

Q1:

1. Describe the local methodology/approach used to allocate funds to each school in the district. If schools are allocated funds—either in part or in full—through a formula, outline the nature/mechanics of the formula and the elements impacting each school’s allocation

Approximately two-thirds of school budgets are allocated via the Fair Student Funding (FSF) formula, a weighted student funding formula. In addition to FSF, schools receive other funding through School Allocation Memoranda (SAMs). DOE allocates funding to schools via SAM to support specific purposes. Schools can then budget for the needed services, such as teachers and supplies. The written description in each SAM provides; the purpose of the funds, background about the funds, source of the funds and how the funds should be used. Schools receive funding via SAMs only for programs they are eligible for, such as Title I. All SAMs are posted on the DOE website.

FSF is based on the following principles:

- School budgeting should help improve student achievement, move the school system towards funding equity, and be transparent and predictable;
- Different students have different educational needs, and funding levels should reflect those needs as best as possible;
- School budgets should be transparent so that funding decisions are visible for all to see and evaluate.

In keeping with these principles, Fair Student Funding means that:

- Money follows each student to the public school that he or she attends;
- Schools receive funding for each student based on grade level; and
- Schools also receive additional dollars in accordance with the needs of each student.

The FSF allocation provides dollars to schools as follows:

- Grade weights, based on student grade levels;
- Needs weights, based on student needs including academic performance, special education needs, and English proficiency; and
- Enhanced weights for students in “portfolio” high schools, such as arts high schools or Career and Technical Education high schools.

Two additional resources are provided to schools through the allocation but not included as part of the formula:

- Base (“foundation”) amount – a fixed sum that all schools receive; and
- Collective Bargaining-related increases for staff funded with FSF.

Below is a table of the Fair Student Funding weights and it’s associated per capita.

In particular, the weights are designed to do two things:

- Meet the needs of students who need the greatest support; and
- Reflect objective criteria that can be applied evenly.

FSF Category Type of Pupil/Need	Grade Span	Weights	FY 19 Per Capita
Grade Weight General Education and Special Education Pupils	K-5	1.00	\$ 4,084.80
	6-8	1.08	\$ 4,411.92
	9-12	1.03	\$ 4,206.95
Academic Intervention	Poverty	0.12	\$ 490.18
	4-5 Well Below	0.40	\$ 1,633.51
	4-5 Below	0.25	\$ 1,020.68
	6-8 Well Below	0.50	\$ 2,043.44
	6-8 Below	0.35	\$ 1,429.58
	9-12 Well Below	0.40	\$ 1,633.51
	9-12 Below	0.25	\$ 1,020.68
	9-12 Heavy Graduation Challenge OTC	0.40	\$ 1,633.51
English Language Learner	K-5 Freestanding English as a New Language (ENL)	0.40	\$ 1,633.51
	6-12 Freestanding English as a New Language (ENL)	0.50	\$ 2,043.44
	K-5 Bilingual	0.44	\$ 1,797.31
	6-12 Bilingual	0.55	\$ 2,246.64
	K-5 Commanding	0.13	\$ 531.02
	6-12 Commanding	0.12	\$ 490.18
	K-12 Students with Interrupted Formal Education (SIFE)	0.12	\$ 490.18
Special Education Needs Weight	Single Service <=20%	0.56	\$ 2,287.74
	Multi-Service 21% to 59%	1.25	\$ 5,108.38
	K-8 Self-Contained (SC) >= 60%	1.18	\$ 4,823.41
	9-12 Self Contained (SC) >= 60%	0.58	\$ 2,385.87
	K Integrated Co-Teaching (ICT) >= 60%	2.09	\$ 8,529.96
	1-12 Integrated Co-Teaching (ICT) >= 60%	1.74	\$ 7,108.13
	K-12 Post IEP Support	0.12	\$ 490.18
Portfolio Schools	CTE Tier 1	0.26	\$ 1,062.09
	CTE Tier 2	0.17	\$ 694.60
	CTE Tier 3	0.12	\$ 489.64
	CTE Tier 4	0.05	\$ 203.93
	Specialized Academic	0.25	\$ 1,020.68
	Specialized Audition	0.35	\$ 1,429.58
	Transfer - Heavy Graduation Challenge	0.40	\$ 1,633.51
	Transfer - Regular Graduation Challenge	0.21	\$ 851.31

As an example, 11X566, Pelham Gardens Middle School, has a total FY 2019 projected register of 441 students.

- Applying the FSF student need weights (above) to those students and their unique characteristics (ELL, Special Education etc...), the school has a FSF weighted register (based on their register as per the table of weights above) of 722.42.
- At the FSF per capita of \$4,084.80, at the school's funding percentage of 100%, the school has a FY 2019 FSF register allocation of \$2,950,960.
- Applying fringe and pension benefits (which are allocated outside of school budgets) brings us to the school's FY 2019 Weighted Register allocation of **\$4,693,808**.
- Each school receives \$225,000 in FSF foundation. This is outside of each school's weighted register allocation, but a part of their FSF funding. Applying fringe and pension results in a per school value of **\$357,576**.
- Each school receives funding for collective bargaining related increases for staff funded with FSF. 11X566 received \$553,961 in FY 2019 to cover collective bargaining related increases for their staff. Funding for collective bargaining increases is outside of each school's weighted register allocation, but part of their FSF funding. Applying fringe and pension results in **\$880,370** in CB funding.
- The total amount is computed as the sum of each school's weighted register allocation, foundation, and funding for collective bargaining. For 11X566, this is the sum of \$4,693,808 in weighted register funding, \$347,576 in Foundation, and \$880,370 in Collective Bargaining. This totals **\$5,931,754**.

Since 2015, the administration has invested over \$355 million – not including associated pension costs - in the Fair Student Funding formula. These investments have increased the average FSF for all schools from 88% to 93% by:

- Creating new weights for English Language Learners and students with interrupted formal education, an increase of \$40 million; and
- Raising the floor from 81% to 90% for all schools and to 100% for Renewal schools, an increase of \$316 million.

This Administration has invested State aid increases into raising the FSF level. In order to fund all schools at 100 percent of their FSF, the funding mandated by the Campaign for Fiscal Equity settlement is necessary. For the 2018-19 school year, the remaining obligation is \$1.2 billion.

2. **If applicable, is there anything unique about certain schools which explain why per pupil spending at these locations may be significantly higher/lower than the district average?**

As a result of investments in the Fair Student Funding Formula and targeted investments like the Equity & Excellence for All agenda, per pupil spending tends to be higher at schools serving higher-needs populations, including students with:

- concentrations of students in poverty
- concentrations of students with disabilities
- concentrations of English Language Learners
- lower math and ELA proficiency rates
- lower graduation rates

The Equity and Excellence for All agenda is building a pathway to success in college and careers for all students. Our students are strengthening foundational skills and instruction earlier, with Universal Literacy and Algebra for All. Our schools also offer students more challenging, hands-on, college and career-aligned coursework, as Computer Science for All brings 21st-century computer science instruction to every school, and AP for All works to give all high school students access to at least five Advanced Placement courses. Along the way, our schools are providing students and families additional support through College Access for All, Single Shepherd, and investment in Community Schools. Efforts to create more diverse and inclusive classrooms are central to this pathway.

3. If applicable, describe any items which the district feels are anomalous in nature and require additional description beyond the Excel entry.

Part A – District Level Information

- **Fringe/Pension** - Part A of the Form requires the DOE to report on fringe and pension costs in such a way that has not been traditionally reported by the City. The State form's "fringe" category requires DOE to include pensions and other personnel benefits. However, within the City's budget, pensions are not considered part of DOE's operating budget. As a result, the State form automatically produces a fringe rate that is higher than the fringe rate DOE typically reports.
- **Funding Source** - There are instances where the total budget figures will not match the City's Financial Management System (FMS) due to constraints of the form that create automatically calculated amounts and require specific categorizations of funds under the ST-3. For example, the Form requires the DOE to include Impact Aid under State and Local funding, rather than Federal where it is typically budgeted by the City.
- **Pre-K CBOs** – In FY 2019, funding for Pre-K CBOs (also referred to as NYC Early Education Centers – "NYCEECs") includes the EarlyLearn transfer scheduled to take place midyear as of the City's FY 2019 Adopted Budget. However, as this transfer will not take place until after October, when DOE registers are traditionally counted, the student count does not include these students.
- **Fringe benefits for exclusions** – Some of the services the DOE provides to non-public schools are provided by DOE employees. As a result, the DOE has added a line for fringe benefits to ensure this is appropriately reflected in the form.
- **Central District Costs** – The other central services category requires that the DOE include central on behalf of school budgets, such as: centrally managed Equity & Excellence for All programs, categorical grants, and retroactive collective bargaining payments to our unionized workforce. The guidance for the Form prevents DOE from accurately reporting some of these expenditures as school allocations despite the fact that they are services provided in schools to students.

Part B – Basic School Level Information

- In some DOE schools and Pre-K centers, Pre-Kindergarteners with IEPs are served alongside general education Pre-Kindergarteners. As a result, special education Pre-K registers are considered a subset of general education Pre-K registers (not mutually exclusive).

Part C – Basic School Level Allocations

- Following the State’s directions on how to complete the form results in the school funding per pupil amounts are inconsistent with resource allocations made by the DOE. The automatic calculations within the Form distribute a standard central district cost per pupil, using data from Part A. However, funding for many of DOE’s centrally managed programs are not in school budgets but are targeted to schools in high-need districts. For example, the Equity & Excellence for All agenda is targeted to support the highest need schools and those per pupil resources at those schools are not captured using this methodology.
- In addition, there will be high variability in per pupil funding among schools depending on the type of school and range of services and supports provided. For example, District 75 schools serve students with severe disabilities and therefore results in higher per pupil costs.

Part E – Locally Implemented Formula

- The State Form had to be expanded to accurately capture key elements of DOE’s locally implemented formula. Absent these updates, it would have been impossible to report on the local funding formula. For example:
 - There is a base “foundation” allocation within FSF that does not impact the FSF funding percentage a school receives but is reflected in the total allocation a school receives pursuant to the formula.
 - Collective Bargaining is included in the calculation of how much Fair Student Funding (FSF) is allocated to a school because schools primarily use FSF to fund teacher and other academic support personnel salaries. Collective bargaining allocations also do not impact the FSF funding percentage – these costs are fully funded for all schools based on actual expenses. However, the cost to raise the floor to 100% for all schools must consider the newly collectively bargained staff rates.
 - Fringe and pension expenses are funded centrally and not by schools through their FSF funding. However, to tie to other parts of this report, pension and fringe costs were included in Part E.
- The rows for District 75 schools are filled in with “N/A” because these particular set of schools do not receive FSF. These schools serve students with severe disabilities and are funded based on the extensive needs of these students as outlined in their Individualized Education Programs (IEP). Pre-K Centers and certain other DOE schools with special programs (e.g., the American Sign Language schools) also are not funded with FSF and are also filled in with “N/A.”
- There will be high variability in “local formula as percent of total funding” based on the type of educational programming at each school. For example, schools with Pre-K programs will be on the low end as Pre-K funding is not included in the formula. On the high end, schools that do not run a lot of categorical programs funded via School Allocation Memorandums (i.e. Title I, Title XX) are more dependent on FSF.

General

Due to the complexities of the NYC education system, the form had to be modified to allow for accurate and transparent reporting. Modifications consist of:

- Added a line for fringe costs for services provided to non-district schools (and a corresponding line in the data validation section);
- Added some school type/grade categories in Part B (e.g., District 79);
- Treated Pre-K special education registers as a subset of Pre-K registers and disconnected formulas referring to that column accordingly;
- Added several new columns to Part E to accurately and transparently reflect the Fair Student Funding formula; and
- Rounded when necessary based on data sources – some data inputs reflected nearest dollar and others fractions of the cent.

October 12, 2018:

In a determination dated Friday, September 28, 2018, the State requested the submission of a revised form that does not include the following modifications:

- 1) the omission of preschool special education pupils (see the comment in the section below regarding preschool special education pupils) from the formula calculations of the New York City Department of Education's total enrollment and average per pupil funding amounts (see *cell C53; rows 56, 67, 76, 79, and 82; and cell C85* of Part A);
- 2) the omission of preschool special education pupils in the formula calculations of the district's school-level State and Local Funding per Pupil amounts (see *column U* of Part C), school-level Federal Funding per Pupil amounts (see *column V* of Part C); school-level Central District Cost calculations (see *column W* of Part C); and school-level Total School Funding per Pupil amounts (see *column Y* of Part C);
- 3) the modification of the format, formulas, and contents of Part E; and
- 4) the modification of the formula and contents of *cell D25* of the Data Validation portion of the *New York State School Funding Transparency Form*.

The DOE has complied with these requests. Please note that as a result of these requests:

- The formula percentages calculated on Part E, column G are incorrect. The DOE calculates Fair Student Funding percentages based only on the weighted student funding portion of the Fair Student Funding allocation.
- The difference calculated in Part E, column F deducts formula funding over 100% from the total. As a result of reverting to the State's format, the cost to bring all schools to 100% of the formula is understated. The cost to bring all schools to 100% of formula in FY 2019 remains \$756,156,521.
- The local formula as percent of total funding calculated in Part E, cell I-1635 in FY 2019, includes schools which do not receive formula allocations, such as Citywide Special Education students and Pre-K centers.
- In Parts A and B, Pre-Kindergarten Special Education students are not included in the total Pre-Kindergarten enrollment.
- In Part D, Pre-Kindergarten students with IEPs have been excluded as per the State's instructions. As a result, figures in Part D, including state grant claiming figures, do not match public numbers.

Additionally, the State requested that the DOE address and/or review the following issues in its revised submission:

- 1) In *row 14* of Part A—"General Fund Total Expenditures & Transfers," the district indicates \$26,156,275,587 in projected expenditures and transfers for 2018-19. This amount varies significantly from the district's 2017-18 SAMS filing, in which the district reported \$26,888,682,184 in "Total General Fund Expenditures and Interfund Transfers" under account code AT9999.0. Please review the district's projected 2018-19 General Fund expenditures and transfers and revise the data in *row 14* if necessary.

- 2) In row 15 of Part A—“Special Aid Fund Total Expenditures & Transfers,” the district indicates \$2,850,779,253 in projected expenditures and transfers for 2018-19. This amount varies significantly from the district’s 2017-18 SAMS filing, in which the district reported \$3,560,299,045 in “Total Special Aid Fund Expenditures and Interfund Transfers” under account code FT9999.0. Please review the district’s projected 2018-19 Special Aid Fund expenditures and transfers and revise the data in row 15 if necessary.
- 3) In row 35 of Part A—“Other School Districts (Excl. Special Act Districts),” the district indicates \$0 in excluded tuition payments for 2018-19. This amount varies significantly from the district’s 2017-18 SAMS filing, in which the district reported \$34,935,204 in “Tuition Paid to Public Districts in NYS (excluding Special Act Districts)” under account codes A2110.471, A2250.471, and F2253.471. Please review the district’s projected 2018-19 tuition expenditures to other school districts (excluding Special Act Districts) and revise the data in row 35 if necessary.
- 4) In row 40 of Part A—“SWD - Preschool Education (§4410) Tuition,” the district indicates \$858,972,790 in excluded tuition payments for 2018-19. This amount varies from the district’s 2017-18 SAMS filing, in which the district reported \$623,552,562 in preschool children with disabilities expenditures under account code F2252.472 (“Tuition – All Other”). Please review the district’s projected 2018-19 preschool §4410 expenditures and revise the data in row 40 if necessary.
- 5) In row 22 of Part A—“Interfund Transfers,” the district indicates \$0 in excluded interfund transfers for 2018-19. This amount varies significantly from the district’s 2017-18 SAMS filing, in which the district reported \$46,149,536 in “Interfund Transfers - Actual Expenditures” under account code AT9951.0. Please review the district’s projected 2018-19 interfund transfers and revise the data in row 22 if necessary.
- 6) In Parts A, B, C, and D of the *New York State Funding Transparency Form*, please decouple all prekindergarten and preschool special education allocations and enrollments and report separately for each cohort, as specified in the guidance document. Prekindergarten and preschool special education allocations and enrollments should not be combined.

With respect to the first issue above, the DOE has reviewed the State’s comments and made no changes. The majority of the discrepancy identified by the State is associated with debt service. As debt is serviced by New York City, not the Department of Education, debt service expenses are typically reported in SAMS as part of the general fund. However, in order to facilitate comparisons across districts, the DOE reported debt service expenses in the debt service fund section of Part A.

With respect to the second issue above, the DOE has reviewed the State’s comments. Certain expenditures associated with Pre-K were erroneously mapped to the General Aid fund in the initial submission. In the resubmission, the DOE has moved approximately \$885 million from row 14 to row 15 in both years of this report.

With respect to the third issue above, the DOE has reviewed the State's comments. Expenditures associated with these account codes were erroneously included in row 38. In the resubmission, DOE has moved approximately \$18 million from row 38 to row 35 in both years of the report.

With respect to the fourth issue above, the DOE has reviewed the State's comments and made no changes. The approximately \$859 million in row 40 in FY 2019 reflects current projected costs.

With respect to the fifth issue above, the DOE has reviewed the State's comments. Due to the structure of the DOE's food service budget, the DOE erroneously included this account code in row 24. In the resubmission, DOE has moved approximately \$20 million from row 24 to row 22 in both years of the report.

With respect to the sixth issue above, the DOE has made the requested changes.