



School Budgets

Making Them Work for Your Students and Schools

May 2008

New York City Department of Education



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Dear Colleagues,

For schools to help students achieve the results we all expect, principals need the power to make key decisions about programming, budgets, and staffing. This idea of principal empowerment underlies our Children First school reforms. It's why we created a school funding system that empowers principals, giving them as much discretion as possible in exchange for holding them accountable for student outcomes.

To make resources move in line with this philosophy, we have reorganized school funding to make it work better for schools and students. Today, because of the Fair Student Funding and Children First Fund allocations you have received since last year, you have more flexibility and more power to use funds to advance your instructional goals. You are also receiving money more equitably, in line with the needs of students in your school. These changes should allow you to allocate your resources more effectively than ever before.

This year, we continue to provide principals with more information and more discretion to make decisions for schools and students. We are also working to provide you with the best tools and support so you can determine the right mix of teachers, programs, and support for your school. Many resources are available to you on the Principals' Portal. This guide is one of those tools. Please use it as a reference to understand your budget and to find the supports available to you as you plan your budget for next year.

Sincerely,

Joel I. Klein

THE BIG PICTURE

With the system-wide rollout of the PPR and Quality Review School Self-Evaluation Forms (SSEF) in 2007–08, the DOE took the first steps toward ensuring that a principal's educational goals serve as a frame for all views into his or her school.

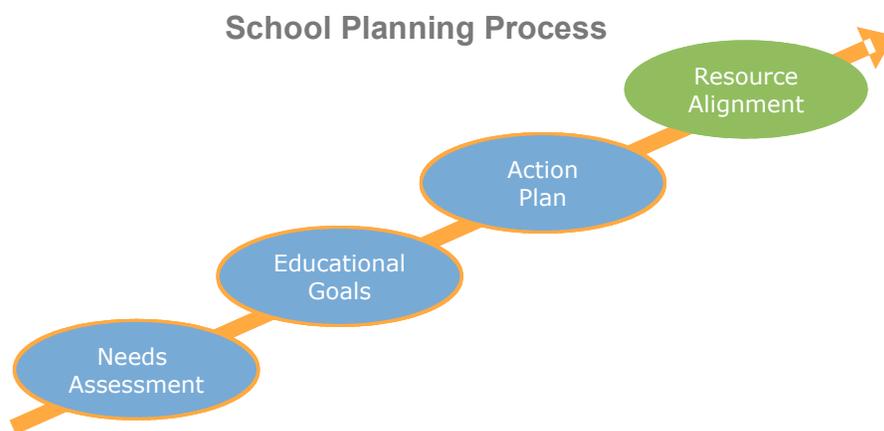
As we move forward in 2008–09, we will continue to address ways to avoid process duplication, maximize planning flexibility, and allow for new data to continually feed into an iterative system.

As always, we welcome your feedback.

CHAPTER 1: PLANNING GUIDANCE FOR SUMMER AND FALL 2008

School planning is crucial for schools to ensure they use resources effectively to improve student achievement. Key steps each year include setting out the school's and its leader's goals and objectives and a plan to achieve them in the Comprehensive Education Plan (CEP), Principal Performance Review (PPR), and Quality Review self-evaluation.

Although preparing the school's budget does not end in a formal document, it is the product of a collaborative process requiring a clear understanding of the school's goals for improving student outcomes and its plans for achieving them. Starting this year, schools receiving Contracts for Excellence (C4E) funds must also complete the C4E Appendix to the CEP, including the articulation of preliminary plans for allocating C4E dollars.



Strategic plans succeed only if they are *used*, not simply drafted and shelved. Whether this occurs is a key part of a school's Quality Review score. To streamline the planning process, the DOE has made a concerted

effort this year to conform all aspects of the planning process around our core accountability measures, so schools can use a single set of goals and objectives and a plan as a baseline for all planning steps during the year, while frequently updating goals and plans as new data about what is and is not working to improve student learning and new needs arise.

We advise schools to begin developing goals, objectives and a plan immediately, before the C4E Appendix and Galaxy budgets are due at the end of June. Doing so will provide schools with a single integrated blueprint for 2008–09 school planning that can relieve school leaders from having to replicate the same series of planning work-streams in response to the CEP, PPR and Quality Review processes in the Fall and thereafter. The calendar of planning events below and the following planning document are intended to help principals develop a single, integrated approach.

C4E-CEP Appendix Due	June 27, 2008 (<i>Note: We have extended this submission date from the originally posted deadline of June 20.</i>)
Funds scheduled in Galaxy	June 30, 2008
CEP Due	Early November 2008
PPR Appendix A Due	End of October/Early November 2008
Quality Review Self-Evaluation Due	One week before the QR takes place

C4E-CEP Appendix Timing

The DOE is required to submit a citywide C4E plan—which includes individual spending plans for each school receiving funds—by July 15 to the State Education Department (SED). Completing this submission requires DOE staff to review each school's preliminary spending plan, match program descriptions to funds scheduled in Galaxy, and then aggregate that information into a Web-based tool administered by the SED. The June 27 deadline is necessary so that we may work with individual schools if clarification or adjustments are needed prior to the July 15 final submission date.

	Needs Assessment	Educational Goal Setting	Action Planning	Resource Alignment	End Results
<p>Preliminary Planning Process</p> <p>May–June 30, 2008</p>	<p>1. Frame the “big picture” questions you need to answer in order to jump-start planning for 2008-09</p> <p><i>Examples:</i> How are students performing overall? Which students are lagging behind others? Which subject areas are students struggling with the most? How does my school compare with similar schools? What are our strengths and areas for improvement?</p> <p>2. Analyze the data sources that are available to you immediately - School Report Cards, Progress Reports, Quality Review and Quality Review Self-Assessment documents, periodic assessments, ARIS - as well as results of Inquiry Team work,</p>	<p>1. Identify draft SMART annual goals based on the findings of your preliminary Needs Assessment</p> <p>SMART goals are Specific, Measurable, Achievable, Realistic, and Time-Bound</p> <p><i>Example:</i> Close the achievement gap in ELA between English Language Learners and all students within three years</p> <p>2. For each goal, develop 1-2 “placeholder” measurable objectives</p> <p><i>Example:</i> In 2008-09, the number of ELLs scoring Level 3 or 4 on the ELA exam will be x% higher than in 2007-08 (x% is TBD depending on 2007-08 ELA results)</p> <p>3. Review preliminary annual goals with SLT</p>	<p>1. Using preliminary goals as a guide, work with your SSO to identify major actions to take to lay the groundwork for implementing instructional plan in the fall</p> <p><i>Example:</i> Hire an additional ESL instructor to collaborate and team-teach with ELA classroom teachers</p> <p>Please see following section for guidance around choosing goal-appropriate instructional actions</p> <p>2. Consult additional DOE resources including those offered by the Office of Curriculum & Professional Development (http://schools.nyc.gov/Offices/TeachLearn/OCPD/default.htm) and the “2008-09 Class Size Planning</p>	<p>1. Work with your ISC to begin matching financial resources to the instructional priorities identified during the Action Planning process</p> <p>2. Consult online CRAFT Budget Planning tool (available on the Principals’ Portal)</p> <p>3. Make sure that you understand a) what activities C4E funds are being used to support and b) how those activities meet the C4E eligibility requirements</p> <p><i>Example:</i> Salary for new ESL instructor is eligible under “Model Programs for ELLs” program area</p> <p>4. Develop preliminary scheduling and training plan</p>	<p>C4E-CEP Appendix ready to be completed by June 27</p> <p>Preliminary budget created in Galaxy by June 30</p>

	Needs Assessment	Educational Goal Setting	Action Planning	Resource Alignment	End Results
	<p>surveys, and school-based assessments</p> <p>3. Answer “big picture” questions as completely as possible given currently available information</p> <p>4. Identify questions that remain unanswered and identify data sources needed to fill gaps</p>		<p>Memo” (to be published in the 5/27/08 issue of <i>Principals’ Weekly</i>)</p> <p>3. Prepare tentative 2008-09 staffing plan</p> <p>4. Compile list of anticipated expenses or needs that differ from last year</p> <p>5. Review preliminary instructional plan with SLT</p>		

	Needs Assessment	Educational Goal Setting	Action Planning	Resource Alignment	End Results
<p>Continuation of Planning Process</p> <p>July 1–November 2008</p>	<p>5. As additional data sources become available, fill in the gaps identified in May/June</p> <p>6. Once you have completely answered all of the questions you posed, summarize your findings</p>	<p>4. Confirm or modify goals based on your review of additional data</p> <p>5. Swap out “placeholders” in measurable objectives with actual metrics</p> <p>6. List additional data points, or “objective evidence” that you can use to assess your progress towards your annual goals</p> <p><i>Example:</i> How many ELL students are enrolled in after school enrichment programs?</p> <p>7. Review revised goals with SLT and Community Superintendent</p>	<p>6. Further refine instructional plan to include specific sub-strategies for each previously identified action</p> <p><i>Examples:</i></p> <p>Enroll ELA teachers and new ESL instructor in professional development sessions offered by OELL</p> <p>Integrate periodic assessment tools to gauge ELL students’ progress in ELA</p>	<p>5. Make adjustments to Galaxy budget and revisit scheduling and training plans to ensure alignment with refined instructional plan</p>	<p>All activities completed in order to finalize:</p> <ul style="list-style-type: none"> ▪ CEP ▪ PPR ▪ SSEF

1.1. Moving from SMART Goals to Instructional Actions

SMART goals differ from school to school, depending on the unique needs of each student population. However, at the same time there are underlying themes—providing rigorous instruction, motivating and inspiring students to succeed, raising achievement among the most struggling students and creating a culture of continuous learning for teachers and staff—that are universal across our system.

The Office of Teaching & Learning has taken these high-level themes and mapped them to specific instructional strategies that schools might consider as they begin translating their SMART goals into actionable plans. This list is by no means intended to be comprehensive. Instead, it is meant to serve as a jumping-off point for principals to begin initiating meaningful conversations with their SLTs, communities and SSO network leaders about the activities the school will engage in for the 2008–09 school year. All listed strategies are appropriate for all school types unless otherwise noted.

Note on Aligning Budget Resources to Instructional Plans: Contracts for Excellence

In a year of limited budget resources, many schools may find that Contracts for Excellence (C4E) dollars constitute the bulk of their new funds for 2008–09. With that in mind, please note all of the instructional strategies listed here are potentially eligible for funding using Contracts for Excellence (C4E) dollars. Whether or not activities are eligible ultimately depends on (a) if they are new to the school/being expanded for the 2008–09 school year (b) implementation specifics (e.g., will the program be supplemental to current classroom instruction?) and (c) targeted student populations. Please see Chapter 7 of this guide for specific details about C4E program eligibility.

If your SMART goals involve you might consider the following strategic actions:
<p>Providing an academically rigorous instructional program that is guided by high expectations, differentiation and multiple opportunities for success</p>	<ul style="list-style-type: none"> ■ Hire an additional subject-area instructor in an area of high-need ■ Implement the AVID program to promote academic rigor and college readiness (MH) ■ Implement tested supplementary programs to support the core curriculum such as <i>Great Leaps</i> for elementary schools; Achieve 3000, Destination Math, RIGOR, EMC and Read 180 for secondary schools ■ Create or invigorate rigorous arts education offerings (dance, music, theater and/or visual arts) that engage students' interest and involve them in hands-on, experiential learning. ■ Send a team of school leaders and teachers to participate in one of the OCPD Institutes to develop their skills in the areas of: <ul style="list-style-type: none"> - Team planning, curriculum development, assessment, and understanding adolescent developmental needs - Project-based, inter-disciplinary curricular approaches that enhance students' critical thinking skills - Improving literacy instruction across the content areas (using resources from The Alliance) - Curriculum mapping (using Understanding By Design) - Integrating the teaching of thinking skills, information skills, inquiry, and the use of technology throughout every curriculum area ■ Plan and implement a math, science, and/or Spanish Regents course (in middle school) or an additional Regents course (in high school) (MH) ■ Implement flexible scheduling for differentiation, personalization, and collaboration
<p>Personalizing the learning experience and increase confidence, motivation, and academic achievement, as well as high school and college awareness and readiness</p>	<ul style="list-style-type: none"> ■ Create a summer enrichment program to boost the skills of students entering your school ■ Implement a study skills program to assist students with note-taking, study skills, and time management

- Send members of your staff to a 1-2 week summer training for counselors, deans, assistant principals and selected teachers on developing a school climate conducive to focus, determination and success
- Implement the research-validated PBIS (Positive Behavior Intervention and Supports) school-wide approach
- Hire an additional guidance counselor to facilitate student personal growth and success, including college planning for middle and high schools
- Create a 1–2 week Summer Academy for incoming students, staff, and families
- Provide a diverse array of co-curricular options in the arts (i.e. Reader’s Theater), academics (i.e. Mock Trial), and athletics
- Provide sequential arts education programs that can offer students a career path that does not depend on academic achievement as the criterion for success
- Implement an advisory program such as AVID and take advantage of coaching support in planning and implementation (from scheduling to delivery) and alignment with the school curriculum (MH)
- Implement proven programs such as Renzulli Learning that build upon students’ interests, technology and differentiated instruction and incorporate Personal Interest Learning, Teaching Profiles, and Success Plans (MH)
- Create a special section in the school library for book club sets, with sets of 6–10 copies of books that have high appeal to middle/high school students for book discussion groups conducted through the library, through advisory groups, or in the classrooms (MH)

Accelerating the achievement of specific student populations:

Increasing the opportunities for special education students to engage in standard-level work

- Increase integrated service delivery models for core subjects
- Incorporate supplemental programs to support the core curriculum such as Wilson reading, Schools Attuned, and RTI and provide

	<p>professional development to increase teachers' understanding of effective implementation of these programs</p> <ul style="list-style-type: none"> ▪ Take advantage of professional development offered by the Office of Special Education and the Office of Curriculum and Professional Development ▪ Hire .5 teacher or an F-status teacher to teach the Wilson program ▪ Purchase Wilson Reading System workshops for onsite training and membership in the Wilson Academy, which provides online professional development and support
<p>Increasing the opportunities for English Language Learners to engage in standard-level work</p>	<ul style="list-style-type: none"> ▪ Hire additional ESL teachers that will collaborate and team teach with subject area teachers ▪ Send teams of ELL teachers to QTEL, RIGOR, School Leadership for ELL Math, and/or the ELL Literacy Institute through OELLs ▪ Hire subject matter credentialed teachers for ELLs and a literacy expert to assist with SIFE and Long Term ELLs ▪ Buy additional native language libraries and materials and innovative technologies for language learning such as Q-READS ▪ Extend the day/year for ELLs and differentiate for SIFE and Long Term ELLs ▪ Hire additional guidance professionals or provide training to existing staff to support students and families for cultural/social transition and academic/career planning ▪ Create multiple enrichment courses for ELLs, such as Spanish for Spanish Speakers, leading towards AP track, Regents level courses (MH)
<p>Improving teacher quality through staffing and capacity building</p>	<ul style="list-style-type: none"> ▪ Implement flexible scheduling and common planning support for teachers in same subject area and/or grade level (depending on school focus); include common planning time for team teachers. Procure technical assistance for planning process. ▪ Reduce teaching load from 25 to 22 periods a week for first year teachers for visiting expert teachers and mentoring (MH)

- Provide professional development (or summer training) regarding adolescent development to help teachers connect with and understand the unique needs of adolescents (MH)
- Take advantage of rigorous and deep professional development offerings and coaching that have generated positive academic gains for students such as Quality Teaching for ELLs (QTEL), RIGOR, School Leadership for ELL Mathematics, the ELL Literacy leadership Institute (ELL-I), Wilson Reading System, and Blueprint training for arts educators
- Provide content-focused, in- school professional development during school day and training on effective use of collaboration time, supported by technical assistance
- Develop 1-2 week summer training for all teachers on curriculum and student development (elementary, adolescent and high school student development and lived realities)
- Provide training to develop teacher capacity in integrating teaching and learning in the arts (dance, music, theater or visual arts) based on the *Blueprint for Teaching and Learning in the Arts*

CHAPTER 2: THE DEPARTMENT'S OVERALL BUDGET

2.1. What Is in the Overall Budget?

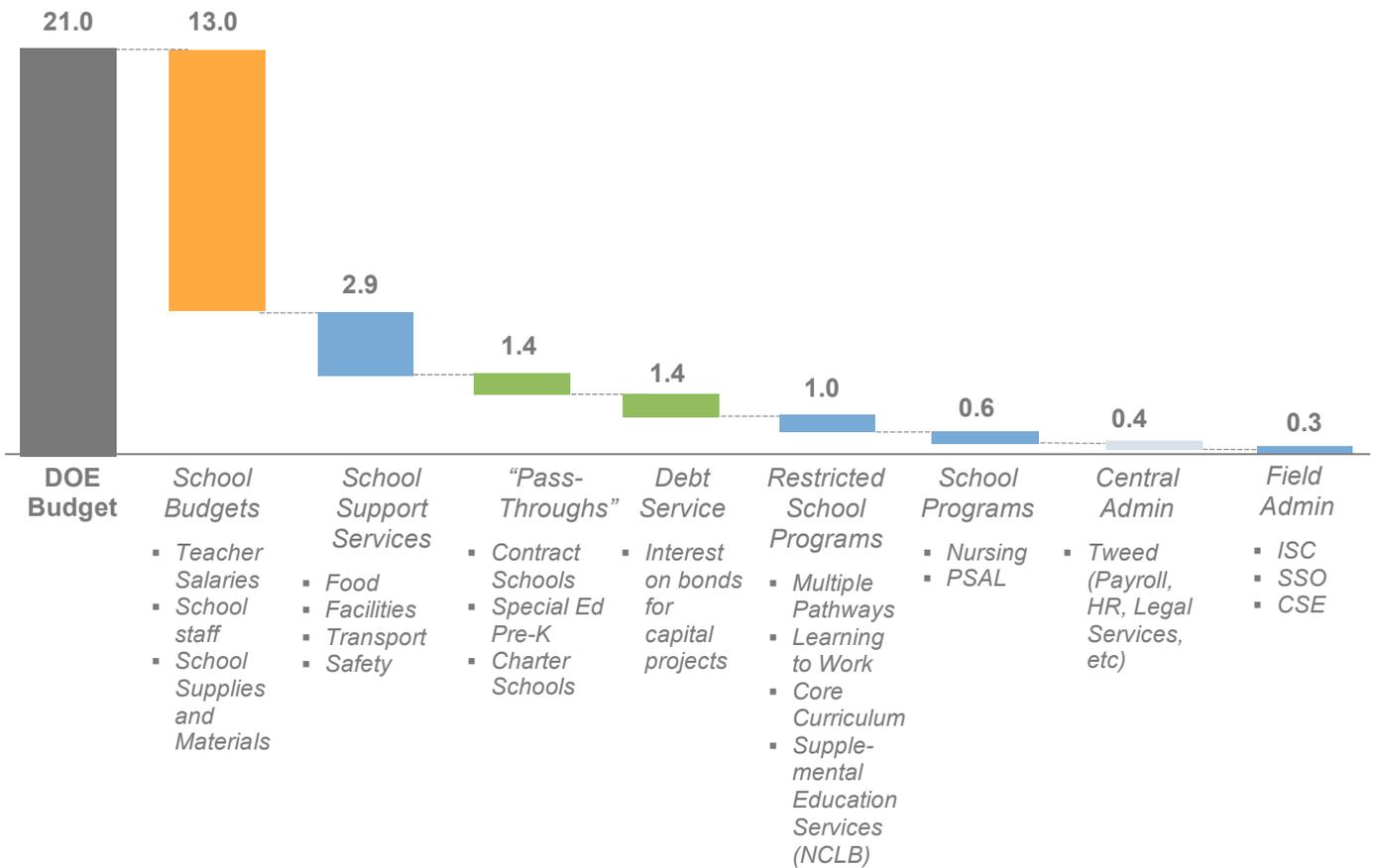
For the school year 2008–09, the Department of Education's **total budget is \$21.05 billion**, including \$3.45 billion to pay pensions and interest on Capital Plan debt. The Department will spend \$17.6 billion on the day-to-day operations of the school system.

The Department's **\$17.6 billion Operating Budget** includes funding for principals, teachers, textbooks and supplies. It covers the cost of standardized tests, after-school programs, school buses, heating and cooling for school buildings, safety, and school lunches. The Operating Budget pays for non-DOE costs, such as \$1 billion for special education services provided at non-DOE "contract" schools; another \$61 million for non-public schools, such as yeshivas and parochial schools; and \$305 million for charter schools. Finally, the Operating Budget pays for central administration and field support offices, which work with schools to provide support and help improve student achievement.

Beyond day-to-day operations, New York City pays annual debt of about \$1.35 billion to support the Department's five-year Capital Plan. The current five year plan includes \$13 billion to cover costs associated with building new schools, renovating existing buildings, and investing in other new assets within school buildings. The City also pays \$2.1 billion annually for pension costs for DOE employees.

The table that follows shows a breakdown of the total \$21.05 billion budget.

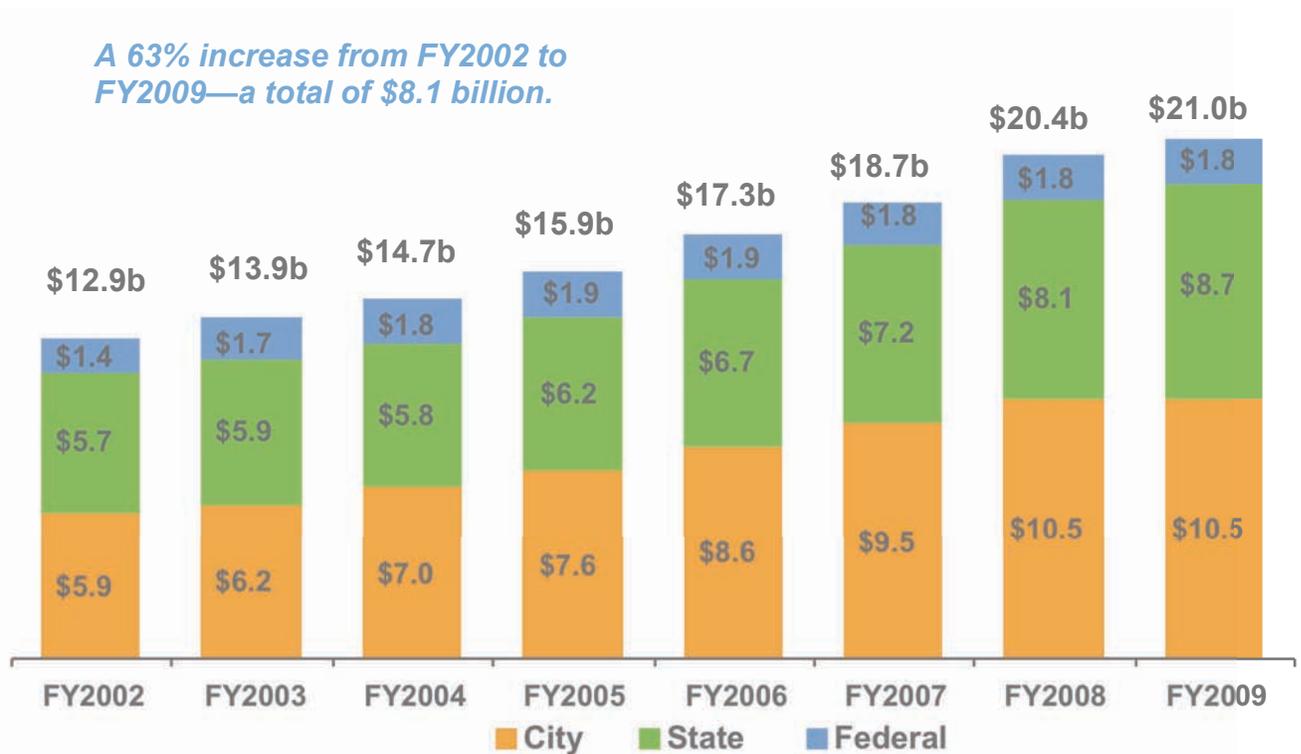
Fiscal Year 2008–09 Executive Budget
(\$ in billions)



Fringe & Pension included in all categories except debt service

2.2. Budget Since 2002

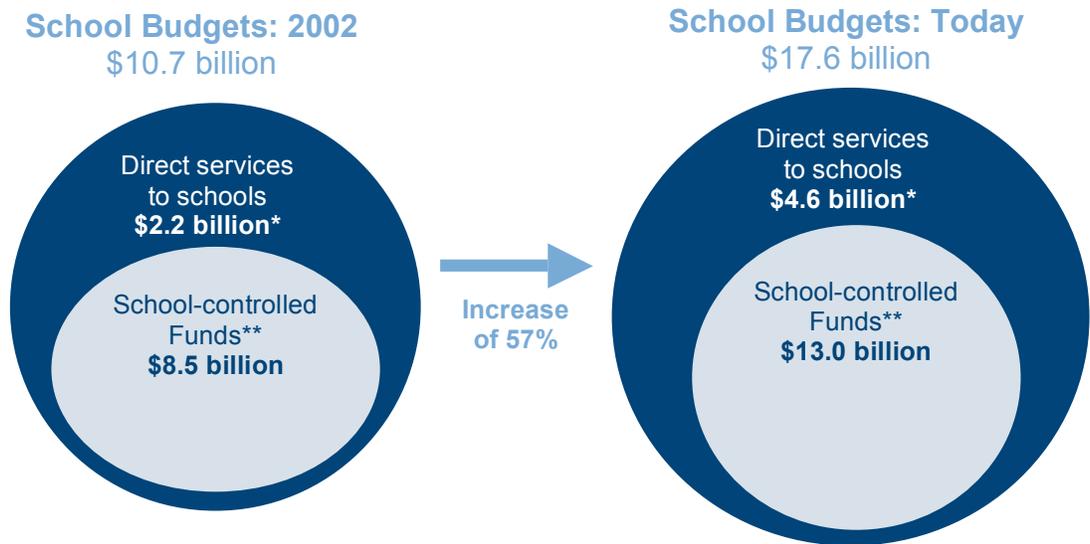
Over the past six years, the Department has benefited from an increase of \$8.1 billion to its budget.



Notes: This chart does not include increases in other categorical funds. FY2002–07 are actual expenditures. FY08 is current forecast and FY2009 is the Executive Budget. FY08 and FY09 are post-PEG and as of the FY08 Executive Budget.

These dollars have largely been directed to schools:

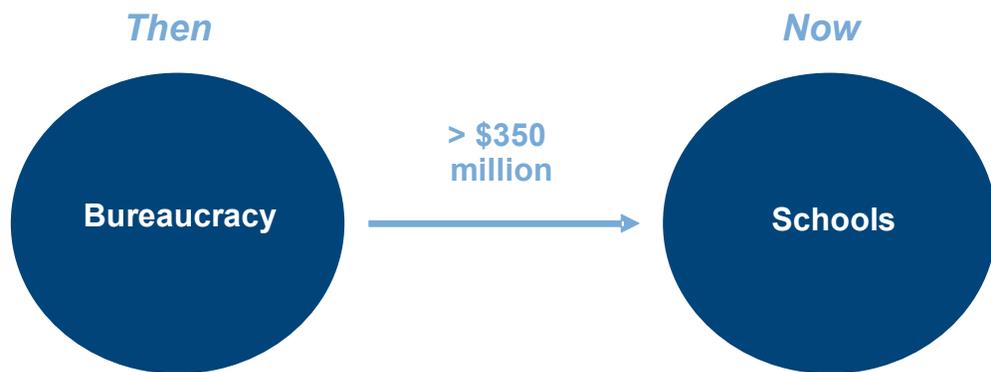
- School budgets have increased by 60% since the Mayor took charge
- Principals' spending power has climbed with a \$4.5 billion increase in school-controlled funds
- Direct services to schools (e.g., food, transportation) are up more than \$2.4 billion



*Note: Figures include fringe and pension costs.
 *Direct services to schools includes support services, restricted/non-restricted school programs and school admin (SSO, ISC, CSE). **School-controlled funds include teacher salaries, materials, programs for students, school support staff, pension, and fringe.*

Additionally, since 2002, the Department has cut \$350 million-plus from the bureaucracy and sent it to schools:

- **Phase I:** Prior to 2007, we sent more than \$190 million from the bureaucracy to schools and classrooms.
- **Phase II:** Since then, we were able to redirect an additional \$174 million from the bureaucracy to schools and classrooms.
- **Plus:** We have sent another \$56 million to the schools that Principals can use to purchase the academic support services, provided by School Support Organizations, they consider best for their students.



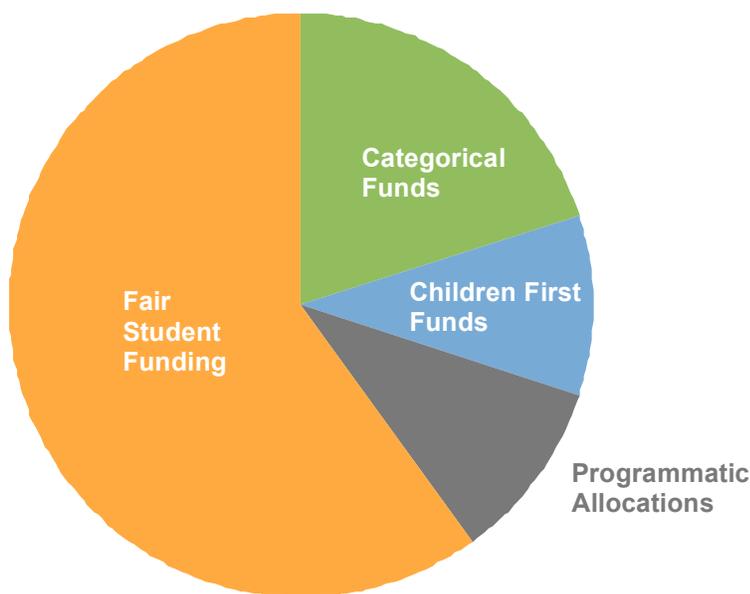
This chart excludes the cost associated with fringe.

2.3. How Are School Budgets Funded?

In the 2008–09 school year, more than \$9.4 billion of funding, not including most fringe and pension, will reside on school budgets. Below is a listing of major categories of school allocations. Each allocation is explained more fully in the School Allocation Memoranda (SAM) found on the Division of Budget Operations (DBOR) website:

http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocationmemo/fy08_09/AM_default.html.

Funding Streams to Schools



Fair Student Funding is the allocation methodology for almost \$6 billion of schools' money and makes up approximately 64% of school budgets. This funding covers basic instructional needs and is allocated to each school based on the number and need-level of students at the school. All money allocated through FSF can be used at the principals' discretion. See Chapter 3 and 4 for additional details.

Note: Schools in District 75 and programs in District 79 will not receive a Fair Student Funding allocation because of their differentiated models. They will continue to be funded under their same funding methodology.

Categorical Allocations:

- **State and Federal Categorical programs** are restricted by the State or Federal governments on how they can be distributed and, in many cases, how they can be used by schools. They total approximately \$2 billion. Examples include Title I —almost \$700 million—as well as other Title programs, IDEA, UpreK and Attendance Improvement/Dropout Prevention. These programs are listed as Externally Restricted Programs among the SAMs.
- **Contracts for Excellence Funds** come from the State as a result of their commitment to increase funding to New York City. These funds total approximately \$385 million and must be allocated according to the State's indexing methodology. The funds must also be spent by schools according to the City's Contract for Excellence with the State.

Programmatic Allocations:

- **Programs Not Consolidated** includes City initiatives that remain outside of Fair Student Funding because of their unique structure or priority, like the parent coordinator initiative or new school start-up funds. The way these funds can be spent is often restricted. These programs are listed as Internally Restricted Programs among the SAMs.
- **Other Special Education Funds** pay for mandated special education support that supplements core classroom instruction services. These dollars are in addition to the funds special education students receive as part of the Fair Student Funding allocation.

Children First Supplemental Funds are approximately \$230 million and come from funds formerly controlled by field and central offices. These funds are allocated on a per school and per student basis. Schools will use a portion of these funds to purchase their School Support Organization for next year. Any remaining funds can be used at the principals' discretion to best meet the needs of students. (See section 2.4 for more details.)

2.4. Children First Funds

Each school receives a Children First Funds Allocation that includes a fixed amount of \$85,000 and a per student amount of \$116.91 based on each school's 2008–09 projected enrollment. These funds represent hundreds of millions of dollars that had been previously controlled by regional and central offices that were redirected to schools for the first time in the 2007–08 school year.

Principals can use these supplemental funds at their discretion. The funds provide each school with the resources needed to purchase services from a School Support Organization (“SSO”). These funds also provide each school with additional resources with which to purchase other staff, services, materials and any other resources deemed necessary for student success.

Schools are required to pay for services offered by the School Support Organizations. The level of support varies by SSO, but they all include instructional supports and coaching, help in using accountability tools, organizational and professional support, and other dimensions of support that relate to a school's educational mission and goals. For additional information on the services provided by each of the SSOs, please see Department of Education's website at the following link:
<http://schools.nyc.gov/AboutUs/DOEOrganization/SSO/default.htm>.

Principals can use the remaining funds flexibly to meet the needs of their students to buy additional teachers, school leadership, academic interventions, professional development, textbooks, supplies, and other equipment.

Many of these services can be purchased in FAMIS, including professional development, optional school improvement projects, career and technical education programs, dedicated technology support, student tracking software and event production services. For more information on purchasing internal services, please contact MarketMaker@schools.nyc.gov.

The Department provides the following support services at no cost to the schools:

- **Accountability and performance evaluations:** The Chancellor and his team, including community and high school superintendents, hire

and fire Department of Education employees. Community superintendents and high school superintendents perform all statutory duties for the schools in their districts and geographic areas, respectively. This includes appointing principals, acting as the rating officer for principals, reviewing and approving school budgets, and performing all other duties and responsibilities conferred by law. They also play a vital role in the Department accountability initiative, working closely with the Accountability Office.

- **Mandated and Operational Supports:** Each borough has an Integrated Service Center (“ISC”) which offers schools one-stop assistance with mandated and operational services related to human resources, payroll, budget and procurement, transportation, food, facilities, safety, extended use, grant management, technology, health, youth services and student suspensions and some elements of special education. The ISCs serve schools at no charge and provide a consistent level of support citywide regardless of schools’ choices of School Support Organization.¹
- **Compliance:** The Department both monitors and supports schools in their efforts to comply with the myriad laws, regulations, and collective bargaining agreements to which all schools are subject. A compliance team, managed by the General Counsel’s Office, ensures that schools are in compliance through streamlined reporting and targeted support.
- **System-wide functions related to policy and resource allocation:** The Department of Education continues to make system-wide decisions, ensuring that all standards are rigorous and clear and services are of high quality. It also ensures that resources are allocated fairly and equitably and implements student enrollment policies that are fair, in the best interest of students, and consistent Citywide.

For a comprehensive list of services provided by the Department, please see the Principals’ Resource guide on the Principals’ Portal homepage of the DOE Intranet or go to the following link:
www.nycboe.net/schools/principals/ResourceGuide/resourceguide.pdf.

¹ For schools participating in the Children First Network pilot initiative within the Empowerment Schools Organization, most of these supports are provided by their School Support Organization.

2.5. Transfer Incentive Funding

In the 2008–09 school year, schools will receive a one-time transfer incentive when new students transfer to eligible schools through the 2008–09 NCLB Public School Choice Program (NCLB PSC) and/or the Progress Report Transfer Program (PRT). (Note: This is different from the NCLB weight given last year through Fair Student Funding, as explained below.)

Policy

Schools that receive students through either the 2008-09 NCLB or PRT programs will receive a one-time funding allocation according to student's proficiency levels on the New York State Math and ELA exams as of October 31, 2008:

- Level 1, Level 1: \$3,000
- Level 1, Level 2: \$2,500
- Level 2, Level 2: \$2,000
- Level 2, Level 3: \$1,500

The transfer allocation will be provided as a one-time mid-year adjustment for each NCLB PSC or PRT student who is enrolled at an eligible school when the October 31 registers close.

The Fair Student Funding NCLB weight will not be continued in its current form. The transfer incentive funding will replace it going forward. However, any eligible schools that enrolled students with the FSF NCLB weight last year will receive the second year of funding (\$2,000 per student still enrolled as of October 31, 2008). This funding will be provided as a FY09 mid-year adjustment. Moving forward, schools will receive funding according to the eligibility criteria described above.

Eligibility

Students:

- NCLB: Students attending SINI schools, in non-terminating grade levels).

- PRT: Students attending non-SINI “F” schools, in non-terminating grade levels and students attending newly identified phase-out schools (announced in November 2007).

Schools:

- Non-SINI/SURR schools with Progress Report Grades “A” and “B” and non-SINI/SURR “C” schools that also received a Quality Review score of “Proficient” or better.

For more information about the transfer incentive funding, including timing of the process, please see the NCLB/PRT website that the Office of Student Enrollment and Planning Operations’ (OSEPO) will launch on June 2, 2008.

2.6. Information on Other Funding Streams

Detailed information on each funding stream’s purpose, allocation methodology and spending restriction can be found online on the Department of Budget Operations and Review (DBOR) website under the School Allocation Memorandum (SAM) section:
http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocationmemo/fy08_09/AM_default.html.

CHAPTER 3: FAIR STUDENT FUNDING BACKGROUND

Every child deserves the same opportunity for a great education. And that means every school deserves fair funding. For years, our school budgeting fell short of that promise. Last year we began to change that. Under Fair Student Funding, we began to allocate the largest school funding stream in a more equitable way. We now fund schools based on the needs of the children at each school, because it's our students who matter most.

Fair Student Funding aims to achieve three major goals:

Improve student achievement: School leaders and communities know best what their schools need for their students to achieve. Fair Student Funding eliminates restrictions on dollars and gives schools more opportunity to make the best choices for their students. Fair Student Funding creates new financial incentives for schools to enroll struggling students—and new rewards when schools succeed in improving student results.

Move toward equity: Last year, Fair Student Funding directed \$110 million in new funds toward schools that had not received their fair share of resources, without taking funds away from other schools. Going forward, Fair Student Funding aims to bring all schools up to their fair funding level as soon as resources permit. This year, given the tight fiscal situation, we will adjust schools for changes in enrollment and need levels in a way that keeps them on parity with gains made last year and, in some cases, even brings them closer to the formula.

Make school budgets more transparent: Fair Student Funding eliminated many complex funding streams, providing more than five billion dollars to schools in a single, simplified budget allocation. And while Fair Student Funding isn't perfect, it's a big step forward and a strong vehicle for improvement over time.

3.1. Why Fair Student Funding: Providing Resources To Meet Students' Needs Equitably

Prior to Fair Student Funding, the budget system had evolved to allocate resources inconsistently and inequitably. Two schools with the same number and mix of students often received budgets that differed by more than \$1 million.

Similar Schools, Different Funding

Elementary school A		Elementary school B	
Enrollment	590	Enrollment	620
Poverty %	92%	Poverty %	98%
English language learners %	25%	English language learners %	29%
Tax levy general funds	\$3,250,000	Tax levy general funds	\$1,790,000
Tax levy general education per student	\$5,508	Tax levy general education per student	\$2,887

The difference between what school A and school B receive is \$1,460,000.

This inequity had a real impact on students: The school with less funding was likely to have:

- fewer teachers;
- less experienced teachers;
- less enrichment for students;
- less enrichment for teachers; or
- all of the above.

The reasons for the unfairness are complex, but two stand out. First, budgets often carried forward subjective decisions made long ago. Sometimes these decisions were made for legitimate reasons now outdated, sometimes because of politics. Whatever the reason, schools received different levels of funding for reasons unrelated to the needs of their current students.

The second factor is that we budgeted for most teachers in terms of positions rather than how much they actually cost. As a result, for example, two schools' enrollment levels gave them each 100 teachers, but if the teachers at one school had average salaries of \$70,000 and teachers at the other school had average salaries of \$60,000, then we had provided \$1 million less to the school with lower average teacher salaries. We know that across our system it is the neediest kids who have the least experienced teachers.

This system was wrong for our principals and teachers, whom we ask to meet high standards for improving student achievement. More important, it was wrong for the students who weren't given a fair chance for success.

Fair Student Funding creates a budgeting system that is right for our students and our teachers: Schools receive funding based on the needs of the students at that school, principals can use money in the way they think is best for their unique student body and school, and budgets can be more easily understood.

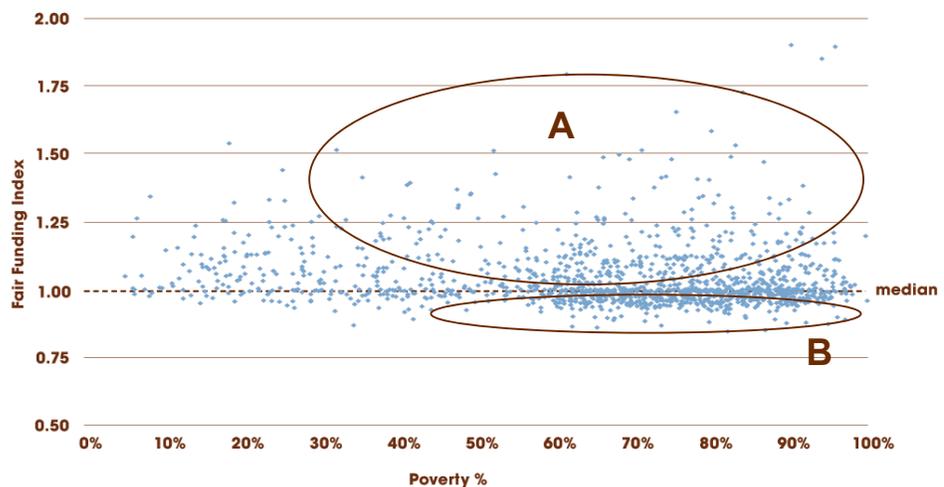
“No matter how you look it, a status quo that denies some students fair funding is not a status quo worth fighting for. We need to stand up for equity. The challenge is to strike a balance that moves us steadily toward equitable funding while preserving the stability and character of schools that work. The feedback—supportive and questioning alike—has moved us closer to that mark.”

—Mayor Bloomberg, following three months of public hearings on Fair Student Funding

The charts below show how close schools are to equitable funding. At 1.00 (on the Y axis), a school is receiving exactly the share of funds it would receive if we budgeted all schools according to the Fair Student Funding formula level.

600 schools remain under the 1.00 line, but are better off than before Fair Student Funding because of the \$110 million in new money given out last year. This improvement is shown by the increase in the median from prior to FSF. We hope to bring those schools up to the formula when we are again in a stronger fiscal position. At the same time, due to the hold-harmless commitment, schools above 1.00 did not lose funding last year or this year and 690 schools remain above the formula level. We also have 94 schools at 1.00, receiving their formula amount.

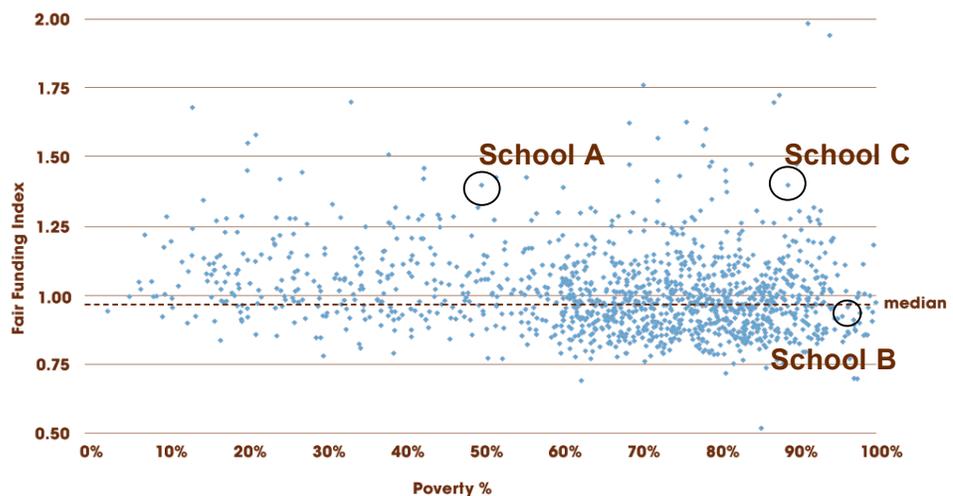
**Fair Funding Index by School Poverty Level
2008-09 after Fair Student Funding Implementation**



Last year, the 693 schools under the formula received \$110 million in new funds through Fair Student Funding (group B) and came closer to fair funding (near the 1.00 line). Meanwhile, our “hold-harmless” protections ensured that no schools (group A) lost funding last year because of Fair Student Funding.

This chart shows the inequity of school funding prior to Fair Student Funding.

**Fair Funding Index by School Poverty Level
2007-08 before Fair Student Funding**



School A, with about 50 percent poverty, received about the same per-student funding as School C, with about 90 percent poverty. School B, which had nearly 100 percent poverty, received less than both School A and School C.

3.2. The Basics: A Fair and Transparent Way to Fund Schools

Fair Student Funding is based on simple principles:

- School budgeting should fund students fairly and adequately, while preserving stability at all schools;
- Different students have different educational needs, and funding levels should reflect those needs as best as possible;
- School leaders, not central offices, are best positioned to decide how to improve achievement; and
- School budgets should be as transparent as possible so that funding decisions are visible for all to see and evaluate.

“Fair Student Funding systems are now in place in several major U.S. school districts, with more in the planning stage. The benefits are consistent across these districts: parents support it, teachers and principals feel empowered by it, and rigid top-down bureaucracy is replaced by flexible local school empowerment.”

—William G. Ouchi is the Sanford & Betty Sigoloff Professor in Corporate Renewal at UCLA. He has studied systems like Fair Student Funding across the country.

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

- Money will follow each student to the public school that he or she attends.
- Each student will receive funding based on grade level.
- Students also may receive additional dollars based on need.
- Principals have greater flexibility about how to spend money on teachers and other investments— with greater responsibility for dollars and greater accountability for results.
- Key funding decisions will be based on clear, public criteria.

3.3. The Transition: Gradual Implementation To Preserve Stability

We need to drive more resources into schools that aren't getting their fair share of funds and encourage all schools to perform better. However, we also need to protect what's already working. That's why Fair Student Funding is being implemented gradually. Specifically:

- Fair Student Funding has not resulted in reduced funding for any schools. Schools that are above the formula will continue to receive their Hold Harmless amounts at least through the 2008–09 school year.
- Schools are funded for the salary increases of teachers who were on their payrolls prior to the start of FSF—as of April 2007.

Two important things to keep in mind:

- These funding commitments continue to be contingent on adequate State and City funding.
- Schools may still face funding reductions because of changes in programs outside Fair Student Funding, changes in enrollment, or loss of grant funding.

Going forward, Fair Student Funding provides a flexible vehicle for public feedback and improvement over time. We have made tradeoffs and tough decisions transparent. We have provided extensive data about schools' funding in more accessible form. We are committed to improving Fair Student Funding in the coming years through input from principals, teachers, parents, and school communities.

CHAPTER 4: FAIR STUDENT FUNDING FORMULA

The Fair Student Funding formula allocates dollars to schools through four basic categories:

- Foundation—a fixed, \$225,000 sum for all schools;
- Grade weights, based on student grade levels;
- Needs weights, based on student needs; and
- Enhanced weights for students in “portfolio” high schools.

Grade Weights	K–5	6–8	9–12
	1.00 / \$3,946	1.08 / \$4,262	1.03 / \$4,064
Need Weights			
Academic Intervention	K–5	6–8	9–12
Poverty	0.24 / \$947	—	—
Achievement—well below standards	—	0.50 / \$1,974	0.40 / \$1,578
Achievement—below standards	—	0.35 / \$1,381	0.25 / \$986
ELL	0.40 / \$1,578	0.50 / \$1,974	0.50 / \$1,974
Special Education			
Less than 20%	0.56 / \$2,210	0.56 / \$2,210	0.56 / \$2,210
20–60%	0.68 / \$2,684	0.68 / \$2,684	0.68 / \$2,684
Greater than 60% (self-contained)	1.23 / \$4,853	1.23 / \$4,853	0.73 / \$2,881
Greater than 60% (integrated)	2.28 / \$8,997	2.28 / \$8,997	2.52 / \$9,944
Portfolio Weights	K–5	6–8	9–12
Specialized Audition schools	—	—	0.35 / \$1,381
Specialized Selective schools	—	—	0.25 / \$986
CTE schools	—	—	0.05–0.25 / \$197–\$1,026
Transfer schools	—	—	0.40 / \$1,578

Fair Student Funding in Context

Don't forget that Fair Student Funding represents only one of six major funding streams through which schools receive dollars. Others are:

- Children First Supplemental Funds
- State and Federal Categorical Programs (Title 1, etc.)
- Programs Not Consolidated (parent coordinators, etc.)
- Other Special Education Funds
- State Aid

See Chapter 2 for more detail.

Why these weights?

Fair Student Funding weights are always adequate for schools to meet legal and policy requirements. Beyond that, these weights reflect evidence-based judgments about the fairest levels of funding for students across New York City. In particular, the weights are designed to do two things:

- Meet the needs of students, with higher weights in grades and for students who need the greatest support
- Reflect fair, objective criteria that can be applied on an even-handed basis across New York City.

Our weights are just designed to provide the fairest level of funding for a child's education. There are many significant student needs beyond the current categories in Fair Student Funding, and in future years, we anticipate expanding the weighting categories.

4.1. No Significant Formula Changes for the 2008–09 School Year

The Fair Student Funding Formula is based on extensive public outreach in New York City, conversations with school leaders in other cities, and research on education funding and results.

We held extensive feedback sessions with principals and other key stakeholders during the 2007–08 school year to learn more about what has been working and has not been working about the Fair Student Funding formula in its first year. This feedback informed the changes we will make this year, such as finding a way to give the academic weight to students with missing scores in a fair way. The feedback also informed an agenda for future changes to the formula that require more time for either preparation to implement the changes effectively or study to determine if they are the right changes.

For this coming year, there will be no significant changes to the formula. Because budgets for the 2008–09 school year are released before the first year of FSF methodology was complete, we will wait to make significant changes until more meaningful study can be done on the formula. Specifically, principals have not yet been through a full budget cycle with the FSF formula. Spending and achievement patterns are not available to be analyzed.

The small formula changes that will be made will improve its fairness and reflect increasing costs.

- Collective bargaining increase:
 - The weights will not change, but the amounts associated with them will change to reflect salary increases resulting from recent UFT, CSA and CWA contract settlements. The increase includes both FY08 and FY09 amounts. (This increase is referred to as “collective bargaining” or CB throughout this document.)
- Missing scores now counted:
 - Students who enter schools (starting above the 4th grade) and have no scores to indicate whether they should receive the achievement weight will now be eligible to receive the weight.
- “Unfilled” seats expected to be filled:
 - Non-new elementary and middle schools are initially allocated money to fund full special education CTT and self-contained classes. If schools fail to accept students and fill the class, the initial “unfilled seats” money will be removed at the mid-year adjustment for all but two unfilled seats.

4.2. Foundation

Foundation

\$225,000 per school

Policy

All schools receiving Fair Student Funding, regardless of size or type, will receive a lump-sum foundation of \$225,000. The dollars are not tagged to particular positions so that schools, rather than central administration, determine whether they need more core administrative staff and fewer teachers, or the reverse. Schools can finance additional administrative staff not only from the per-student allocations, but also from other allocations, such as Children First Funds (including an \$85,000 fixed component), parent coordinators, and other programmatic supports provided on a per-school basis, such as IEP teachers.

4.3. Grade-Level Allocations

Policy

Every student receives a grade weight determined by his or her grade level:

K to 5

1.00

\$3,946

6 to 8

1.08

\$4,262

9 to 12

1.03

\$4,064

We chose to provide *middle school* students with the largest weights because these students experience the largest drop-offs in student achievement. The percentage of students at or above grade level on the 2007 State ELA and math exams was almost 20 percent lower for 8th graders than for 5th graders.

We chose to fund *grades 9–12* at a slightly higher level than grades K–5 for several reasons: older students tend to have higher costs for non-personnel (such as more costly science materials); they often take electives that break into smaller classes; their schools often require more administrative personnel. This approach is consistent with our historic funding practices and with practices in other cities.

Eligibility

All students receive FSF dollars through grade-level weights.

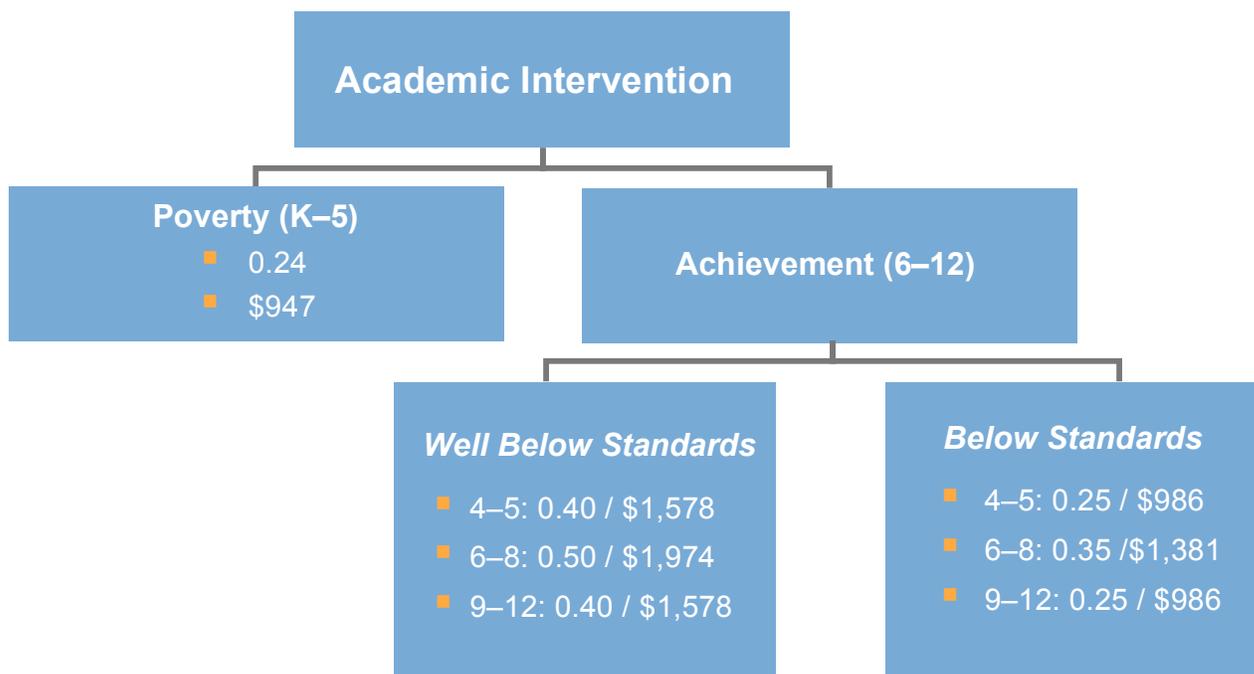
Schools with non-traditional grade configurations receive their base weight funding in more than one category. For example, a K–8 school receives the K–5 weight for the K–5 grades and a 6–8 weight for the 6–8 grades. A 6th grader carries the same weight whether at a 6–8, a K–8, or a 6–12 school.

4.4. Needs-Based Allocations

In addition, students are eligible for needs-based weights for the following characteristics:

- Academic Intervention, based on
 - Poverty for schools beginning before 4th grade
 - Achievement for schools beginning in 4th grade or later
- English language learner status, and
- Special education

4.4.1. Academic Intervention



Policy

We will drive additional funds to students at the greatest risk of academic failure. This approach is consistent with a large body of research showing that students who are struggling in school require additional supports to succeed.

In general, we believe that the best way to identify students with greater need is to look at their past achievement. Therefore, to the extent possible, we will rely on student achievement data—results on State math and English Language Arts exams—to identify students eligible for additional funding. We will provide additional funding to schools with struggling students.

At the same time, funding students based on their test results could create perverse consequences. For example, if two schools enroll students with low levels of achievement, and one school achieves great results and the other does not, a system that bases funding on student test scores will cut

funding for the school that achieved great results. That would be counter-productive.

Based on these considerations, the Department has adopted the following policies:

- Students receive additional weights based on their achievement at *entry* to a school. A school will receive additional funding for enrolling struggling students, but will not lose money for success in educating them.
- In schools where we do not have any data regarding students' achievement before they enter a school, we do not use achievement data to determine funding because we do not want perverse incentives. As the regular citywide first testing occurs in 3rd grade, we can use test data only for schools starting after that grade (i.e., in 4th grade or later).
- Students who attend a school funded with the achievement weight (instead of the poverty weight), but did not enter the school with test score data (i.e., they transferred from another state or country), can receive the weight based on special eligibility criteria.
- For schools beginning before 4th grade, we use a proxy for low achievement. The best proxy for achievement is poverty. Particularly in the elementary grades, there is a very tight correlation between poverty and achievement. More than 90 percent of "Level 1" students are low-income.

Eligibility for Poverty Weight

Students enrolled at schools that begin before grade 4 (e.g., all K–5, K–8, and K–12 schools) qualify for the poverty weight if they also qualify for free lunch and/or receive public assistance, according to data provided by New York City's Human Resources Administration. These are also the criteria for Title I eligibility.

The poverty student count used in the FSF formula represents poverty data as of December 31, 2007, for the students on a school's register on October 31, 2007.

At Universal Free Lunch (USM) schools, where the concentration of students meeting the Title I criteria is above a certain threshold and forms

are not collected annually, the weight is calculated by multiplying the total number of students on the 2007–08 school registers at the school by the school’s most recent poverty percentage under Title I.

Eligibility for Achievement Weight

At schools beginning in 4th grade or later (e.g., all 6–8, 9–12, and 6–12 schools), students receive additional weights based on their achievement upon entering the school. There are two funding levels—a higher achievement weight for students “Well Below Standards,” and a lower one for students who are below grade level, but closer to proficiency (“Below Standards”). As with the grade-level weights, these intervention weights are higher in grades 6–8 than in grades 9–12. Qualifying English language learners and special education students are also eligible to receive the academic intervention weights.

Students are considered “Well Below Standard” if they:

- Score Level 1 (“Not Meeting Learning Standards”) on both the State’s English language arts (ELA) and math exam;
- Score Level 1 on the ELA exam and Level 2 (“Partially Meeting Learning Standards”) on the math exam; or
- Score Level 2 on the ELA exam and Level 1 on the math exam.

Students are considered “Below Standards” if they:

- Score Level 1 in math or ELA that do not fall within the categories in the first tier (e.g., students who score Level 1 in math and Level 3 or 4 in ELA); or
- Score Level 2 on both the State’s ELA and math exam.

In circumstances where one or more scores for a student are missing:

- Students who score Level 1 in ELA or math with a missing score in the other subject will be considered “Well Below Standards.”
- Students who score Level 2 in ELA or math with a missing score in the other subject will be considered “Below Standards.”

- Students who have no scores will be allocated weights in proportion with the rest of the school. For example, if a school with 10% of students who are “Well Below Standards” and 20% “Below Standards” has 10 students missing scores when they enter, the school will receive a “Well Below Standards” weight for one of those students and a “Below Standards” weight for two of those students. This is a change from last year’s formula, when students with missing scores did not receive any weight.

Scores are based on the last result before the student enters his/her current school.

4.4.2. English Language Learners

English Language Learner

- K–5: 0.40 / \$1,578
- 6–8: 0.50 / \$1,974
- 9–12: 0.50 / \$1,974

Policy

Experts recognize that English language learners (ELL) who do not speak or understand English have higher needs. ELLs who have become proficient in English graduate at higher rates than all other students—more than 60 percent—while more than half of ELLs who never become English proficient drop out of high school.

Plus Federal and State Support

In addition to the FSF weight, eligible ELL students also receive funding equivalent to a weight of 0.05 in Federal and State categorical aid.

Funding for ELLs will be determined by grade level: a K–5 weight, a 6–8 weight, and a 9–12 weight. Students in higher grades will receive additional resources for two reasons: (a) as students age, the state requires them to receive additional periods of specialized education; and (b) it is more developmentally difficult for older students to master a new language.

ELL students are fully eligible for the academic intervention weight. Taken together, the value of the ELL weight and the achievement weight received by ELLs is 0.59.

The current ELL weight incorporates the former state Limited English Proficiency Program.

Eligibility

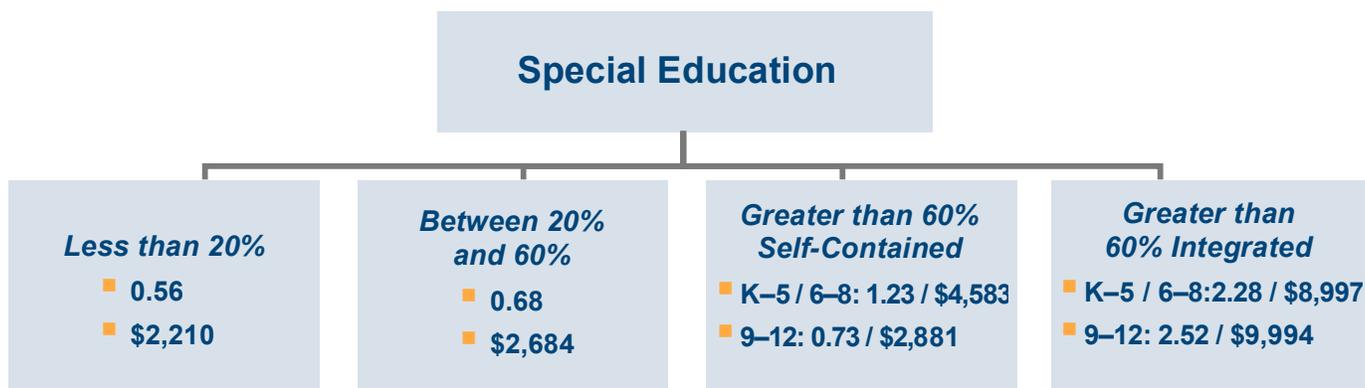
Students who are currently ELLs, as determined by the Home Language Survey and the NYSESLAT, are eligible for this funding.

The February 2008 register data from BESIS survey (as of the October 31, 2007, audited data) generate the ELL funding for the initial budget release.

Possible Future Changes

Right now, students who are recently decertified from ELL status do not receive a weight. When the fiscal situation improves, we hope to partially fund decertified ELL students to ease their transition.

4.4.4. Special Education



Background

Fair Student Funding gradually shifts funding for special education away from funding per *class type* and toward funding for *student needs*. In doing this, FSF aims to help reinforce that:

- **Special education students are a wholly integral part of a school, not a separate subset of students.** FSF aims to eliminate the view of special education as strictly prescriptive, immovable, and segregated from the kinds of innovative thinking that occurs in general education.
- **Special education students are also eligible for poverty, ELL and academic intervention weights.** Funds generated from these weights should be used in addition to the special education weights to support the needs of special education students.
- **The full continuum of services is available to serve students:** Schools receive per-student funding based on the number of periods a day that a student requires special education services, rather than funding based on a specific service delivery model. This should increase schools' flexibility to develop service delivery models or a combination of models tailored to meet the individual needs of the students.

Policy

Schools will receive per-student funding based on the number of periods a day that a student requires special education services. Fair Student Funding will cover only special education classroom services in non-District 75 schools.

While promoting innovation and flexibility, the Department is committed to providing all services required by the Individualized Education Program (IEP).

NOTE: Fair Student Funding does not impact District 75, related services (including mandated speech and counseling services), IEP teachers, IEP paraprofessionals and adaptive physical education teachers, assistive technology, and other special education programmatic allocations. Schools are provided with additional allocations outside of FSF for these needs.

For self-contained and Collaborative Team Teaching (CTT) students at the elementary and middle schools only, the Department will initially allocate and fund a full class in anticipation of greater classroom utilization after the start of the school year. This means that funding will come for “filled seats” and “unfilled seats”.

Schools will be adjusted as of December 31, 2008, for special education classes and seats. This year, if a school has unfilled seats as of December 31, funding will be removed for all but two of them. The only exceptions to the funding removal are:

- Capped classes and low incidence classes will not lose funding based on confirmation from the Office of Student Enrollment and Planning (OSEPO) that students have not been turned away.
 - Determination regarding funding adjustments will be made based on a review of the wait list at that time.

In conjunction with the FSF needs adjustment, the grade weight will also be adjusted based on the audited October 31 registers for general and special education students. A second adjustment will be applied to the grade weight for increase in total enrollment between October and December stemming from an increase in special education registers.

The Fair Student Funding formula generates sufficient resources to support the classroom/basic paraprofessional in a 12:1:1 self-contained setting. No additional funding will be provided.

Special education students also are eligible for the poverty, ELL, and academic intervention weights. Therefore, significant other resources will be available to fund the needs of these students.

Eligibility

The table below provides a summary of the types of services that map to each category of special education funding:

FSF Category	Previous Classification
Less than 20%	Special Education Teacher Support Services (SETSS)
Between 20% and 60%	Multiple SETSS, Part-time Collaborative Team Teaching (CTT)
Greater than 60% Self-contained	Self-contained students including 12:1, 12:1:1 and 15:1
Greater than 60% Integrated	CTT

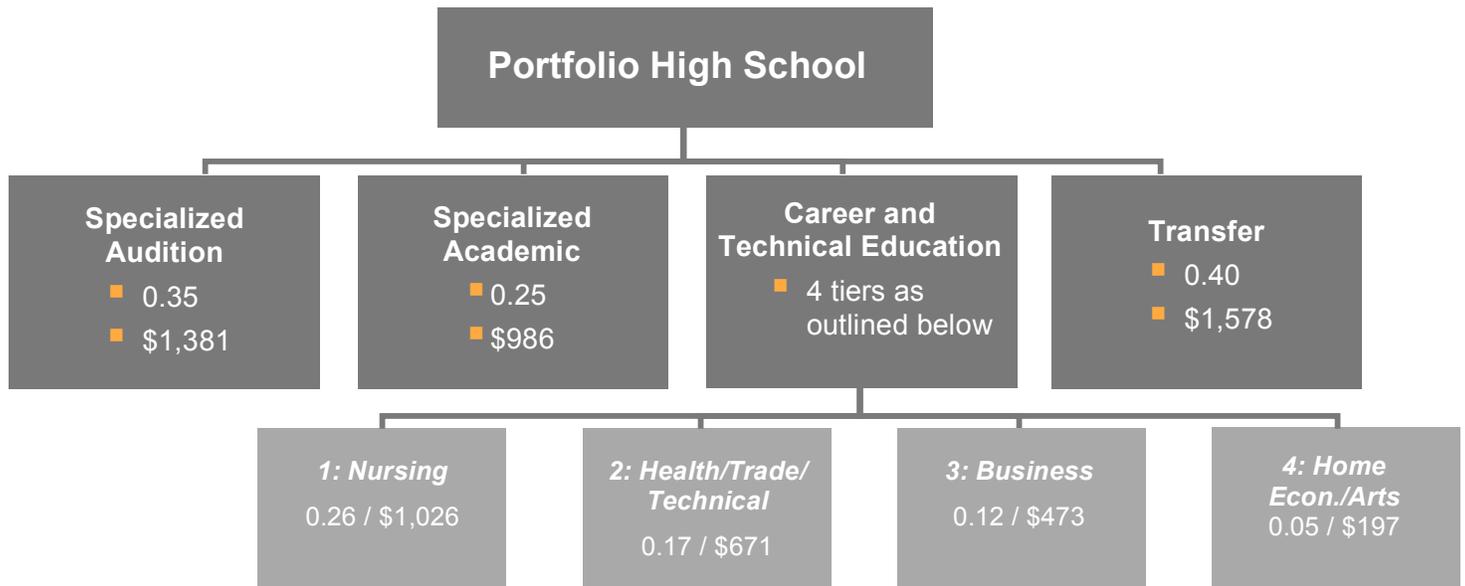
Detail on Policy:

- **In Greater than 60% categories**, funding is given as “filled” and “unfilled” seats. By funding school upfront for the cost of a CTT or self-contained class, even though the special education register for

the class has not reached maximum number of special education students, it is possible for schools to hire teachers when doing the rest of their budget planning.

- **Schools may receive an upward or downward modification to their special education weight allocations on June 15, 2008.** OSEPO will work with schools before that date to determine whether the class configurations initially funded are the most appropriate ones given the needs of the students at that school and the overall needs of the district. Schools are expected to open all classes projected at the June 15, 2008 adjustment, in order to assure appropriate funding.
- **Funding will be removed at mid-year—December 31—for all but two unfilled seats.** The money for unfilled seats is given with the full expectation that seats will fill as OSEPO continues to place special education students throughout the year.
- **Schools will receive a grade weight adjustment based on total enrollment.** For schools that receive an class equivalent allocation, a second adjustment will provided for overall increase in registers between October and December due to increase in special education enrollment.
- **An important note on CTT classes:** Schools must organize CTT classes with the requisite number of general education students to allow placement of special education students up to the maximum allowable or funding for all unfilled seats will be removed. Regardless of the number of students a CTT class starts with at the beginning of the year, classes must be programmed with the full complement of general education students in line with the contractual class size for general education classes at grade level, leaving seats for up to 12 students with IEPs. The only exception is for a class size of 20 that can be increased to 25 students. In schools with reduced class size funding, CTT classes are considered “reduced” with a total class size of 25.

4.5. High School Portfolio



Policy

At the high school level, we provide students with a portfolio of different education models. Students attending these schools will continue to be eligible for additional funding. Portfolio categories for the 2008–09 school year are:

- Career and Technical Education (26 schools)
- Specialized Academic (12 schools)
- Specialized Audition (6 schools)
- Transfer (37 schools)

Eligibility

Career and Technical Education (CTE): All students are engaged in sequences of instruction that integrate rigorous academic study with workforce skills in specific career pathways. The weight does not include

comprehensive high schools with CTE courses or career-themed schools with no formalized CTE programs.

Incentives To Improve Achievement:

The FSF weights encourage success by allowing schools to get or keep resources when they are successful at improving student achievement:

- > The academic intervention weight gives more money for enrolling low-achieving students. Schools keep weighted funds when students improve.
- > The special education weight allows schools to transition a student to a lower intensity of service during the year and still keep the money that year.

For Potential Implementation In The Future:

- > A portion of the ELL weight will remain for students who have been recently decertified.
- > The special education weight will allow for transitional support for students who are moved to lower intensity of services in the prior year.

Students will be funded according to a four-tier structure recommended by the Office of Portfolio Development:

- Health (Nursing only)
- Health / Trade & Industry / Technical Education
- Business
- Home Economics and Fine & Performing Arts

The tiered structure of the CTE funding reflects the different cost factors necessary to operate different CTE programs of study. The significant factors reflected in this structure are: class size requirements, equipment and materials, industry training for teachers and start-up costs. The tier 1 and 2 programs require significantly lower class size, industry specific equipment and

highly specialized and ongoing industry training. The weightings assigned to the remaining tiers account for the proportional class size requirements, the level and frequency of industry training required and the nature of the equipment and materials for the programs in each tier. The tier 3 and 4 programs do not have significant class size requirements, but still incur equipment and material costs, as well as ongoing industry training needs, that are more significant than traditional schools.

Specialized Academic: This category continues to capture academically challenging high schools that have been funded at a higher level in the past.

Specialized Audition: All students within the school participate in the equivalent of a five-year sequence through two double periods daily of study in their art form.

- Students in these schools are admitted through a screening process that involves a performance audition or a portfolio review.
- Students take and pass a Comprehensive Exit Exam in the art form of choice in grade 12 and receive the Arts Endorsed Diploma.

Transfer: Small high schools designed to re-engage students who have dropped out or are overage and under-credited for grade, as identified by the Division of Youth Development / Office of Multiple Pathways.

4.6. How Students Are Counted

4.6.1. Grade and Special Ed Weights: Projected Enrollment

Schools generate their 2008–09 projected registers using a web-based projected register tool provided by the Office of Student Enrollment and Planning (OSEPO). These projections are the basis for funding of general education and special education students.

The enrollment tool also shows your 2007–08 school year audited student attribute data. Audited student attributes serve as the basis for the Fair Student Funding needs-based weights. (The only exception is new schools and phase-out schools, where we have used projected registers based on year-over-year school enrollment patterns.)

4.6.2. Need Weights: Audited Registers

The Academic Intervention and ELL weight are based on audited registers from the prior year. This year, October 31, 2007, audited registers will be used to allocate the need weights to each school.

Audited registers, instead of projected registers, are used for the need weights because they represent the most accurate data we have. This is important because it is cost-prohibitive to provide for upward adjustments based on register changes at the mid-year without also providing for downward adjustments. Principals expressed a strong preference for avoiding downward adjustments on difficult to predict characteristics.

4.7. Mid-year adjustments

In general. Mid-year adjustments will be made for grade-level and portfolio weights based on audited October 31 enrollment, and for special education weights based on December 31 data. The Additional Spending Authority (ASA)/Set Aside Process will continue in anticipation of this mid-year adjustment for general education and special education.

To balance the need for stability, timing, and accuracy of funding adjustments are taken by multiplying the net change in register by the per capita associated with the weight.

Adjustments will be made based on the factor by which a school is funded:

- Hold harmless and at-formula schools: 100% up and down
- Under-formula: 100% up and percentage under formula down

An example of an under-formula elementary school losing register:

Sample	Weight	Per Capita	Projected Register	Audited Register	Change	Net Impact
K-5 grade	1.00	\$3,946	700	688	-12	(\$47,352)
SPED <20%	.56	\$2,210	30	35	5	\$11,050
SPED 40%-60%	1.23	\$4,853	40	30	-10	(\$48,530)
FSF Mid-year Adjustment Subtotal =						(\$84,832)
Initial Funding Percentage						95%
Final Mid-year Adjustment =						(\$80,590)

Note: "Initial Funding Percentage" for the FY09 mid-year adjustment is taken by dividing the FY09 FSF allocation (TL FSF) by the FY09 Entitlement.

Specifics on Special Education Adjustments.

Less than 20% and between 20% and 60%:

- Generally covers SETSS, Multiple-SETSS and part-time CTT services

- Data to compare projected register to data taken from Regional Net Register Report (RNRR)
- As of December 31, 2008
- Difference between projected and actual multiplied by the associated per capita

Greater than 60% integrated and self-contained:

- Generally covers CTT and self-contained services
- The Special Education Component (SEC) reports will be used to verify the number of classes open as of December 31, 2008.
- Increases in funding for new classes must be approved by the Office of Student Enrollment and Planning Operations (OSEPO)
- Decreases in funding will be taken for filled and unfilled seats, leaving only two unfilled seats per class for schools that have refused to take additional students. The two exceptions to this policy are:
 - Capped classes and low incidence classes will not lose funding based on confirmation from OSEPO that students have not been turned away.
 - Determination regarding funding adjustments will be made based on a review of the wait list at that time.

New schools' SPED weights:

- New elementary and middle schools, as well as high schools, are funded on a per-student basis for special education
- As of October 31, 2008
- Did not receive unfilled seats funding
- Net register change multiplied by associated per capitas

Summary of Special Education Mid-Year Adjustment Process		
FSF Special Education Category	ES/MS	HS
Less than 20%	Yes	Yes
Between 20% and 60%	Yes	Yes
Greater than 60% Self-contained	No*	Yes
Greater than 60% Integrated	No*	Yes

**The initial allocation provides funding for unfilled seats. To the extent there is a need to open a new class, both the Deputy Superintendent of Special Education and the Office of Student Enrollment and Placement Operations (OSEPO) must approve the opening of an additional self-contained or CTT class, over and above those funded from the initial school budget allocations, before schools open and staff such classes.*

Specifics on academic intervention and ELL weights. Adjustments for need characteristics will not be made at the mid-year. As noted above, it is cost-prohibitive to provide for upward adjustments based on register changes without also providing for downward adjustments, and principals expressed a strong preference for avoiding downward adjustments. In addition, audited data present the most accurate basis for funding student needs.

4.8. Special Rules for New Schools, Transfer Schools, and Phase-Out Schools

4.8.1. New schools

Schools opening in September 2008 do not have existing budgets and will receive their FSF Formula.

Poverty Weight. Year 1 new schools are funded using the Citywide cutoff level of 60 percent except for sites where the actual poverty information is known, such as for program conversions.

Academic Intervention. Based on information on existing new schools, schools opening in September 2008 are funded based on the following assumptions of their entering students' needs:

Well Below Standards:

- High School—26%
- Middle School—7%
- Secondary—26% if only grades 9 to 12, 7% for grades 6 to 8
- Elementary School—poverty weight (if start before grade 4)

Below Standards:

- High Schools—34%
- Middle School—12%
- Secondary Schools—34% if only grades 9 to 12, 12% for grades 6 to 8
- Elementary Schools—poverty weight (if start before grade 4)

ELL Weights. Based on information on existing new schools, schools opening in September 2008 are funded based on the following assumptions except for sites where the actual student information is known:

- ELL focused schools—100% ELL population
- Non-ELL focused schools—8% ELL population

4.8.2. New transfer schools

Academic. Based on historical information for existing transfer schools, new transfer schools' academic weights are funded based on the following assumptions:

- Well Below Standards—35% of the general education population
- Below Standards—29% of the general education population

ELL. Based on historical data for existing transfer schools, new transfer schools are funded with an assumption of having a population of 3 percent ELLs.

4.8.3. Phase-out schools

Poverty. The 2007–08 school year poverty percentage is applied to the school’s projected enrollment to determine the poverty student count for schools that are phasing out.

Academic. The 2007–08 school year academic percentage is applied to the school’s projected enrollment to determine the academic intervention student count for schools that are phasing out.

ELL. The 2007–08 school year ELL percentage is applied to the school’s projected enrollment to determine the poverty student count for schools that are phasing out.

4.9. Possible Future Weights

As we transition into a full Fair Student Funding formula, we will continue to look at adding new weights, such as Gifted and Talented and Students with an Interrupted Formal Education (SIFE). We are not able to implement these specific weights this year due to the difficult fiscal situation.

CHAPTER 5: CONTINUING THE TRANSITION TO FAIR STUDENT FUNDING

In order to balance the sometimes competing priorities of equity and stability, we have not yet implemented a pure Fair Student Funding system. Rather, we are gradually transitioning to a pure-formula system. This means:

- Schools historically funded above their formula level received a “hold harmless” amount equal to the amount over the formula. 690 schools fell into this category last year. Schools keep this allocation at least through this 2008–09 school year.
- Schools that have historically been funded under their formula level began to receive new money to bring them to a fully funded level. 693 schools fell into this category last year. These schools received a total of \$110 million in new money in the 2007–08 school year. Each school received approximately 55 percent of the gap between the school’s previous funding level and the FSF formula level up to \$400,000. This year, most of these schools will remain under their formula level. Our current plan is to bring these schools up to formula as soon as the fiscal situation improves.
- For further details on how the first year transition from the previous funding methodology to Fair Student Funding took place, see the 2007–08 FSF Resource Guide, which can be found at: <http://schools.nyc.gov/AboutUs/BudgetsFairStudentFunding/Materials/default.htm>.

We maintain our strong commitment to continuing our progress towards equitable funding for all schools. We will continue to value stability in the future while working to bring under-formula schools up to their fair funding level as the fiscal situation permits.

5.1. The 2008–09 School Year

In the 2008–09 school year, we will continue with the same transition principles from the first year of Fair Student Funding—a careful balance between stability and equity. We will:

- **Give schools their hold harmless** allocations as we committed to do last year.
- **Keep under-formula schools *at least at parity to gains made last year*** through full upward adjustments, and in some cases, help them move closer to the formula. The fiscal conditions do not allow for us to direct significant new resources to these schools.

We hope to bring all schools to their formula as soon as resources allow.

In general, a school's Fair Student Funding allocation does not stay the same from year-to-year. It may change as a result of:

- changes in enrollment;
- changes in the FSF formula;
- increases in the per capita amounts associated with the weights due to increased funding in the system overall for collective bargaining increases or other overall funding increases; or
- increases in funding needed for coverage of salary increases for teachers on schools' payrolls prior to April 2007.

These changes impact the transition towards Fair Student Funding and a school's resulting actual funding level in the ways described below.

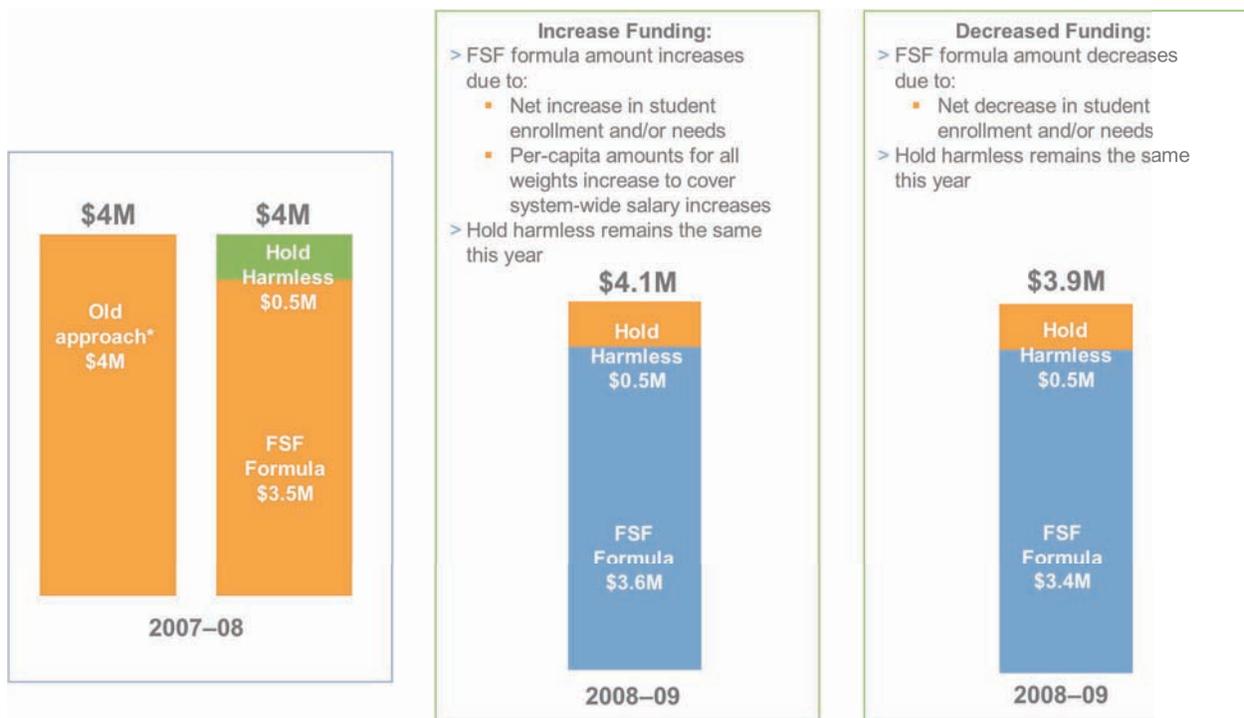
5.2. Schools Receiving More Than Their Formula Level (Hold Harmless)

Schools with budgets *above* their Fair Student Funding formula level will continue to be held harmless compared to the funding they would have received before Fair Student Funding. To begin, these schools will receive

their 2008–09 school year FSF formula funding, plus their 2007–08 school year “hold harmless.” The weights did not change this year, but the per capita amounts associated with them did change as a result of additional funds for the several collective bargaining increases. Therefore, many schools will see increases in their FSF allocations. Some schools may see reductions in their FSF allocation due to decreased enrollment or need levels of their students. As mentioned above, the Hold Harmless will be unaffected this year and allocated at the same level for all schools as it was in 2007–08.

In the future, if the weights change and increase a school’s purchasing power, the school will receive either an increase from Fair Student Funding or that same amount through their existing “hold harmless” allocation, but not both.

Over-formula Schools’ Funding Can Increase or Decrease



**“Old Approach” is the methodology used to allocate school budgets prior to FSF. When FSF began in 2007–08, the Department calculated each school’s Old Approach budget and FSF budget to fund a gradual transition to FSF. Schools received at least what they got under the Old Approach.*

5.3. Schools Not Yet Receiving Their Formula Level

This year, we had hoped to bring all schools up to their FSF formula funding level. Unfortunately, due to a challenging fiscal environment this year, new funds are not available to close the funding gap. Schools will keep the new money they received last year in total and will be slated to receive new funds to bring them to a full funding level as soon as resources are available.

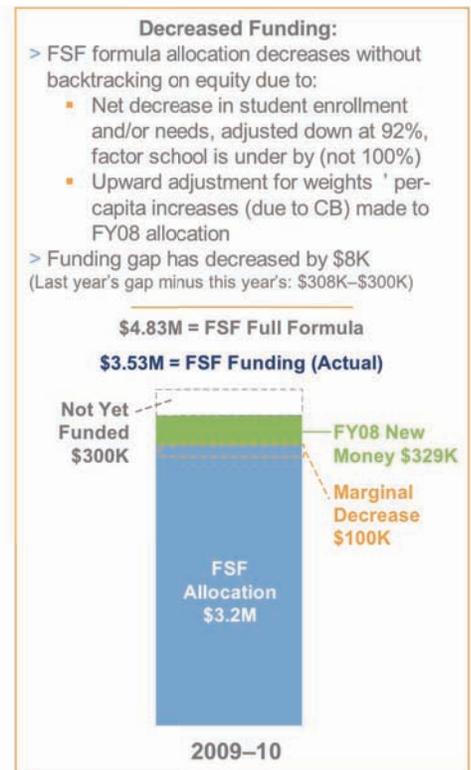
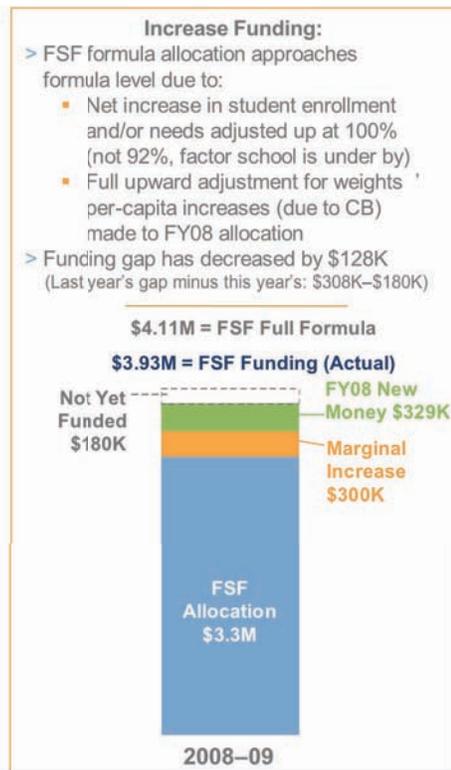
Since these schools remain under-formula, we had to determine a transitional funding methodology. In building this methodology, we were able to help schools make small equity gains and to mitigate more significant funding loss from taking place.

- Schools under the formula will start with their 2007–08 funding level, including the new money received last year (Galaxy allocations TL FSF and TL FSF Incremental).
- The allocation will be adjusted for the change in register from 2007–08:
 - If a school’s register declines, the school’s budget will *not* be reduced by 100 percent of that decline. Instead, it will be reduced by the same factor by which a school is under the formula. For example, if a school is funded at 90 percent of its formula, and its budget is facing a net loss of 10 students from the previous year, only 90 percent of the funding for those 10 students will be removed.
 - If a school’s register increases, the school’s budget *will* be funded for the increase at 100%. For example, if the same school that is funded at 90 percent of the formula gains a net of 10 students from the previous year, it will receive 100 percent of the funding for those 10 students.
- Under-formula schools will be fully funded for the increase in the per-capita amounts each weight carries. For example, if the per capita for the grade weight increased by \$50 and an under-formula school had 1000 students, it would see the \$50 increase in funding for every

one of its students, totaling \$50,000. The per capita increase for a weight of 1.00 is \$158 in 2008–09. To calculate a school’s increase due to collective bargaining, a total weighted register will be multiplied by \$158 (with some rounding errors in the actual allocation).

- Finally, the foundation increase of \$25,000 that all schools receive this year will also be added to the allocation.

Under-formula Schools Can Still Make Equity Gains This Year



***Old Approach" is the methodology used to allocate school budgets prior to FSF. When FSF began in 2007–08, the Department calculated each school's Old Approach budget and FSF budget to fund a gradual transition to FSF. Schools received at least what they got under the Old Approach.*

Here is an example of a transition from 2007–8 to 2008–09 funding for an under-formula school gaining register. The left side shows a school’s FSF formula entitlement and the right side shows what the school is actually getting based on its transition from funding in 2007–08.

1. Each school’s 2008-09 formula entitlement is run based on their 2008–09 projected and audited 2007–08 enrollments as shown on the left side below.
2. On the right side, the build up to the actual FSF allocation starts. The 2007–08 FSF Allocation serves as a base for the 2008–09 allocation.
3. The first step in the adjustment is to calculate the marginal increase due to register change. The 2007–08 weight amounts are multiplied by the change in students. This calculation captures all additional students over or under the 2007–08 enrollment.
 - a. In the example, there are 16 more students projected than the previous year.
 - b. Those 16 students need to receive the grade weight from last year, so 16 is multiplied by the 2007–08 grade weight, \$3,788, to get the additional allocation of \$60,608.

2008-09 FSF Formula Calculation					TRANSITION TO 2008-09 FUNDING					
Enrollment										
2007-08 Audited Enrollment		250								
2008-09 Projected Enrollment		268			FY08 FSF Allocation = \$1,518,543					
Grade Weights	Weight	2008-09 Per Student Amount	# Students (Projected)	FY09 Formula Entitlement	Grade Weights	2007-08 Per Student Amount	FY09 Projected Enrollment	FY08 Actual Base Enrollment	Change in Students from 2008-09	Register Change Amount Based on FY08 Per Capita
K-5	1.00	\$3,946	× 266 =	\$1,049,636	K-5	\$3,788	266 - 250 =	16	\$60,608	
6-8	1.08	\$4,262	× 0 =	\$0	6-8	\$4,091	0 - 0 =	0	\$0	
9-12	1.03	\$4,064	× 0 =	\$0	9-12	\$3,902	0 - 0 =	0	\$0	
Student Total =				\$1,049,636	Student Total =				\$60,608	

1

2

3a

3b

Continuing the first adjustment step—calculating the increase due to register change—the needs weight adjustment is calculated.

4. As with the grade weights, the 2007–08 weight amounts are multiplied by the change in students for each category—for Academic Intervention, ELL and SPED.
5. The total adjustment for the increase in needs over 2007–08 is \$151,027.

(The Portfolio weight adjustment would follow the same calculations if the school received Portfolio weights.)

2008-09 FSF Formula Calculation					TRANSITION TO 2008-09 FUNDING					
Grade Weights Need Weights:	Weight	2008-09 Per		FY09 Formula Entitlement	Grade Weights Need Weights:	2007-08 Per Student Amount	FY09 Projected Enrollment	FY08 Actual Base Enrollment	Change in Students from 2008-09	Register Change Amount Based on FY08 Per Capitas
		Student Amount	# Students (Projected)							
<i>Academic Intervention</i>					<i>Academic Intervention</i>					
Poverty	0.24	\$947	217	\$205,499	Poverty	\$909	217	204	13	\$11,817
Achievement 4-5					Achievement 4-5					
Well Below	0.40	\$1,578	0	\$0	Well Below	\$1,515	0	0	0	\$0
Below Standards	0.25	\$986	0	\$0	Below Standards	\$947	0	0	0	\$0
8-8					8-8					
Well Below	0.50	\$1,974	0	\$0	Well Below	\$1,894	0	0	0	\$0
Below Standards	0.35	\$1,381	0	\$0	Below Standards	\$1,326	0	0	0	\$0
9-12					9-12					
Well Below	0.40	\$1,578	0	\$0	Well Below	\$1,515	0	0	0	\$0
Below Standards	0.25	\$986	0	\$0	Below Standards	\$947	0	0	0	\$0
ELL					ELL					
K-5	0.40	\$1,578	52	\$82,056	K-5	\$1,515	52	42	10	\$15,150
8-8	0.50	\$1,974	0	\$0	8-8	\$1,894	0	0	0	\$0
9-12	0.50	\$1,974	0	\$0	9-12	\$1,894	0	0	0	\$0
Special Ed Classes**					Special Ed Classes**					
Less than 20%	0.56	\$2,210	10	\$22,100	Less than 20%	\$2,121	10	5	5	\$10,805
Between 20% and 60%	0.68	\$2,684	4	\$10,736	Between 20% and 60%	\$2,576	4	2	2	\$5,152
Greater than 60%: Contained					Greater than 60%: Contained					
K-8 Filled Seats	1.23	\$4,853	11	\$53,383	K-8 Filled Seats	\$4,659	11	1	1	\$4,659
K-8 Unfilled Seats	1.23	\$4,853	1	\$4,853	K-8 Unfilled Seats	\$4,659	1	12	1	\$4,659
9-12	0.73	\$2,881	0	\$0	9-12	\$2,765	0	0	0	\$0
Greater than 60%: Integrated					Greater than 60%: Integrated					
K-8 Filled Seats	2.28	\$8,997	18	\$161,946	K-8 Filled Seats	\$8,637	18	12	12	\$103,844
K-8 Unfilled Seats	2.28	\$8,997	12	\$107,964	K-8 Unfilled Seats	\$8,637	12	20	12	\$103,844
9-12	2.52	\$9,944	0	\$0	9-12	\$9,546	0	0	0	\$0
			Need weights Total =	\$648,537				Need Weights Total =	5	\$151,027
Portfolio					Portfolio Weights					
Career and Technical Ed					Career and Technical Ed					
Nursing	0.26	\$1,026	0	\$0	Nursing	\$957	0	0	0	\$0
Health/Trade/Technica	0.17	\$671	0	\$0	Health/Trade/Technical	\$629	0	0	0	\$0
Business	0.12	\$473	0	\$0	Business	\$451	0	0	0	\$0
Home Economics/Arts	0.05	\$197	0	\$0	Home Economics/Arts	\$183	0	0	0	\$0
Speicalized Academic	0.25	\$986	0	\$0	Speicalized Academic	\$947	0	0	0	\$0
Specialized Audition	0.35	\$1,381	0	\$0	Specialized Audition	\$1,326	0	0	0	\$0
Transfer	0.40	\$1,578	0	\$0	Transfer	\$1,515	0	0	0	\$0
			Portfolio Total =	\$0				Portfolio Total =		\$0

6. The grade, need and portfolio adjustments are subtotaled to get Total Register Change from FY08, \$211,635 in this example.
7. A factor is then applied to Total Register Change amount. Since this school is under-formula and gaining register, it is adjusted upward at 100%.
 - a. If it were under-formula and losing register: adjusted downward at percent under-formula
 - b. If it were over-formula school losing or gaining register: adjusted up and down at 100%
8. The second part of the school’s adjustment is to adjust / increase all weights for collective bargaining:
 - a. “FY09 Weighted Register” accounts for basic enrollment and all weighted student needs
 - b. Weighted Register is multiplied by the collective bargaining (CB) increase - \$158.00 (per capita varies due to rounding) for each weight of 1.00 in 2008–09
 - c. Total of \$67,995 represents the full increase in funding for each student due to CB
9. The foundation increase from 2008-09 is added
10. The FSF register adjustment (7), the CB adjustment (8c) and the foundation increase (9) are totaled to get the school’s Total FY09 FSF Allocation
11. The amount the school remains under-formula by is shown by comparing the FY09 entitlement on the left to the total allocation on the right.

2008-09 FSF Formula Calculation		TRANSITION TO 2008-09 FUNDING		
		6	Total FSF Register Change Amount = \$211,635	7
			Percentage (%) Applied FSF Register Change Amount x 100.00%	
			Final FSF Register Change Amount = \$211,635	
			FSF Adjustment Subtotal = \$1,819,167	
		ADJUSTMENT FOR COLLECTIVE BARGAINING		
		8a	FY09 Weighted Register 430.35 x CB PERCAPITA \$158.00	8b
			Foundation Increase = \$25,000	8c
		10	TOTAL FY09 FSF ALLOCATION = \$1,912,162	9
11	FSF FORMULA ENTITLEMENT = \$ 1,696,843			
	+ 2008-09 FOUNDATION AMOUNT + \$ 225,000			
	TOTAL FY09 ENTITLEMENT = \$ 1,921,843			

If this same under-formula school had instead had declining enrollment and levels of need, steps (6) and (7) have more impact:

2008-09 FSF Formula Calculation		TRANSITION TO 2008-09 FUNDING	
		Total FSF Register Change Amount =	(\$39,242)
		Percentage (%) Applied FSF Register Change Amount x	95%
		Final FSF Register Change Amount =	(\$37,280)
		FSF Adjustment Subtotal =	\$1,570,252
		ADJUSTMENT FOR COLLECTIVE BARGAINING:	
		FY09 Weighted Register	430.35
		CB PERCAPITA	\$158.00
			= \$67,995
		Foundation Increase =	\$25,000
FSF FORMULA ENTITLEMENT	= \$ 1,698,173	TOTAL FY09 FSF ALLOCATION =	\$1,663,247
+ 2008-09 FOUNDATION AMOUNT	+ \$ 225,000		
TOTAL FY09 ENTITLEMENT	= \$ 1,923,173		

6. The grade, need and portfolio adjustments are subtotaled to get Total Register Change from FY08, which in this case is a negative number, -\$39,242, due to the school losing register or a decline in students' levels of need.
7. A factor is applied to Total Register Change amount so that the school is not adjusted 100% downward since 100% of the weights were never given.
 - a. This school is 94.5% under the formula
 - b. The percent under-formula is taken from dividing the 2007–08 allocation, (2) above, by the 2007–08 FSF Formula Entitlement.
 - c. The Total Register adjustment is multiplied by the 94.5% factor to get a new adjustment subtotal of (\$37,280).

The rest of the adjustment is exactly the same as all other schools.

5.4. Schools Now Receiving Their Formula Level

We have 94 schools currently “at formula”—receiving exactly the FSF formula amount as their allocation, with no funding gap and no hold harmless amount. These are September 2007 and 2008 new schools, as well as schools that were not funded fully last year, but are now fully funded as a result of register changes and full upward adjustments.

5.5. Online Budget Reports

To increase transparency for principals, families, community members, and other key stakeholders, a budget report similar to the following sample is available for every school.

Each report shows what a school's pure formula funding level would be and why by showing how many students receive each kind of weight. This year, for schools under the formula, we are showing the detail behind their funding adjustment from last year to this year.

At the bottom of each report, a school's total funding is shown by bringing in the other allocations that school receives.

Reports are available at: <http://schools.nyc.gov/AboutUs/Budgets/FairStudentFunding/YourSchoolBudget/default.htm>.

Your School's Budget		
E-mail to a friend		
School Budget Overview For 2008-09 School Year -		
Louis D. Brandeis High School (m470)		
View 2007-2008 School Budget Overview		
I. FY08 Actual Budget		
2007-08 FSF Allocation (Post-midyear Adjustment)		\$11,459,890
2007-08 FSF Incremental Funding	+	\$400,000
FY08 FSF Budget	=	\$11,859,890
Children First Funding		\$376,552
Other Categorical and Programmatic Allocations	+	\$5,360,046
2007-08 Budget Total (pre-cut)	=	\$17,596,488
FY08 Budget Reduction	-	\$202,937
2007-08 Budget Total (post-cut as of 04/04/08)	=	\$17,380,478
II. Fair Student Funding (FSF) Formula Entitlement		
FSF Formula (as of 5/22/08)	=	\$13,445,878
When your FY09 budget is compared to your FSF Formula, your school is Over/(Under) the FSF Formula by	=	(\$1,330,811)
III. FY09 Actual Budget (Preliminary)		
2007-08 FSF Allocation (Post-midyear Adjustment)		\$11,459,890
Marginal Change In Funding	+	\$255,177
FY08 New FSF Money ("Incremental Funding")	+	\$400,000
Legacy Teacher Supplement	+	\$198,623
FY09 Preliminary FSF Budget	=	\$12,313,690
Children First Funding	+	\$334,021
FY08 Budget Adjustment	-	\$202,937
FY09 Budget Adjustment	-	\$860,823
Major Tax Levy Funds Subtotal	=	\$11,583,951
FY09 Contracts for Excellence Allocation - preliminary	+	\$453,994
Other Categorical and Programmatic Allocations (as of 5/22/2008)	+	\$2,588,227
Surplus Roll (total surplus roll shown; only half allocated before 10/2008)	+	\$0
FY09 Total Preliminary Budget (as of 5/22/2008)	=	\$14,626,172

5.6. Galaxy Allocation Categories

Under Fair Student Funding, a few new allocation categories replaced many old ones. The chart below highlights the allocation categories in Galaxy for Fair Student Funding.

FSF Allocation Categories

Allocation Category	Purpose	Restrictions
TL Fair Student Funding	All schools receive the bulk of their FSF allocation. Eventually, this will be the only allocation category.	Unrestricted
TL FSF General Hold Harmless	Schools historically funded at higher levels than the FSF formula allocates receive this funding to ease the transition to FSF.	Unrestricted
TL Fair Student Funding Incremental	Schools that were under-formula in 2007-08 received these funds to start closing the gap between their actual and formula funding level.	Many of these funds are subject to the State's Contract for Excellence (CFE) and Maintenance of Effort (MOE) restrictions
TL Legacy Teacher Supplement	Supplement for pre-FSF teacher salaries due to longevity and differential increases. Given in proportion to base teachers.	Unrestricted
Other Related Allocation Categories	Purpose	Restrictions
TL Children First Funding	Funds given to all schools to purchase SSOs. Leftover dollars can be used flexibly.	Unrestricted
Contracts for Excellence	State funding intended to support supplemental programs serving students with the greatest educational need.	Allocated according to specific SED guidelines. Must be spent within six designated program areas.
TL One-Time Allocations	Allocations not recurring or system-wide.	Unrestricted subject to program guidelines; Non-recurring allocation

CHAPTER 6: STAFFING

6.1. Background

6.1.1. Why Change the Way Schools Pay for Teachers

We used to fund schools based on the teachers they hired. This meant that we gave more money to schools for having more experienced, higher-paid teachers. The inevitable consequence was that we gave less money to schools for having less experienced, lower-paid teachers. At two schools with 100 teachers each, one with teachers earning an average of \$60,000 and one with teachers earning an average of \$70,000, the funding difference could reach \$1 million. That difference was especially troubling when we knew that the school with lower-salary teachers likely had greater needs.

The Funding Gap

School A	School B
X Schoolwide average salary of \$60,000	X Schoolwide average salary of \$70,000
100 Teachers	100 Teachers
= \$ 6,000,000	= \$ 7,000,000

To address this inequity, under a policy announced by the Chancellor in May 2007, schools will begin to be funded based on the needs of their students, not the salaries of their teachers. Under this approach, a school will no longer receive less money because it has less experienced teachers. Schools now receive an allocation based on their students—their Fair Student Funding allocation—and schools will begin to be responsible for paying their teachers out of that allocation. This is the kind of responsibility for managing a budget familiar to families, universities, and businesses.

6.1.2. Student Achievement Is the Bottom Line

Some principals have expressed concern that the reforms will shift the focus to money, not learning, and discourage the hiring of successful senior teachers. That's not accurate. We hold principals accountable for one thing above all: student achievement. And principals can never pocket financial "savings"; they can only spend resources on other supports they believe will better serve students. High-quality, experienced teachers can contribute enormously to student achievement. In important ways, they can *lower* costs; rather than needing support themselves, these teachers can offer support to others. In fact, principals have been hiring experienced teachers through the Open Market system at the same or greater rates than inexperienced teachers, for just these reasons. The bottom line for a principal will always be simple: Make the decision that will get the best results for your students.

6.1.3. Preserving Stability

We are moving in the direction of schools paying for teachers in real dollars, but we're moving very gradually so that we ensure no school will be destabilized.

Schools are not experiencing radical changes. But they already have new opportunities and new flexibility. Planning carefully is the key.

The new system preserves many key aspects of the previous approach to funding schools for teachers:

- **Schools receive adequate funding for a mix of junior and senior teachers.** The Fair Student Funding formula grade weights are built to allow for a school to pay its base teachers at the Citywide (CW) Average, meaning the school's teacher salary average can be made up of a mix of new and experienced teachers.
- As the salaries of teachers on a school's payroll prior to April 2007 increase, we will make sure the school is adequately funded to cover them. For "base" teachers (the number of teachers needed to meet contractual maximum class sizes), the Department has in the past provided additional funding to cover increases in salary due to longevity, steps and differentials. The Department is committed to continuing to give schools adequate funding for the number of base

teachers who were on school budgets as of April 2007 for as long as they remain on those budgets. This protection will be linked to specific staff members.

- **We continue to charge schools for all teachers at a single rate, the school's average teacher salary, which is held constant throughout the entire school year.** Principals don't have to worry about teacher salaries on a hire-by-hire, real-time basis. As previously, schools will be charged the same rate for all teachers. And as previously, we will adjust the average salary at which teachers are charged each year. That average will reflect both the salaries of existing staff and the salaries of the staff hired after April 2007.
- **If they so choose, schools are able to replace departing senior teachers with other senior teachers.** If a teacher with a \$75,000 salary in 2007 retires, then other things being equal, the school will be able to replace that teacher with another teacher earning roughly \$75,000.

6.2. Gradual Transition

6.2.1. Principals are responsible for costs of new hires

As of April 2007, in order to give principals greater control over their schools' budgets, the Department no longer adjusts budgets based on the salaries of teachers newly hired into or leaving schools. Schools receive their money based on their students, through the FSF formula, and allocate it as they feel is most appropriate for the school's bottom line: achievement.

With the greater control over budgets that the new approach creates, principals will have both new opportunities and new responsibilities. Schools can choose how to combine their investments in different types of teachers, services, and supports to improve student achievement. Smart principals will invest in great staff, but will do so in a way that is realistic for their budget.

As an example, if a principal was choosing between a \$60,000 teacher and an \$80,000 teacher for a *base* teacher position, that principal’s decision changes the school’s budget. Absent other salary changes or attrition, the budget rises \$20,000 if the principal chooses the \$80,000 teacher. Previously, the school was effectively not charged for the increased salary costs. In many ways, the school was also penalized for hiring a less experienced teacher.

Old Budgeting System	Fair Student Funding
<p>Budget: Base Teachers at SW Average (Positional) Charge: SW Average Salary of \$70k</p> <p>Replacement hire: \$60k</p> <ul style="list-style-type: none"> • Budget reduced by \$10k • Expenses reduced by \$10k • Effect: none <p>Or, Replacement hire: \$80k</p> <ul style="list-style-type: none"> • Budget increased by \$10k • Expenses increased by \$10k • Effect: none 	<p>Budget: Based on student mix Charge: SWA salary \$70k</p> <p>Replacement hire made in FY08: \$60k</p> <ul style="list-style-type: none"> • Budget is <i>unchanged</i> because of hire • Expenses <i>reduced</i> by \$10K in FY09 • Effect: Purchasing power <i>increases</i> by \$10k. <i>Savings</i> for FY09 can be used for other supports such as mentoring, extended day programs, supplies, and/or intervention <p>Or, Replacement hire made in FY08: \$80k</p> <ul style="list-style-type: none"> • Budget is <i>unchanged</i> because of hire • Expenses increased by \$10K in FY09 • Effect: Purchasing power <i>decreases</i>: \$10k. <i>Additional</i> cost for FY09 funded with tradeoffs made within the school budget

Because the school-wide average (SWA) salary charged for all teachers in the 2008–09 school year is based on a snapshot of teachers’ salaries the previous spring, principals have a year to adjust for hiring decisions before their budgets are affected. **For example, if a principal hired an \$80,000**

teacher last year, the teacher would be charged to the school at last year's school-wide average salary. Only this year would a new average teacher salary be calculated to include that teacher's salary. After the new average teacher salary is recalculated, the principal will have \$20,000 less to spend than if he or she had hired a \$60,000 teacher. The school is also accountable for funding any raises the new teachers receive in future years.

Schools will continue to be funded for increases in all teachers' salaries due to collective bargaining (contractual raises) through the FSF weights. In the 2008-09 school year, for example, the per capitas associated with all weights are increasing to give schools funding for recent collective bargaining agreements with the United Federation of Teachers (UFT), Council of School Supervisors and Administrators (CSA) and Communication Workers of America (CWA).

Principals are only responsible for the increased salary of the teachers hired after April 2007 and teachers not in the base. The Department will continue to fund increases in salaries for base teachers on school budgets prior to April 2007. (See section 6.3. for more information.)

This method of paying for teachers with actual salaries is not new. In fact, it is the way that a majority of salaries on a school budget are charged – all teachers outside of the school's base, administration and other school staff are charged to school at their actual salaries.

It is important to note that schools have adequate funding for their teachers to have an average salary equal to the city-wide average salary. The grade weights that all students receive are structured to cover base teachers at the city-wide average, as well as cover core programming and other core schools costs.

6.2.2. A one-year lag for many decisions to take effect

When schools replace existing teachers, there will be a lag-time for the effect. Because we continue to charge schools at a fixed school-wide average teacher salary for the year, principals will not immediately feel the impact of replacing existing teachers. New hires' effect on the school-wide average teacher salary will not be felt until a year later, when the school-wide average teacher salary is adjusted.

For example, if a school hired either a \$60,000 teacher or an \$80,000 teacher *last* school year, the school was charged the same amount, whatever its current average salary was last year. However, *this* school year, the school's average salary will rise or fall based on the costs of the teachers hired this past year. The school will have roughly \$20,000 more or less left to spend on other priorities this year, depending on whether the school hired the \$60,000 or the \$80,000 teacher.

The policy of lagging the salary impact of hired, transferring and exiting teachers was made in direct response to principals' requests for planning time to manage the effects of their decisions. For example, if a principal wants to bring on a more experienced teacher, he or she will have a year to plan for any salary increases that teacher's salary affects.

	School A	School B
Spring 2007 salary snapshot	50 teachers Average salary through June 2008: \$64,000	50 teachers Average salary through June 2008: \$68,000
June 2007– April 2008	5 teachers retire. Replaced with 5 relatively lower-salary teachers; school is charged \$64,000 for them.	5 teachers retire. Replaced with 5 relatively higher-salary teachers; school is charged \$68,000 for them.
Spring 2008 salary snapshot	50 teachers New average salary charged for all teachers through June 2009: \$61,000	50 teachers New average salary charged for all teachers through June 2009: \$71,000
June 2008– April 2009	3 relatively higher-salary teachers hired; no teachers leave. School is charged \$61,000 for them.	4 relatively lower-salary teachers hired; no teachers leave. School is charged \$71,000 for them.

A school's costs remain unchanged only when the new hires are replacing existing positions. When schools add teaching positions that don't currently exist, the schools will pay for that teacher at the current school-wide average teacher salary, but the school's overall expenses will increase due to the increase in overall teachers.

6.3. Legacy Teacher Funding

In 2007, the Department committed to funding schools for the increasing costs of its teachers due to longevity, steps and differentials of its base teachers who were on the school's budget as of April 2007. This funding will be given to schools as a separate allocation, the Legacy Teacher Supplement. It is intended to help ease the transition to charging actual salaries for teachers.

The Legacy Teacher Supplement is calculated the following way:

- The total increase of legacy teachers' salaries is divided by the number of legacy teachers to get the increase per legacy teacher.
- The increase per legacy teacher is then multiplied by the number of remaining base teachers at the school to get the total supplement given to the school.
- The number of remaining base teachers is calculated by subtracting the number of exits or transfers out of a school from an adjusted number of base teachers in FY07.

Legacy Teacher Salary Supplements

$$\left(\frac{\text{Increases}}{\text{Legacy FTE}} \right) \times \left(\text{Lesser of: [FY08 base teachers - exits and transfers] or FY08 base teachers} \right)$$

- **Note:** If the number of base teachers calculated on the FY08 audited registers is lower than the FY07 base number of teachers, then the FY08 number is used instead.

Here is a sample school that, for the purposes of simplicity, had five teachers in 2007–08. For the 2008–09 school year, one teacher is leaving and four teachers remain.

Legacy Teacher Supplement Calculation		
Total salary increases		\$ 15,000
Number legacy teachers	/	4
Average salary increase	=	\$ 3,750
Number base teachers*		4
Exits and transfers	–	1
Number remaining base teachers	=	3
Average salary increase	*	\$ 3,750
Total legacy teacher supplement	=	\$ 11,250

**In most cases this will be the FY07 base number of teachers (BNTCH), however for schools where enrollment has dropped significantly, the FY08 base number may be used instead if it is less than the calculation above would be.*

The salary increases due to longevity and differentials of teachers who were at the school prior to April 2007 total \$15,000.

This total is divided by the number of legacy teachers at the school, which in this case is four, to give an average increase of \$3,750.

This average increase is then given to all base teachers according to the FY07 count, less the exits and transfers. In this school's case, since one legacy teacher is leaving this year, the count of base teachers becomes three. Since this count of base teachers is lower than the FY08 count of base teachers, then the FY07 count with adjustments is used.

The Legacy Supplement given to the school is, therefore, those three teachers times the average increase: \$11,250.

6.4. The School-Wide Average Salary

The school-wide average (SWA) salary is the amount schools are charged for the cost of every teacher for the entire year. It reflects the full savings (or cost) for teachers hired over the past year.

The 2008–09 school-wide average salary is calculated by taking a snapshot of all active teachers at a school as of March 2008. The salaries of those teachers are forecasted for their amounts as of June 30 to capture longevity, differentials, and collective bargaining increases. The forecasted salaries for the teachers are totaled and then divided by the number of active teachers as of March 2008.

The SWA salary is charged for all teachers for the entire 2008-09 school year. A school receives the Legacy Teacher Supplement to cover a portion of the amount that teachers on schools' budgets as of April 2007 contribute to the annual increase of the SWA each year because of longevity, steps and differential increases.

FY09 School-wide Average (SWA) Salary

$$\left(\frac{\text{Total of Active Teacher Salaries as of March 2008}^a}{\text{Number of active teachers as of March 2008}} \right)$$

a. The salaries for teachers included in this calculation are as of June 30, 2008, and therefore include the 1.0378% CB increase over the CB budgeted in FY08 and predicted salary steps and differentials prior to June 30.

6.5. Examples of Teacher Hiring, Attrition, and Salary Increases

The following examples are simplified versions of what you will see in your school as teacher salaries increase, teachers leave and new teachers are hired. All of these things affect your school's school-wide average salary (SWA), purchasing power and Legacy Teacher Supplement amount, as shown in each of the examples below.

Example: All Teachers Stay

School's Teacher Salary Changes from FY08 to FY09 FTE									
Teacher	FTE	FY08 SWA salary		Legacy increase		CB increase		FY09 salary	FY09 Less Increment & CB
Tatiana	1	\$ 80,000	+	\$ 5,000	+	\$ 3,213	=	\$ 88,213	\$80,000
Lily	1	\$ 85,000	+	—	+	\$ 3,213	=	\$ 88,213	\$85,000
Sara	1	\$ 65,000	+	—	+	\$ 2,457	=	\$ 67,457	\$65,000
Dave	1	\$ 50,000	+	\$10,000	+	\$ 2,268	=	\$ 62,268	\$50,000
Andrew	1	\$ 50,000	+	—	+	\$ 1,890	=	\$ 51,890	\$50,000
Total	5	= \$330,000		\$15,000		\$ 13,041	=	\$358,041	\$330,000
<i>Average</i>		<i>\$ 66,000</i>		<i>\$ 3,000</i>		<i>\$ 2,608</i>		\$ 71,608	<i>\$66,000</i>

Legacy Teacher Supplement Calculation	
Total salary increases	\$ 15,000
Number legacy teachers	/ 5
Average salary increase	= \$ 3,000
<hr/>	
Number base teachers*	4
Exits and transfers	- 0
Number remaining base teachers	= 4
Average salary increase	* \$ 3,000
Total legacy teacher supplement	= \$ 12,000

**Also referred to as FY07 BNTCH (base number teachers)*

Attrition Calculation	
FY09 SWA salary <i>less</i> legacy and CB increases	\$ 66,000
FY08 SWA salary	- \$ 66,000
Change	= \$ —
Number teachers in FY09	* 5
Attrition (purchasing power change)	= \$ —

Example: One Teacher Leaves*

School's Teacher Salary Changes from FY08 to FY09 FTE									
Teacher	FTE	FY08 SWA salary		Legacy increase		CB increase		FY09 salary	FY09 Less Increment & CB
Tatiana	1	\$ 80,000	+	\$ 5,000	+	\$ 3,213	=	\$ 88,213	\$80,000
<i>Lily</i>	<i>0</i>	<i>\$ 85,000</i>							
Sara	1	\$ 65,000	+	—	+	\$ 2,457	=	\$ 67,457	\$65,000
Dave	1	\$ 50,000	+	\$10,000	+	\$ 2,268	=	\$ 62,268	\$50,000
Andrew	1	\$ 50,000	+	—	+	\$ 1,890	=	\$ 51,890	\$50,000
Total	4	= \$330,000		\$15,000		\$ 9,828	=	\$269,828	\$245,000
<i>Average</i>		<i>\$ 66,000</i>		<i>\$ 3,750</i>		<i>\$ 2,457</i>		\$ 67,457	\$61,250

Legacy Teacher Supplement Calculation

Total salary increases		\$ 15,000
Number legacy teachers	/	4
Average salary increase	=	\$ 3,750
<hr/>		
Number base teachers*		4
Exits and transfers	-	1
Number remaining teachers	=	3
Average salary increase	*	\$ 3,750
Total legacy teacher supplement	=	\$ 11,250

*Also referred to as FY07 BNTCH (base number teachers)

Attrition Calculation

FY09 SWA salary less legacy and CB increases		\$ 61,250
FY08 SWA salary	-	\$ 66,000
Change	=	\$ (4,750)
Number teachers in FY09	*	4
Attrition (purchasing power change)	=	\$ 19,000

*Prior to 3/2008

Example: All Teachers Stay, One New Hire

School's Teacher Salary Changes from FY08 to FY09 FTE									
Teacher	FTE	FY08 SWA salary		Legacy increase		CB increase		FY09 salary	FY09 Less Increment & CB
Tatiana	1	\$ 80,000	+	\$ 5,000	+	\$ 3,213	=	\$ 88,213	\$80,000
Lily	1	\$ 85,000	+	—	+	\$ 3,213	=	\$ 88,213	\$85,000
Sara	1	\$ 65,000	+	—	+	\$ 2,457	=	\$ 67,457	\$72,268
Dave	1	\$ 50,000	+	\$10,000	+	\$ 2,268	=	\$ 62,268	\$65,000
Scott	1					\$ 2,732	=	\$ 75,000	\$50,000
Andrew	1	\$ 50,000	+	—	+	\$ 1,890	=	\$ 51,890	\$50,000
Total	6	= \$ 330,000		\$ 15,000		\$ 15,773	=	\$ 433,041	\$402,268
<i>Average</i>		<i>\$ 66,000</i>		<i>\$ 3,000</i>		<i>\$ 2,629</i>		\$ 72,174	<i>\$67,045</i>

Legacy Teacher Supplement Calculation	
Total salary increases	\$ 15,000
Number legacy teachers	/ 5
Average salary increase	= \$ 3,000
<hr/>	
Number base teachers*	4
Exits and transfers	- 0
Number remaining base teachers	= 4
Average salary increase	* \$ 3,000
Total legacy teacher supplement	= \$ 12,000

*Also referred to as FY07 BNTCH (base number teachers)

Attrition Calculation	
FY09 SWA salary <i>less</i> legacy and CB increases	\$ 67,045
FY08 SWA salary	- \$ 66,000
Change	= \$ 1,045
Number teachers in FY09	* 6
Attrition (purchasing power change)	= \$ (6,268)

*Prior to 3/2008

Example: One Legacy Leaves, One New Hire

School's Teacher Salary Changes from FY08 to FY09 FTE									
Teacher	FTE	FY08 SWA salary		Legacy increase		CB increase		FY09 salary	FY09 Less Increment & CB
Tatiana	1	\$ 80,000	+	\$ 5,000	+	\$ 3,213	=	\$ 88,213	\$80,000
<i>Lily</i>	1	\$ 85,000	+	—	+	\$ 3,213	=	\$ 88,213	\$85,000
Sara	1	\$ 65,000	+	—	+	\$ 2,457	=	\$ 67,457	\$72,268
Dave	1	\$ 50,000	+	\$10,000	+	\$ 2,268	=	\$ 62,268	\$65,000
Scott	1					\$ 2,732	=	\$ 75,000	\$50,000
Andrew	0	\$ 50,000							
Total	5	= \$ 330,000		\$ 15,000		\$ 13,883	=	\$ 381,151	\$352,268
<i>Average</i>		<i>\$ 66,000</i>		<i>\$ 3,000</i>		<i>\$ 2,777</i>		<i>\$ 76,230</i>	<i>\$70,454</i>

Legacy Teacher Supplement Calculation

Total salary increases		\$ 15,000
Number legacy teachers	/	4
Average salary increase	=	\$ 3,750
<hr/>		
Number base teachers*		4
Exits and transfers	-	1
Number remaining base teachers	=	3
Average salary increase	*	\$ 3,750
Total legacy teacher supplement	=	\$ 11,250

*Also referred to as FY07 BNTCH (base number teachers)

Attrition Calculation

FY09 SWA salary <i>less</i> legacy and CB increases		\$ 70,454
FY08 SWA salary	-	\$ 66,000
Change	=	\$ 4,445
Number teachers in FY09	*	5
Attrition (purchasing power change)	=	\$ (22,268)

*Prior to 3/2008

6.6. Tools for Smart Staffing

6.6.1. Salary Calculation Database

To help you better understand the impact of teacher salaries on your budget, we are providing each principal with a database on their Principal’s Portal showing the detail behind your school’s:

- FY08 and FY09 school-wide average salary calculations (SWA),
- FY09 Legacy Teacher Salary Supplement allocation, and
- Change in purchasing power based on attrition and hiring.

The snapshot below, simplified to include only five teachers, shows how you will see that information in your online database.

First, you will see a summary sheet showing the FY08 and FY09 School-wide Average Salaries, the Legacy Teacher Supplement calculation and the purchasing power change your school will have.

Fair Student Funding 2008-2009
Summary of Salary Impact on Allocations And Purchasing Power

Location Code: 01M000
School Name: P.S. 000 SCHOOL ABC

Schoolwide Average (SWA) Year To Year		Column On Detail
FY08 SWA:	78,917	a
FY09 SWA:	84,450	e
FY 09 Citywide Average Teacher Salary:	70,104	

Legacy Teacher Supplement Allocation		Column On Detail
FY07 Audited Base # of Teachers	5	
Exits & Transfers:	- 1	
07 Base less Exits & Transfers:	= 4	
FY 09 Projected Base # of Teachers	or 5	
Lesser of 07 or 09 BNTCH (Official # Legacy in FY09)	4	
Calculation:		
Total Increment Accrued In FY08	6,304	c
FY07 Audited Base # of Teachers	/ 5	
Avg Increment:	1,576	c
# Legacy in FY09	* 4	
Total Legacy Teacher Supplement:	6,304	=c * 4

Purchasing Power Change Due To Attrition and Hiring Decisions		Column On Detail
FY09 SWA Less Legacy Increments & CB:	80,110	b
FY08 SWA:	- 78,917	a
Variance:	= 1,193	g
FY09 FTE	* 5	
Purchasing Power Change:	= 5,966	g

Next, you will be able to see detailed data on each teacher’s salary and increase, showing how they aggregate into the summary calculations.

School's Teacher Salary Changes from FY08 to FY09																			
Name	Legacy Status	FY08		FY09		a		b		c		d		e		f		g	
		Status	FTE	Status	FTE	Initial Forecasted FY08 Salary used for FY08 SWA	Initial FY09 Salary (before Increases) e - d - c	Comparison of FY08 SWA to FY09 Initial Salary	FY09 Actual Salary Increases	Salary Increase	Collective Bargaining Increase e (e/1.0378)	FY09 SWA	Adjusted FY09 Salary (Col b+c+d)	Average Salary Factor (FY08 SWA)	Salary Impact Change f + g = a if leaving b if coming				
0000000	Legacy	REG	1	REG	1	76,009	76,009	+		2,026	+	2,953	=	80,988					
0111111	Legacy	REG	1	REG	1	96,400	96,400	+		0	+	3,648	=	100,049					
0222222	Non-Legacy	LWO		LWO			-	+		-	+	-	=						
0333333	Legacy	REG	1	REG	1	83,433	83,433	+		(0)	+	3,157	=	86,590					
0444444	Legacy	REG	1	REG	1	72,353	72,353	+		4,278	+	2,900	=	79,531					
0555555	Non-Legacy	LWO		LWO			-	+		-	+	-	=						
0666666	Non-Legacy	REG	1			66,388	-	+		-	+	-	=			(78,917)			12,528
0777777	Non-Legacy	Ex./Tran.		REG	1		72,354	+		-	+	2,738	=	75,092		78,917			(6,563)
		Total	5		5	394,584	400,549	+	\$	6,304	+	\$ 15,397	=	\$ 422,250					\$ 5,966
		Average				78,917	80,110	+	\$	1,576	+	\$ 3,079	=	\$ 84,450					\$ 1,193
						FY08 SWA								FY09 SWA					

**Fair Student Funding 2008-2009
Salary Impact on Allocations and Purchasing Power**

The summary and detail presented here provide the tools used for the following three calculations:

- The 2008-2009 schoolwide average (SWA) used for budgeting teachers at average in Galaxy.
- The allocation for the legacy teacher supplement for salary increases (step, longevity, differentials) from the 2007-2008 school year for teachers who have been at the school since spring of 2007. This allocation is adjusted for the school’s base teacher calculation along with teachers who have left the school since the spring of 2007.
- The change in purchasing power based on both attrition and hiring decisions made by the school. Schools that have lowered their SWA (adjusted for collective bargaining and salary events) will experience an increase in purchasing power; schools that have increased their SWA will experience a decrease in purchasing power. Please note that this is not an allocation.

Your Integrated Service Center (ISC) can provide you with additional help making use of these files.

6.2.2. Other Tools

There are several other tools to help principals manage their staffing responsibilities:

- Recruitment Management System (RMS): Applications through the RMS contain information about applicants' teaching history and education experience, which can be used to help predict the salaries of teachers principals are hiring.
- Open Market Transfer System (OMTS): Applications received through the OMTS contain information about the forecasted 2009 salary of the applicant.
- Tenure Notification System: Principals receive notices and reminders of dates when teachers are scheduled to receive tenure.

Principals may wish to review the salary schedules under the current collective bargaining agreement, available at:
<http://schools.nyc.gov/Offices/DHR/TeacherPrincipalSchoolProfessionals/Salary/Salary+Step+and+Differential+Schedules.htm>.

6.7. No Changes to Excessing Policy from 2007–08

6.7.1. In general

Principals should always have the ability to choose their teachers. For this reason, we are profoundly committed to the recent contract reform that eliminated the destructive practice of “bumping” and “forced placement” of teachers and gave principals control over teacher hiring. But that commitment has a corollary: Once teachers are in a school, principals are responsible for them. If a principal has a poorly performing teacher, the principal has several appropriate options—but excessing is never one of them. If principals use excessing to remove poor performers, we will have a large pool of unemployable teachers on the central payroll, creating costs that limit school funding and create pressure once again to force-place excesses.

Empowerment means principals bear chief responsibility for staffing—the staff currently in their building.

Continuing last year’s policy, the Department will require schools to self-fund excesses, absent extraordinary circumstances.

Any school assigned an excessed teacher as a full-time substitute (ATR) who is discontinued or charged under 3020-a will be refunded the amounts charged for the ATR based on the school’s inability to obtain satisfactory substitute service from the ATR.

For self-funded excess teachers, schools must select the appropriate reason for the excess in order to allow these teachers to apply to obtain transfers through the Excess Staff Selection System (after August 7, 2008).

The Department will only centrally fund excess teachers when two thresholds are met:

1. Reason for the excess (will be verified) fall into one of following categories—the only allowed reasons for excessing:
 - a. Grade loss or reconfiguration (must be confirmed centrally)
 - b. Grant or Program ending or reduction (only if not foreseeable; must be confirmed by ISC)
 - c. Register loss (must be at least 5 percent to be considered for central funding)
 - d. Mandated position no longer required (must be confirmed by ISC)
2. Schools demonstrate financial need under SAM 36 (FY07)

Reason “School-Funded Excess” will no longer be available. The reasons above provide more in-depth information about why school is funding the excess. Additionally, excess reason prefaced by letters “ISC” are those are for ISC use only—not schools’ use.

6.8. CSA and UFT Collective Bargaining Impact

Recent contract settlements (e.g., collective bargaining) increased CSA and UFT members' salaries. The total dollars allocated through FSF have therefore increased to cover both FY08 and FY09 costs. As noted previously, this means that while the FSF weights will not change, the per-capita amounts associated with them will increase to cover collective bargaining raises.

CSA:

- Allocation methodology:
 - All schools receive an increase to the FSF foundation of \$25,000.
 - The remainder will be distributed through the weights, increasing the per-capita amounts associated with all weights.
- Two component allocation consistent with past practice:
 - Previously, a fixed amount was given to cover the principals' increase and a variable portion to cover APs, with the remainder self-funded.
 - In 2007, the CSA contract settlement was finalized after school budgets had already been released. As a result of this timing lag, the DOE distributed FY07–08 funds on a positional basis. Schools were told that the allocation would be made via FSF in FY09. FY08 & FY09 CSA CB and FY09 UFT CB will be reflected in new per capitas

UFT:

- Allocation methodology: All money is distributed through the weights, increasing the per-capita amounts associated with all weights.
 - The increase for FY09 is 3.78%: The FY08 value was 3.19%. In order to bring FY08 averages up to full values, 3.78% is applied.
 - The CB is applied to FY08 salary increases for all teachers active as of the end of March

6.9. Technical Notes on Staffing

Schools will continue to be charged actual salary for non-teaching positions, such as:

- Parent Coordinators and School Aides
- Assistant Principals and Principals
- Ed Paraprofessionals
- Guidance Counselors

When charging teachers to categorical funding streams, schools will continue to be responsible for fringe benefits.

CHAPTER 7: CONTRACTS FOR EXCELLENCE 2008–09

7.1. Contracts for Excellence Overview

Please check the DOE's Contracts for Excellence Web page at <http://schools.nyc.gov/AboutUs/BudgetsFairStudentFunding/ContractsforExcellence/default.htm> for the latest information about C4E allocations, guidelines and more.

The DOE receives a portion of its overall budget in the form of Foundation Aid from New York State. While the State allows some of the increase in year-over-year Foundation Aid funding to be used for growth in general operating costs and investment in ongoing programs, the majority is subject to the provisions of the “Contracts for Excellence”. New York City schools received Contracts for Excellence, or C4E, funds for the first time in 2007–08.

In 2008–09, New York City will once again receive funds subject to the provisions of the Contracts for Excellence:

1. **Program Area Requirements:** C4E dollars must be spent to support new programs and activities or to expand existing programs and activities in the following six program areas:

- Class Size Reduction
- Time on Task
- Teacher and Principal Quality Initiatives
- Middle School and High School Restructuring
- Full-Day Pre-Kindergarten; and
- Model Programs for English Language Learners (*New in 2008–09*)

For more information on eligible program options within these six program areas, please see section on “C4E Program Options” below.

2. **Students with the Greatest Education Need:** C4E funds must be used to improve the performance of students with the greatest educational need, including:

- English Language Learners (ELLs)
- Students with disabilities
- Students in poverty; and

- Students performing below State learning standards / at risk of not graduating.

3. **Supplement not Supplant:** Contracts for Excellence funds are supplemental and may not be used to cover the costs of programs or personnel previously funded with tax levy dollars.

7.2. Contract for Excellence Program Options

The following instructional strategies have been identified by SED as eligible for C4E funding within the six designated program areas.

Class Size Reduction	New Classroom: An additional teacher relative to the student population, teaching independently, that accomplishes class size reduction in the target grade
	<p>Additional Teacher in an Existing Classroom: An additional teacher relative to the student population, teaching collaboratively with another teacher, that accomplishes a reduction in student teacher ratio in the target classroom</p> <p><i>Please Note:</i> Some schools may not have sufficient space to reduce class size through the creation of additional classrooms. In such cases, schools may elect instead to reduce teacher-student ratios using team teaching strategies. C4E funds may only be used for true co-teaching models and not for push-in teaching or paraprofessionals.</p>

Schools considering class size reduction strategies should also note the following:

- The DOE recognizes that effective class size reduction varies on a school-by-school basis. Please consult the “2008–09 Class Size Reduction Guidance Memo” (to be published in the May 27, 2008 issue of *Principals’ Weekly*) for information on strategies that may be used to reduce class size and/or reduce pupil-teacher ratios. Schools that wish to pursue reduced class size or reduced student-teacher ratio should consult with their ISC representatives to determine if a particular initiative is eligible for C4E funding.

- Schools included in the 2008–09 DOE class size coaching program are expected to prioritize class size reduction with any available resources—including Contracts for Excellence funds—unless they have an alternate and justifiable plan for improving student achievement. Schools should consult with their SSO teams to ensure proper alignment of educational goals with class size targets. A list of schools included in the 2008–09 DOE class size coaching program will be available at: <http://schools.nyc.gov/Offices/ChildrenFirst/CFE/ContractProposal/ClassSizePlan/default.htm>

Time on Task	<p>Supplementary Before- or After-School Programs:</p> <ul style="list-style-type: none"> ▪ Additional instruction emphasizing learning standards/subjects required for graduation ▪ New or expanded arts programs ▪ New or expanded CTE programs ▪ Student support services, including guidance, counseling, attendance, parent outreach, behavioral support, study skills
	<p>Lengthened School Year: Supplementary summer school, which may include:</p> <ul style="list-style-type: none"> ▪ Additional instruction emphasizing learning standards or subjects required for graduation ▪ New or expanded arts programs ▪ New or expanded CTE programs ▪ Student support services, including guidance, counseling, attendance, parent outreach, behavioral support, study skills
	<p>Dedicated Instructional Time:</p> <ul style="list-style-type: none"> ▪ Daily supplemental blocks of time during the regular school day to be used for research-based core instructional programs aligned with learning standards ▪ May include: <ul style="list-style-type: none"> - Response-to-intervention - Individualized intensive intervention

	<p>Individualized Tutoring</p> <ul style="list-style-type: none"> ▪ Targeted to students who are at risk of not meeting learning standards / not graduating ▪ Supplemental to regular curriculum ▪ To be provided by a certified teacher, paraprofessional, or qualified tutor
<p>Teacher and Principal Quality Initiatives</p>	<p>Programs to recruit and retain Highly Qualified Teachers (HQT)</p>
	<p>Professional mentoring for beginning teachers and principals</p>
	<p>Instructional coaches for teachers</p>
	<p>School leadership coaches for principals</p>
<p>Middle and High School Restructuring</p>	<p><i>For schools with middle or high school grades only.</i></p> <p>Schools may allocate C4E funding to implement instructional changes that improve student achievement <u>or</u> instructional changes paired with structural changes to the school’s organization.</p> <p>Instructional changes:</p> <ul style="list-style-type: none"> ▪ Designed to provide challenging academic and learning opportunities to students ▪ May include implementation of academic intervention programs
	<p>Structural changes</p> <ul style="list-style-type: none"> ▪ Examples: Changes to grade offerings, creation of “academies”, schools within schools, etc. ▪ Please consult with your SSO team if you are interested in pursuing this option
<p>Full-Day Pre-Kindergarten</p>	<ul style="list-style-type: none"> ▪ Expanding the instructional hours for existing half-day pre-Kindergarten programs so that they last for a full school day (provided that the school has sufficient space) ▪ Providing opportunities for the integration of students with disabilities into existing full-day pre-kindergarten programs

Replication or Expansion of Effective Model Programs for Students with Limited English Proficiency	Please see SED guidance memo: http://www.emsc.nysed.gov/mgtserv/documents/ModleProgramsforLEP-ELLs-FinalDraft5-08.doc
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To review additional State regulations and guidance, please visit <http://www.emsc.nysed.gov/mgtserv/C4E/home.shtml>.

7.3. Effectively Planning for Use of C4E Funds

As experienced principals can attest, a complete and efficient school budget is the end result of a collaborative process that combines a comprehensive understanding of student data and achievement results with clear, measurable goal setting and targeted, thoughtful instructional planning. Contracts for Excellence funds are one of many strategic and important resources available to principals as they seek to align the dollars with the instructional initiatives that they and their school communities identify as effective strategies to improve student achievement.

In order to facilitate better integration of C4E-funded activities with overall school instructional plans, the Contracts for Excellence program plan will be included in the 2008–09 Comprehensive Education Plan (CEP) process. Schools will be asked to outline their planned uses of C4E funds both as a part of their Action Plans and in a C4E Appendix intended to capture details about preliminary school-level spending within the six eligible C4E program areas.

The C4E Appendix will be available in hard-copy form as part of the 2008–09 CEP template. However, in the interest of maximizing planning time given SED submission deadlines, schools will be asked to submit the Appendix electronically via a web survey. The URL for this tool will be posted on the NYCDOE Contracts for Excellence website and announced in an upcoming edition of *Principals' Weekly*.

Key C4E Dates

2008-09 CEP Template—including C4E Appendix worksheet—released in <i>Principals' Weekly</i>	May 13, 2008
2008–09 CEP training for Senior Leadership Teams	May 13, 2008—early June 2008
Schools to electronically submit Contracts for Excellence CEP Appendix for review (details TBD)	June 27, 2008* <i>Note. We have extended this submission date to June 27, 2008, from the originally posted deadline of June 20.</i>
DOE preliminary Contracts for Excellence plan submitted to SED	July 15, 2008
SED approval of C4E plans	Expected August 15, 2008

Planning Supports

The DOE will offer the following supports to schools as they work towards building their preliminary 2008–09 C4E spending plans:

Training for School Leadership Teams (SLTs): In recognition of the key role that SLTs play in the CEP development process, the Office of School Improvement is offering a series of trainings designed to help SLT members better understand how they can effectively contribute to school-level planning. Sessions will address the role that C4E funds can play in supporting strategic supplemental educational programming.

SSO and ISC Support: Schools are encouraged to reach out to their SSO and ISC teams as they plan for allocation of 2008–09 C4E funds. These teams will in turn work with DOE liaisons to the State Education Department to answer specific school questions about program eligibility, approved fund uses, etc.

Additionally, schools may reference Chapter 1 of this guide for advice around:

- Setting up a process that integrates C4E planning with all other school planning activities
- Brainstorming ways that C4E funds can be effectively and creatively deployed to support overall educational goals

7.4. Contracts for Excellence Allocations

2008–09 Contracts for Excellence Funds

Please note that all C4E allocations are preliminary and subject to change pending 1) a public engagement process and 2) SED review and approval (expected August 2008).

Schools will directly receive C4E funds in two forms in FY09:

Discretionary Allocations	
Allocation Category	Contracts for Excellence (<i>new in FY09</i>)
Funding Type	Reimbursable (<i>new in FY09</i>)
Funding Restrictions	Subject to spending on new or expanded supplemental programs in the six C4E-eligible areas
Other	Schools will be required to choose a program area from a drop-down menu in Galaxy when scheduling funds Funds scheduled using C4E funds will be subject to ISC approval

Targeted Allocations Meeting the C4E Eligibility Standards	
Allocation Categories	TL FSF (funding for new CTT classrooms) TL ASD (funding for new/expanded ASD classrooms) Others TBD
Funding Restrictions	Funds to be allocated for specific C4E-eligible uses
Other	Schools with C4E-eligible targeted allocations in their FY09 budgets will be notified as funding streams are released

Additional funds will be allocated to Central programs that directly benefit schools. While these funds will not appear on schools' Galaxy budgets, they will be attributed to targeted schools as part of the DOE's citywide

plan. Impacted schools will be briefed by their ISC teams when more information about these Central allocations becomes available.

2007–08 (Year One) Contracts for Excellence Funds

Schools that received C4E funds in 2007–08 will continue to receive those funds in the same allocation categories in which they were contained last year and are expected to use funds for continued support of programs initiated with C4E dollars in FY08. Please contact your ISC team if you have questions about where 2007–08 C4E funds reside in your school's budget.

NYC Department of Education

Chancellor's Office
NYC Department of Education
52 Chambers Street
New York, NY 10007
<http://schools.nyc.gov/Offices/ChildrenFirst/FairStudentFunding>



**Department of
Education**

Joel I. Klein, Chancellor