. This may represent a greater focus on academics or student test-taking drills. But this trend also represents a method that principals routinely use to replace a tax-levy funded teaching position with a position funded by federal Title 1 or state funds for low-income children. The tax-levy “savings” of one teacher’s salary can then be applied to the payroll costs of school secretaries and aides. In short, the purposeful under funding of out-of-classroom staffing has resulted not only in fewer teachers and larger class sizes, but has also resulted in narrowing the curricula and providing little if any “extra” services to high-need students.

The emergence and disappearance of specific funding streams for “extra services for high-need students” have been so numerous and constant that they cannot be covered by this overview. As stated earlier, in the 1970’s there were few funding streams for “high need” students beyond the federal Title 1 program, but the city provided extra money for more teachers and teacher preparation periods to schools serving high-poverty neighborhoods. But over time, the city withdrew this tax-levy support.⁶

By the 1986-87 school year, there were at least fifteen major federal and state funded categorical programs. Three of them, when combined, provided over \$1,800 extra per student for schools serving high-poverty children. Fifteen years later, even though average teacher salaries had increased, the three of them provided a little more than \$1,000 per high-poverty student. From the 1986-87 up to the 1999-00 school years, these were the three largest “high-need” funding streams:

1) Title 1 used to be called Chapter 1, but both reference the section of the federal Elementary and Secondary Education Act, ESEA, now known as “No Child Left Behind.” This is one of the largest surviving program of President Lyndon Johnson’s “War on Poverty,” and provides funding on a per-student basis to more than 60% of city schools, all of them serving high-poverty communities. In the 1986-87 school year, when the average teacher salary was \$32,652, Title 1 provided \$823 in extra funding per student eligible for free lunch fees, so long as about three fifths of a school’s students were also free-lunch eligible.⁷ By the 1994-95 school year, when the average teacher salary had risen to \$42,813, the per-student allocation had fallen to \$744. For a small school with

⁶ The one area where the city has provided extra city funds has been for three different grade-retention programs initiated by Mayors Koch, Giuliani, and Bloomberg, which included funding for summer school and, sometimes, small group instruction during the school year.

⁷ Every year, a “cut-off” point is determined so that only the highest-poverty schools receive per-pupil allocations of Title 1 funds. In the suburbs, the “cut-off” point may be so low that schools with only 10% of students receiving free or reduced lunch are eligible for Title 1 funds.

420 students, 70% of whom were eligible for free lunch, Title 1 allocations could cover the payroll costs of almost seven and a half teachers in 1986-87, but by 1994-95 they covered a little over five teachers. For the largest school of 1,680 students Title 1 positions fell from close to thirty teachers to twenty and a half extra teachers. (Table 10 in the Appendix tracks these Title 1 allocations and the number of positions funded by selected school years.)

2) Module 2B is so named because elementary and middle school funding used to be allocated through “Module 2.” In 1986-87 school year, the per-student amount was \$385, made up mostly of tax-levy funds. Ten years later, this amount had decreased to \$187 per student with a much smaller city share of this amount.

3) PCEN (Pupils with Compensatory Education Needs) funds were distributed to schools on the basis of the number of students whose scores fell into the lowest quartile of test takers. Funding fell from \$672 per student in 1986-87 to \$355 per student by 1994-95. This entirely state-funded categorical program has a peculiar history. At the state level, PCEN was created for large urban school districts to augment an already existing “high-need” program called Pupils with Special Education Needs (PSEN). In 1993, the governor and the state legislature abolished the PCEN & PSEN programs and folded the funds into an Extraordinary Needs Aid formula (which later was refashioned into Standards Aid). City budget officials have continued the fiction that PCEN and its state guidelines remain in effect.⁸

In the 2000-01 school year, there was a dramatic change in the allocation methodology for categorical “high-need” state and federal funds. NYS Education officials wanted to encourage school districts to use more of their special education funds to prevent low-achieving students from being referred to special education programs. NYC school budget officials responded by combining 45 funding streams, mostly special education but also PCEN and Module 2B funds, into an allocation to schools called “Special Needs/Academic Intervention Services” (SN/AIS).

From the 2000-01 school year up to the 2006-07 school year, these are the two largest funding streams for extra services to high-need students and formulas that are used for allocations to schools:

1) Title 1 Congressmembers Susan Molinari and Major Owens, with the support of Mayor Giuliani, altered the language of ESEA so that federal Title 1 dollars were to be distributed by counties. When Title 1 per-capita allocations were distributed citywide, every eligible school got the same per-pupil allocation, but when it was distributed by borough, high-poverty schools in Staten Island received \$1,262 per pupil, schools in Brooklyn \$822 per pupil, while schools in the Bronx received only \$617 per pupil. Over time, the definition of “high poverty school” also changed by borough, so that schools in Staten Island and Queens could receive Title 1 funds even when fewer than two thirds of their students were free-lunch eligible, the cut-off point for eligibility in other boroughs.⁹

2) Special Need/Academic Intervention Services When this new funding stream was consolidated from 45 smaller funding streams, school budget officials stated that they had created “a virtual register” of high-needs students where every high-need student

⁸ PCEN remained a “weight” in state allocation of Operating Aid up to FY 2007 and remains a source of funding for classes for English Language Learners (ELL). The reason it was abolished as a categorical program was that by the mid-1990 state education officials had come to recognize that PCEN funds allocated to students with low-test scores created a perverse incentive for continued poor performance by school staff. If a school’s average test scores improved, PCEN funds were reduced in the next school year. City school officials refused to recognize this “punishment for performance” aspect of PCEN, and continued the fiction that it remained a large state program. EPP has never fully understood the reasoning behind this strange city policy decision. It may have been simply a convenient method to distribute “high-need” funding to all schools, since almost all schools had at least a few low-performing students.

⁹ The exact “cut-off” point for school eligibility changes slightly each year. See footnote 6.

was counted as more than one student, depending on the student's "need." This "virtual register" changed to multiples of a per-capita amount two years after mayoral control, which did not alter the funding, only the methodology for arriving at the funding. Originally there were seven types of counts: 1) every student in the school; 2) students with low test scores; 3) high-poverty students; 4) limited English-proficient students (LEP/ELL); 5) students in special education self-contained classes; 6) student mobility rates; and 7) the number of uncertified teachers in a school. When schools first received budgets under mayoral control, the last two counts disappeared, so there were only five "weights." In the current school year, a weight has been added for special education students who have more than one Resource Room period per day.¹⁰ (The exact weights appear for selected years in Table 10 in the Appendix.)

Strangely enough, the non-existent state program, PCEN, which was supposed to be folded into SN/AIS was retained as a "set-aside" within SN/AIS with the same allocation of funds to schools based on poor student test performance.

¹⁰ Resource Room is now called Special Education Teacher Support Services, or SETSS.

APPENDIX 12
NYS EDUCATION LAW BUDGET LANGUAGE
ON DISCLOSURE OF ALLOCATION OF FUNDS

NYS Education Law (repealed until 6/30/09)

2590-q

Section 7 (c) At the same time, the chancellor shall transmit to the community district education councils a statement of the allocation of the balance of such funds to the several programs administered by him or her and the city board including the distinct amounts assigned to each category of schools and programs set forth in section twenty-five hundred ninety-i of this article and the amount allocated for the operation of the city board, his or her office, and the other administrative bureaus and divisions thereof.

2590-q (will expire on 6/30/09)

Section 4. On such date as the mayor shall direct, the city board shall submit to the mayor:

(a) estimates, as adopted, of the total sum of money which it deems necessary for the operation of the city district (other than functions to be financed from funds provided for in the capital budget of the city) during the next fiscal year of the city, together with the estimates submitted by the community boards, as originally submitted and as modified pursuant to subdivision three of this section;

(b) estimates of the amount to be received as a result of the apportionment of moneys payable from the state in such fiscal year; and

(c) estimates of the amount to be received for school system expenditures by the city district in such fiscal year from sources other than appropriations of city funds or appropriations or other provisions of funds in the capital budget of the city or apportionment of moneys from the state payable in such fiscal year.

7. (b) Not later than thirty days after the amount of such funds becomes determined by adoption of the budget pursuant to subdivision six, by allocation pursuant to subdivisions ten, eleven, fourteen and fifteen of this section, or otherwise, the chancellor shall transmit to each community board a statement enumerating the federal, state, city and private funds which have been allocated thereunder to such community board for its programs.

(c) At the same time, the chancellor shall transmit to the community boards a statement of the allocation of the balance of such funds to the several programs administered by him and the city board including the distinct amounts assigned to each category of schools and programs set forth in section twenty-five hundred ninety-i and the amount allocated for the operation of the city board, his office and the other administrative bureaus and divisions thereof.