

Category: **INSTRUCTION**

Issued: 4/2/10

Number: **B-801**

Subject: SCHOOL –BASED BUDGETING

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SUMMARY OF CHANGES

This regulation updates and supersedes Chancellor's Regulation B-801 dated June 14, 1999.

Changes:

- Reflects structural changes implemented following 2002 and 2009 amendments to the Education Law.
- Eliminates those sections of the previous version of B-801 dealing with the budget request process and the process of approving the overall Department budget pursuant to Education Law § 2590-q.
- Eliminates deadline for issuance of proposed allocation formulas to CECs and superintendents in order to maximize the time for the formulas to be finalized prior to their release (page 1, § I.A).
- Creates process by which school principals, school leadership teams ("SLTs"), and community superintendents ensure that a school's budget is aligned with its Comprehensive Education Plan ("CEP") in compliance with the requirements imposed by the 2009 amendment to the Education Law.
 - The revised process begins after the Mayor's Executive Budget ("MEB") is released. The preliminary total budget set forth in the MEB is allocated among individual schools based on the allocation formulas (pages 1-2, § I.B).
 - The principal of each school, in consultation with the school's SLT and school community, creates a school-based budget detailing how the school plans to spend its allocated funds (page 2, § II.A).
 - Principals also create a written justification demonstrating that the school-based budget is aligned with the school's CEP. If the other members of the SLT reach a consensus that the budget is not aligned with the CEP, the SLT may submit a rebuttal. The justification and rebuttal (if any) are then given to the community superintendent. The superintendent can either approve the school-based budget, or order it to be modified to bring them into alignment with the CEP (page 3, § II.A).
 - The school-based budgets are then aggregated at the district level and approved by the Chancellor. The aggregated budgets and the Department's administrative budget are then submitted to the Panel for Educational Policy for its approval (pages 3-4, § II.B).
- Streamlines process by which principals and superintendents comment on proposed changes to the capital plan (page 4, § II.C). Previously, each superintendent was required to submit an annual capital needs assessment to the Chancellor. Under the revised regulation, the School Construction Authority does the initial work of drafting the proposed changes, and principals and community superintendents are invited to submit comments.
- Clarifies data to be included in Financial Status Reports and School and District-based Reports (pages 4-5, §§ III.A, III.B). The previous regulation included references to categories of information that were overlapping or unclear. The new regulation clarifies these requirements.

ABSTRACT

This regulation updates and supersedes regulation B-801 dated June 14, 1999. It sets forth rules and regulations governing the allocation of revenue among schools and districts, and the processes by which school-based budgets are developed, approved, adopted, and monitored in accordance with State Education Law section 2590-r. The regulation establishes a process of local autonomy for budget-making by establishing common guidelines and expectations in support of a system focused on improving student outcomes.

I. ALLOCATION PROCEDURES**A. Allocation Formulas**

1. Annually, the Chancellor shall develop objective formulas for use in allocating projected revenues among community districts and their schools.
2. The allocation formulas shall reflect, to the maximum extent possible, the relative educational needs of the districts and their schools as determined by the Chancellor. Relative educational needs shall be determined by objective empirical measures and data, such as enrollment, income levels, English language learner status and special needs.
3. Once the proposed allocation formulas have been completed, the Chancellor or his/her designee shall send the proposed allocation formulas to the community education councils ("CECs") and community superintendents for review and comment. The Chancellor shall also inform the CECs and community superintendents whether and how the proposed allocation formulas differ from the allocation formulas in effect for the current year. After reviewing the comments and recommendations, if any, of the CECs and community superintendents, the Chancellor may make such changes to the allocation formulas as appropriate.
4. The Chancellor or his/her designee shall also submit the proposed allocation formulas to the Panel for Educational Policy ("PEP") for approval, subject to the requirements of section 2590-g of the Education Law.

B. Allocations to Department Programs and Schools

1. Following the release of the Mayor's Executive Budget, the Chancellor or his/her designee shall issue preliminary allocation memoranda to the principal of each city school. These memoranda shall enumerate the federal, state and city funds preliminarily allocated in support of schools and programs, consistent with the Mayor's Executive Budget and the allocation formulas described in section I.A. above.
2. The Chancellor or his/her designee shall also develop preliminary allocations of revenue to be used to support the PEP and the CECs as well as all Department of Education (the "Department") offices and functions, including administrative and operational expenditures.

3. The Chancellor or his/her designee shall, at least once during the school year, review school allocations to ensure that the funds reflect actual enrollment data, and shall adjust the allocations where necessary and practicable.
4. Any increase or reduction in the total sum of monies approved for use by the Department subsequent to the release of the Mayor's Executive Budget shall be distributed on a pro rata basis according to the allocation formulas, unless otherwise provided for by the city council. Where necessary, the Chancellor or his/her designee shall issue a revised allocation memorandum enumerating the revised federal, state and city funds allocated in support of the affected school or program.

II. SCHOOL BUDGET DEVELOPMENT PROCESS

A. Development of School-Based Budgets

1. At the time the Chancellor or his/her designee issues the preliminary allocation memoranda, he/she shall also issue to all principals memoranda that set forth the guidelines for scheduling the allocated funds. These memoranda shall also include the Chancellor's goals and objectives and a financial outlook for the next fiscal year.
2. Each DOE school shall develop a proposed school-based budget in accordance with these memoranda and the school's Comprehensive Education Plan ("CEP").
3. Each school's principal shall be responsible for developing the proposed school-based budget for his/her school. Such proposed school-based budgets must be consistent with the funding levels set forth in the preliminary allocation memorandum, the school's CEP, any other guidelines promulgated by the Chancellor, and federal and state funding guidelines.
4. The principal shall consult with his/her school's School Leadership Team ("SLT") when creating the proposed school-based budget. The principal shall also solicit the input of the school community with respect to the proposed school-based budget.
5. When reasonably requested, the Chancellor or his/her designee shall provide training and technical support to SLT members or members of the school community in order to support their participation in the school-based budget development process.
6. Principals of schools under the jurisdiction of a community superintendent shall provide, in a form and manner to be prescribed by the community superintendent, written justification demonstrating that the proposed school-based budget is aligned with the school's CEP.
7. For those schools subject to the jurisdiction of a community superintendent, principals shall submit the proposed school-based budget and the written justification to the community superintendent with jurisdiction over the school.

8. For those schools subject to the jurisdiction of a community superintendent, the members of the SLT other than the principal shall have the opportunity to submit to the community superintendent a written response to the principal's written justification demonstrating that the proposed school-based budget is aligned with the school's CEP. In accordance with Chancellor's Regulation A-655, the SLT's response must reflect the consensus of all members other than the principal, and be submitted to the community superintendent within ten school days.

B. Review, Aggregation, and Adoption of School-Based Budgets

1. The community superintendent for each district shall develop a proposed budget for the administrative and operational expenses of his/her office, the district and, where applicable, the district CEC. Such proposed budget shall be consistent with the preliminary allocation memoranda and any other guidelines promulgated by the Chancellor.
2. For each school in his or her jurisdiction, the community superintendent shall review the proposed school-based budget, the principal's written justification demonstrating that the proposed school-based budget is aligned with the school's CEP, and the SLT's comments on the principal's written justification, if any.
3. Following his/her review, the community superintendent shall either:
 - a. approve the school-based budget, and, as designee of the Chancellor, certify that the proposed school-based budget is sufficiently aligned with the school's CEP; or
 - b. within ten school days, return the budget to the school principal with guidelines setting forth the modifications necessary to bring the proposed school-based budget into alignment with the school's CEP. The principal shall modify the proposed school-based budget to bring it into alignment with the school's CEP, and return it to the community superintendent for further modification (if necessary), approval, and certification.
4. Following the approval and certification of the proposed school-based budgets for all schools under his/her jurisdiction, the community superintendent shall aggregate the school-based budgets with the proposed budget for the administrative and operational expenses of the district, the CEC, and/or his/her office. Community superintendents shall submit these aggregated budgets to the Chancellor.
5. The Chancellor or his/her designee shall review such aggregated budgets, and if necessary may modify any aggregated budget, or any school-based budget after consultation with the relevant community superintendent.
6. The Chancellor or his/her designee shall develop a proposed budget for the administrative and operational expenses of the PEP, the Chancellor, and the Department, and consolidate the same with the aggregated district budgets submitted by the community superintendents, subject to any modifications made by the Chancellor.

7. The Chancellor shall submit this consolidated budget to the PEP for its approval, subject to the requirements of section 2590-g of the Education Law.
8. At any time after the adoption of the consolidated budget:
 - a. a school may amend its budget schedules to implement educational programs consistent with the school's CEP and within program and fund source guidelines, so long as the amendments do not result in the school exceeding its overall approved funding levels;
 - b. a community superintendent may amend a district's budget schedules consistent with the needs of the administrative and operational expenses of the district, the CEC, and/or his/her office, so long as the amendments do not result in the district or CEC exceeding its overall approved funding levels; and
 - c. the Chancellor or his/her designee may amend the budget schedules for the administrative and operational expenses of the PEP and the Chancellor, so long as the amendments do not result in the Department exceeding its overall approved funding levels.

C. Update of Capital Plan

1. Following the publishing of the annual draft capital plan amendment (the "Draft Amendment") by the School Construction Authority ("SCA"), the superintendent and principal of each school shall have the opportunity to submit written comments on the Draft Amendment.
2. Comments by school principals, if any, shall be submitted to the superintendent with jurisdiction over that school. Each superintendent shall aggregate his or her comments, if any, with the comments of the principals. The superintendent or his or her designee shall submit the aggregated comments to the appropriate CEC in advance of the CEC's submission of its comments to the SCA, as provided for in section 2590-p of the Education Law.

III. Budget and Expenditure Reporting

A. System-wide Financial Status Reports.

1. The Chancellor or his/her designee shall prepare and issue regular reports on the financial condition of the city school district. Budgets and expenditures shall be reported by units of appropriation. The Chancellor or his/her designee shall issue such reports at least four times annually, including a year-end report.
2. Such reports shall include:
 - a. a detailed summary of the adopted and current revenue budget, including all modifications and revenue from all sources;

- b. a detailed summary of year-to date expenditures by unit of appropriation; and
 - c. an update, based on the most recent payroll information, on the administrative and operational personnel system-wide, including the number of filled pedagogical and non-pedagogical positions, and the total number of active employees.
 - 3. The year-end report shall also include:
 - a. an analysis of the relative funding levels of the city, state, and federal governments, along with any other sources of funds; and
 - b. a comparison of the level of such funding against the previous year's total expenditures.
 - 4. The reports described in subsections (1) through (3) shall be made available to the public and members of the education community.
- B. District and School-based Reports
 - 1. The Chancellor or his/her designee shall also prepare annual expenditure reports which shall set forth in detail the funds expended by the school system and each and every district and school in the system.
 - 2. Such reports shall provide an analysis of the distribution of expenditures, including:
 - a. by purpose or function, such as amounts for classroom instruction, textbooks, instructional supplies, and administration;
 - b. by location, at the school, district, and system-wide levels;
 - c. by student service type; and
 - d. by source, including city funds, state operating aid, and federal or private grants.
 - 3. The reports described in subsections (1) and (2) shall be made available to the public and members of the education community.

IV. INQUIRIES

Inquiries pertaining to this regulation should be addressed to:

<p><u>Telephone:</u> 212 -374- 6104</p>	<p><i>Division of Financial Planning & Management</i> N.Y.C. Department of Education 52 Chambers Street New York, NY 10007</p>	<p><u>Fax:</u> 212- 374-5585</p>
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