



A Guide to NYC Public Schools Budget



**Department of
Education**

Dennis M. Walcott, Chancellor





Dear New York City Community Member,

With 1.1 million students and over 1,700 schools, the New York City Department of Education (DOE) is the largest school system in the country. Not surprisingly, it has a budget larger than any other school district in the nation. For the 2012-13 school year, the DOE's total budget is \$23.8 billion.

We have developed this publication from NYC's Executive Budget Plan to help you make sense of our budget. This guide will help you understand where our funding comes from, what it pays for, and how we use it. You will also find explanations as to why some funding must be used to pay for certain programs and why other funding sources are more flexible.

The DOE's website is also a good resource for budget information. You can find monthly spending reports, more detailed budget breakdowns, and individual school budgets at nyc.gov/schools. Additionally, I encourage parents who have budget-related questions to speak with their school's principal or parent leadership. Joining the school's parent association is also a great way for parents to get involved in their school's budgeting process.

I hope that this guide will help you better understand how our budget works and that you share it with others in your community who may have questions about our budget.

A handwritten signature in black ink that reads "Dennis M. Walcott". The signature is written in a cursive, flowing style.

Dennis M. Walcott
Chancellor

Breaking down our \$19.2 billion operating budget

For school year 2012-13, the NYC Department of Education's operating budget is \$19.2 billion. That means in fiscal year 2013 it will cost us \$19.2 billion to run our schools and pay our teachers, principals, and other staff members.

Operating Budget Money in our operating budget covers the cost of keeping our schools running. It pays for personal service expenses (full-time employee compensation) and other than personal service expenses (supplies, goods, and services). We use operating dollars for principal and teacher salaries, textbooks, after-school programs, school lunches, and heating and cooling the school buildings, among other things. These dollars fund our central administration and field support as well.

Pass-through costs are also part of our operating budget but are earmarked for non-DOE spending. These are costs for programs administered through entities other than the Department of Education (DOE) for services provided to public and non-public school students. For example, funding for charter schools, and certain federal and state dollars due to students in non-public schools, is "passed through" the DOE so that such students can receive legally mandated education services. In other words, the dollars "pass through" our budget. For the 2012-13 school year, pass-through expenses totaled nearly \$2.6 billion, including \$1.7 billion for special education services provided at non-DOE schools; \$71 million for non-public schools, such as yeshivas and parochial schools; and \$865 million for charter schools.

Our budget for this year also includes \$4.6 billion for employee pensions and debt payments for capital projects, bringing the total budget to \$23.8 billion.

Pensions Like other employers, we contribute to our employees' pensions (an amount other than wages that is paid at regular intervals to employees or their dependents for past services most often associated with retirement). This money is part of our total budget but cannot go toward operating expenses. We must use it to fund pensions for teachers, principals, and other employees. The pension contributions we make are determined by collective bargaining agreements with labor unions and economic conditions.

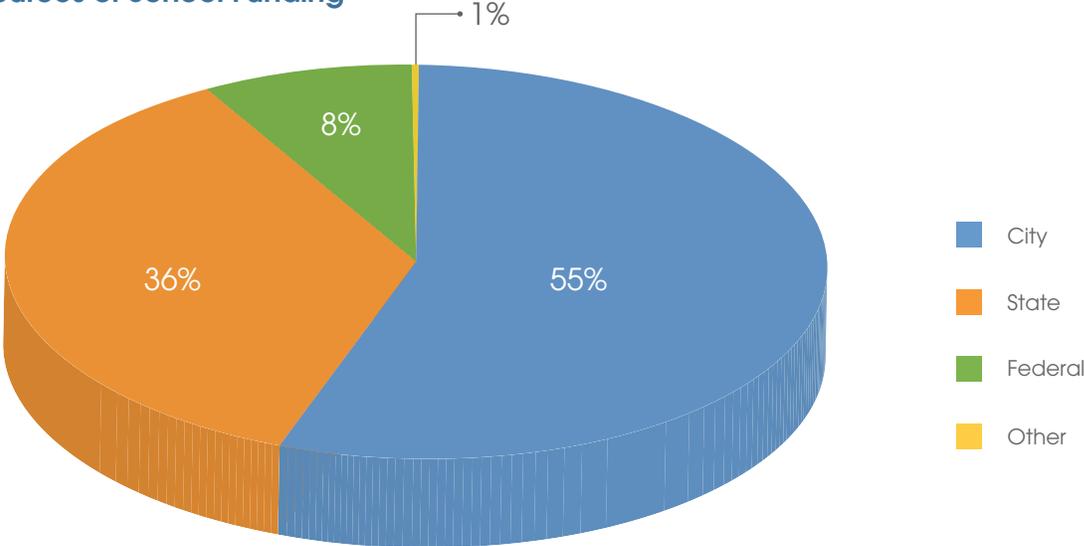
Debt Service Debt service dollars pay for building and renovating school buildings. We borrow money by issuing bonds to pay for these construction projects. It is similar to having a home mortgage. Each year, we have to pay back a portion of the loan, including interest.

The 2012-2013 school year is fiscal year 2013, or FY13. Each year, the Department's fiscal year begins July 1 and ends June 30 of the following year. Fiscal year 2014 will begin July 1, 2013, and end June 30, 2014.

Our Sources of Funding

Our budget is funded by three major sources: New York City, New York State, and the federal government. Lawmakers at each level decide how much we get. Here is the breakdown for the 2012-13 school year:

Sources of School Funding



Source: FY 2013 Budget as of the FY 14 Executive Budget

City

New York City provides our largest source of revenue. For FY13, the City contributed \$13.2 billion, or 55% of our total budget. Most money from the City is City Tax Levy dollars. City Tax Levy comes from local taxes, including property taxes, personal income tax, and sales tax.

State

New York State is our second largest source of funding. For FY13, State funding made up \$8.5 billion, or 36% of our overall budget. The State mainly allocates money based on the number and types of students enrolled in New York City public schools.

Federal

The federal government provided close to \$1.9 billion for the 2012-13 school year. This made up about 8% of our FY13 budget. Most of these funds come in the form of Title I allocations that must be used to pay for supports for low-income students. Federal dollars also cover the cost of free and reduced lunches and some special education services.

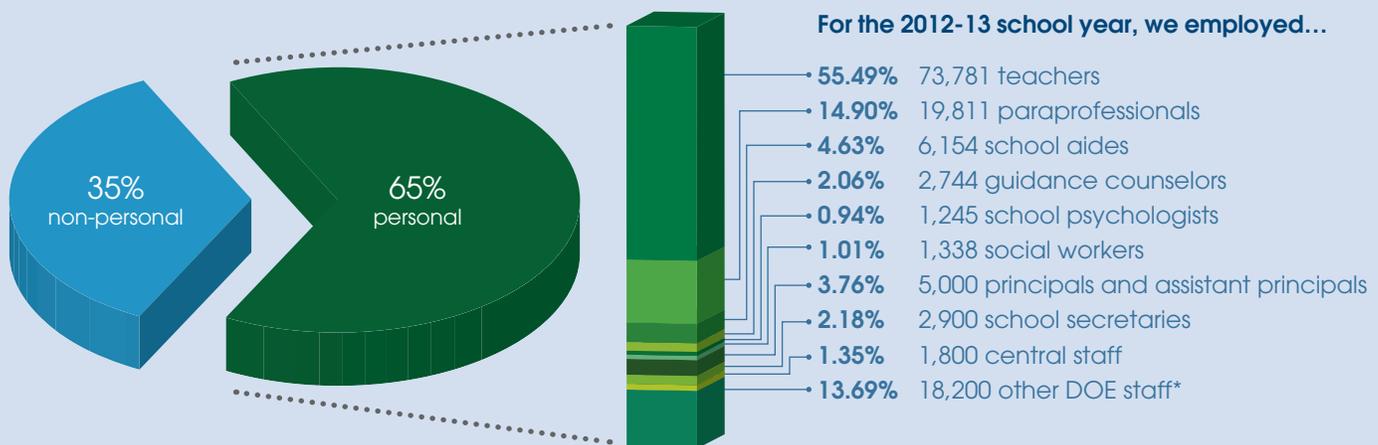
What do we spend money on?

Most of our budget goes toward the salaries and benefits for our nearly 133,000 employees who work in and for our schools.

Personal Costs

For FY13 (as of the FY14 executive budget), 65%, or \$12.44 billion, of our total operating budget pays for employees. More than 85% of these employees are the teachers, principals, assistant principals, guidance counselors, secretaries, school aides, paraprofessionals, and other school staffers who work directly with our students.

For FY13, about 1,800 central staff members supported the work happening in our schools. These employees make up about 1% of our total headcount. The remaining staff make up 14% of DOE personnel.



**Other non-ped school staff like parent coordinators, family workers, therapists, nurses, school lunch helpers, and other field/operations personnel like Superintendents, Committee of Special Ed., custodians, etc.; Source: April 2013 Actuals Headcount*

Salaries & Benefits

Teachers and principals are compensated according to the terms of their union contracts.

Teacher salaries are based on longevity (years of experience) and education differentials (the teacher's education level). For example, a first-year teacher with the minimum number of educational credits will earn a base salary of \$45,530, while a teacher with at least 22 years of experience and a master's degree will make a base of \$100,049.

Principal salaries are determined by years of experience and school size and type. As a result, a veteran principal of a large high school will earn more than a first-year principal of a small elementary school.

- Estimated Average Teacher Salary** \$73,800
- Estimated Average Assistant Principal Salary** \$118,000
- Estimated Average Principal Salary** \$142,000

These salary figures do not include "fringe" benefits. When you factor in Medicare, Social Security, pension, health and dental coverage, and unemployment insurance, the total cost of employment is much greater than just salary. An average employee's benefits are worth about one-third of the person's annual salary. This school year, we are spending an additional \$6 billion on fringe and pension benefits for our employees.

Other Than Personal Spending

We spend about 35% of our operating budget on non-personal costs. Non-personal costs include everything from school spending on books, pencils and paper to pre-k special education, charter schools, contractual services (such as yellow buses and special education contracted services), and central expenditures for school facilities, school food, and heating bills.

Distributing the Dollars

For the 2012-13 school year, more than \$8.8 billion of our operating expenses went directly into school budgets. We distribute dollars to schools in four main ways.

Fair Student Funding (FSF) is the primary funding stream for most schools. Principals decide how to spend these funds, which are intended to cover basic instructional costs. Every school starts with a fixed allocation. The FSF allocation then grows based on the school's enrollment and student population. For each student, the school receives grade-level funding. That amount increases if the student is low income or low achieving, is an English language learner, and/or requires special education services. Some high schools such as career and technical schools get additional money per student.

Schools in citywide special education and alternative programs do not receive FSF allocations. Since these schools and programs serve very specific student populations, they receive funds according to a different method.

State and Federal Categorical Funds can only be allocated and used according to state and federal guidelines. This means not every school qualifies for these dollars. Title I (poverty-based funds) and IDEA (funds for students with disabilities) are examples of federal categorical funds. Funds must support specific supplemental initiatives and generally cannot be used for basic classroom operations or existing after-school programs.

Contracts for Excellence (C4E) dollars are an example of categorical funds from the State. In 2007, a judge

ruled that New York State must provide equitable funding to needy school districts, including in New York City. However, due to budget constraints, the State has yet to deliver the full amount of funding required by law. C4E must support our neediest students and lowest performing schools.

Program Specific Funds are distributed to schools to pay for specific City programs, such as the parent coordinator initiative or start-up funds for new schools. In general, these dollars can only be used to pay for certain programs, goods, or services.

Other Special Education Funds help schools pay for mandated special education and supplemental or related services, such as adaptive physical education, speech, counseling, hearing, vision, and occupational, or physical therapy. These funds supplement special education dollars schools receive as part of their FSF allocation, which pay for special education classroom instruction.

What do school budgets pay for?

Our principals, working with their school communities, have significant control over their school resources. For the most part, school budgets cover the costs of school personnel, after-school programs, textbooks, and other supplies. However, principals do not pay for school food, transportation, heating and cooling bills, and school security out of their tax levy budgets. Those costs are managed centrally.

Interested in finding out how a specific school spends its money? School budgets are available online. Go to nyc.gov/schools and type the school's name into the search box. Budget information is available on the statistics page.



Budgeting for School Construction and Repairs

Our budget for building new schools and repairing and renovating existing facilities is separate from our operating budget. Instead, it is part of our capital plan. Our current capital plan covers fiscal years 2010 through 2014 and includes \$11.8 billion worth of projects. It contains two major building categories: capacity and capital investment.



Capital Investment covers improvements and upgrades to our existing facilities. The current capital plan has more than \$7 billion for capital investment.

\$3.16 billion
 Capital Improvement Program

\$1.62 billion
 Children First Initiatives

\$1.97 billion
 Mandated Programs

\$620 million
 from City Council, borough president and, Mayor—Council Program

The New York City School Construction Authority (SCA) is responsible for the construction and renovation of all New York City public schools. Additionally, the SCA develops and amends the Five Year Capital Plan.

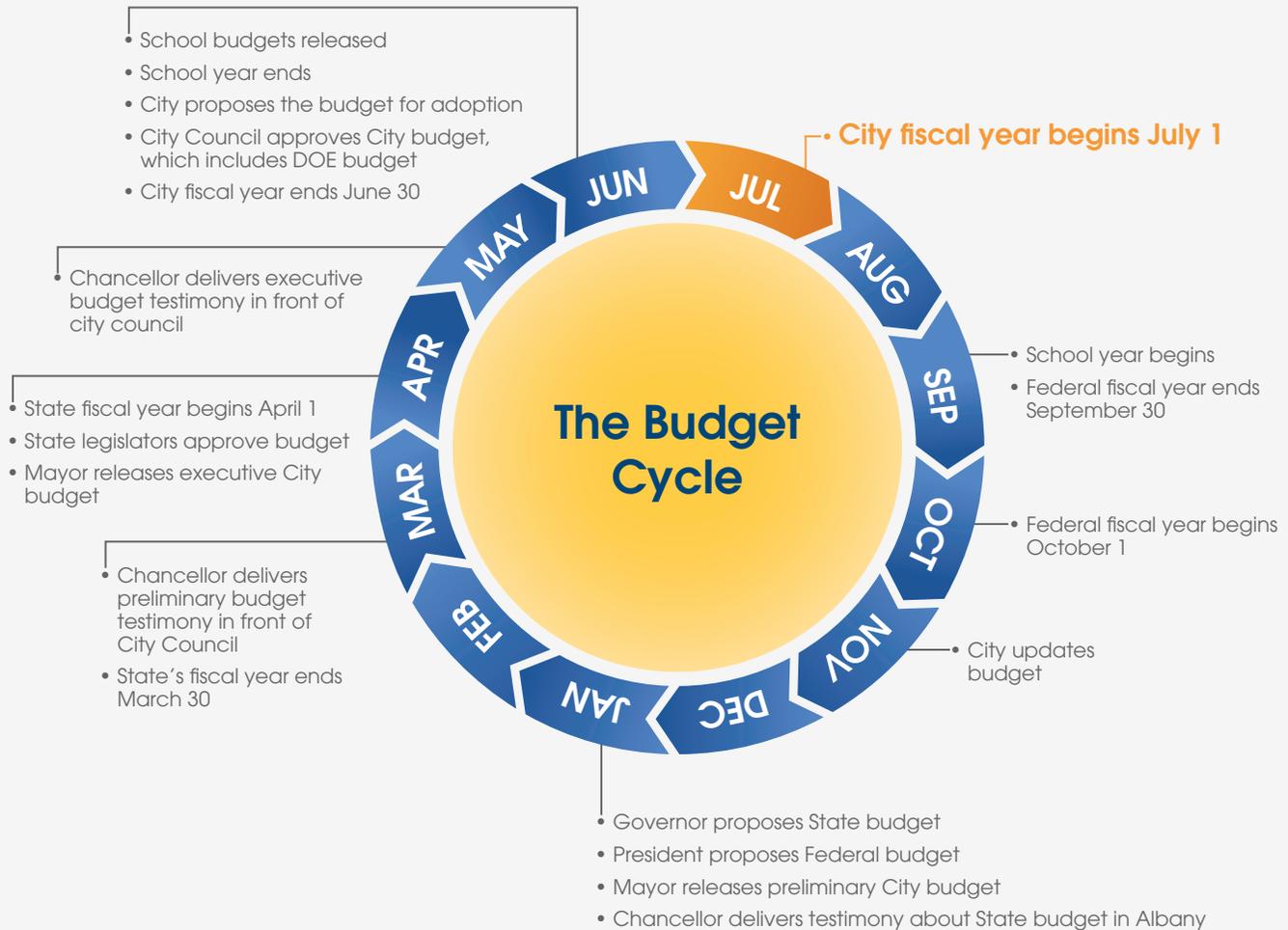
Capacity refers to all projects that result in new school facilities. Our current capital plan allots nearly \$4.5 billion for capacity building.

\$3.56 billion
 New Capacity

\$690 million
 Facility Replacement Program

\$210 million
 Charter Partnership

The city, state, and federal governments operate on different budget cycles.



To locate an individual school's budget summary and budget allocations visit:

- tinyurl.com/cewba26
- tinyurl.com/d2pbubr

To locate the Budget Overview and initial Fair Student Funding walk-through for a specific school visit:

- schools.nyc.gov/AboutUs/funding/schoolbudgets
- schools.nyc.gov/AboutUs/funding/FSFDetail