



# BOARD OF EDUCATION OF THE CITY OF NEW YORK

HAROLD O. LEVY, *Chancellor*

## **DIVISION OF BUDGET OPERATIONS AND REVIEW**

110 Livingston Street · Room 1214 · Brooklyn, NY 11201

Phone: 718-935-3637 Fax: 718-935-2698

**MARJORIE BLUM**

*Executive Director*

## ***BOR ALLOCATION MEMORANDUM NO. 1, FY 2003***

July 26, 2002

**TO:** Superintendents; Executive Directors; Directors and Heads of Offices

**FROM:** Marjorie Blum

**SUBJECT:** Fiscal Year 2002-2003 Initial Allocations

---

I am pleased to present the initial allocations for school year 2002-2003. These allocations are issued for instructional and administrative operations under the jurisdiction of community school districts (CSDs), the high school superintendencies (HSSs), and for *selected* programs administered by central divisions and offices, including citywide special education programs. Comprehensive allocations for citywide special education programs and all other centrally-administered divisions are found in Budget Operations and Review Circular #3, to be issued shortly. The data included in the preparation of these allocations are based on preliminary information. Therefore, this distribution of funds is tentative and subject to amendment pending formal receipt of grant awards and audited registers.

BOR Allocation Memorandum # 1 includes an **Overview** of important information about these allocations.

- **Part I**, starting on page **3** of the Overview, presents the general legislative and fiscal context in which these allocations are being issued. It also includes a summary of significant allocation changes, as well as descriptions of ongoing board wide savings initiatives.
- **Part II**, starting on page **9**, gives the highlights of the FY 2003 allocations.
- **Part III**, starting on page **17**, identifies important fiscal practices that continue to be in effect for this year.
- **Part IV**, starting on page **18**, gives an overview of the allocations, summarizing the important elements for Tax Levy and Reimbursable funding, and provides the budget schedules and timetables.

These four parts introduce the compendium of allocations and formulas that follow the **Overview**, starting on page **31**.

As initiated last year, allocation formulas for high school superintendencies have been simplified. Allocations for each high school superintendency continue to be displayed along with community school district allocations. Therefore, tables found throughout this document contain comprehensive instructional allocation information (except for Citywide Special Education programs), moving us toward a transparent and seamless pre-kindergarten through twelfth grade system of financing the public schools.

With this year's allocations, we continue to work toward a more simplified set of formulas that support the instructional goals of the Chancellor. Evidence of this simplification will be found throughout the document. For example, we have eliminated Module 1 as a discrete funding component, and have folded the Academic Intervention Services - Per Capita allocation into the Module 2 supporting per capita component.

The information in this memo should be shared with people making spending decisions at the school level, including principals, assistant principals, parent leaders, school leadership teams and union leaders.

I hope you have a successful school year.

## Attachments

### Distribution:

Harold O. Levy	Early Childhood Liaisons
David Klasfeld	District Directors of Personnel
Anthony Shorris	Union Presidents
William P. Casey	Chancellor's Parent Advisory Council
Beverly D. Donohue	Members of Oversight Task Force
Chad Vignola	UFT District Representatives
Burton Sacks	Drug and Substance Abuse Prevention Program
Catie Marshall	Directors
Community School Board Members	District and Central Directors of Funded Programs
Directors of Operations	Principals (SLT)
District Business Managers	UFT Chapter Chairs (SLT)
Deputy Assistant Superintendents	Presidents of Parents' Associations (SLT)
Members of the Budget Alliance	District & Central Budget Analysts
District Administrators of Special Education	BOR Distribution List A
	BOR Distribution List B

## OVERVIEW

### PART I

## BUDGET CONTEXT

### **Our Financial Situation**

These initial allocations provide funding for core instructional programs that is essentially flat in terms of buying power. Funds for collective bargaining for tax levy positions are provided in these allocations, according to the terms of the recently settled United Federation of Teachers (UFT) agreement.

We have maintained and, where state and federal appropriations have allowed, increased FY02's categorical funding levels. Nevertheless, where state and federal funding increases are less than the collective bargaining increases recently afforded UFT members, districts and superintendencies will experience reduced buying power in their reimbursable programs. This condition is somewhat offset by the decrease in the indirect cost rate (from 5% to 3%). The reduced indirect cost set aside will allow for increased direct service budgets in categorical programs. Indirect cost funding, however, will be significantly less than last year.

Due to the austere nature of the city's budget, there are no new city-funded initiatives included in these initial allocations. However, we are again providing districts with the use of their own surpluses from FY02 to fund, to the extent possible, local needs identified by schools.

The Mayor has requested that the chancellor respond to a 7.5% budget reduction exercise. Knowing the critical timing required to put in place resources so that schools can open in September, we have developed, in collaboration with the Mayor's Office of Management and Budget, a reduction program that limits the amount reduced from district allocations to \$42 million. As of this time, we have also jointly identified approximately \$58 million in additional reductions to central budgets. We will continue to work with the Mayor's office on proposals for further productivity and reduced spending at the Board for this year and next in response to the city's acute budget stress. Central staff will work in concert with districts to ensure that this \$42 million does not impact classroom or critical support services. Districts should rely on the allocations included here for decisions relating to the hiring of classroom teachers. Detailed information will be circulated shortly that will provide guidance for submitting proposals for this limited reduction.

### **State and Federal Budgets**

The level of increased unrestricted State aid that will be appropriated to the Board for FY03 has already been committed to offset the Board's structural problems and the reductions implemented in the city adopted budget.

Restricted (categorical) aid, including state "LADDER" programs, will continue to be funded at the same level as last year. For example, the Universal Pre-K program remains at \$146.5 million and the state Reduced Early Grade Class Size program remains at \$88.8 million.

On the other hand, the Federal portion of our budget, comprising about ten percent of our funding, has sustained some significant increases. Most notably, Title I funding has increased by over \$140 million, and IDEA funding has provided nearly a \$40 million increase for public school programs. A portion of the IDEA allocation adjustment is being used to augment the Special Needs/Academic Intervention Services allocations in both the CSD and HSS allocations.

While we do not have final grant amounts for all our non-city funding sources, we have used the most current information available in issuing these initial allocations. Classroom services remain the priority, and they will be preserved to the greatest extent possible.

### **No Child Left Behind**

On January 8, 2002, the federal "No Child Left Behind" (NCLB) legislation was signed into law. This complex reauthorization of the Elementary and Secondary Education Act makes substantial changes in major education programs including those for disadvantaged students (Title I), recruitment and professional development (Title II Part A), technology (Title II Part D), substance abuse prevention (Title IV Part A), after-school 21<sup>st</sup> century programs (Title IV Part B), and innovative programs (Title V). The law also includes a new Title III program for English language learners; Title VII [bilingual] grants are being phased out as grant awards expire. NCLB also authorizes two new competitive programs in early grade literacy that require adherence to federal standards. Some funding increases, notably in Title I, are anticipated, along with revisions to approved uses of funding streams, more stringent consequences for lower performing schools and districts, and greatly expanded parent notification requirements. Implementation is to begin in September 2002.

Costs associated with the new UFT contract create additional financial liabilities on all NCLB allocations. Wherever possible, we have increased the per capita amounts used in the allocation formulas to offset the financial effect of increased UFT contractual costs.

Final NCLB allocations are only expected after August 1, so this allocation memo includes preliminary estimates of federal title funding. Where ultimate appropriations differ significantly from our estimates, allocation revisions may be necessary.

One of the new requirements of NCLB is that districts with lower performing Title I schools set aside *up to 20%* of their allocations in anticipation of costs associated with parent options for school-day transfers and after-school tutoring programs. (Please refer to the section on Title I, starting on page 23, for more detail.) In addition, there are now qualification standards for new Title I supported teachers and paraprofessionals. NCLB also includes a provision for "transferability" (transfer of dollars between selected funding sources).

Since January, the U.S. Department of Education has issued a number of documents related to NCLB implementation. These include legally binding regulations on school accountability as well as non-binding guidance on Comprehensive School Reform, 21<sup>st</sup> Century Community Learning Centers, Title II Part D Technology, and Reading First. The Department also has issued preliminary

non-binding guidance on Title I School Choice and Supplemental Educational Services. U.S. Secretary of Education Rod Paige has indicated that additional guidance will be forthcoming. NCLB regulations and guidance may be accessed at the following web site:

<http://www.ed.gov/offices/OESE/asst.html>

## **SIGNIFICANT ALLOCATION CHANGES**

As indicated below, Module 1 is being eliminated. Two years ago, Module 3 was eliminated. These actions leave some obvious gaps in our allocation formula nomenclature. For this last, transition year, we will retain the "module" formula structure. Next year, however, we will introduce a reorganized and renamed set of allocation formulas.

### **Module 1**

Starting this school year, the discrete allocation for superintendents' offices and community school boards, commonly known as "Module 1," will be eliminated, without reducing budgets overall. The "variable" portion of Module 1 funding will now be allocated via the Module 2 supporting per capita, and the "fixed" portion will continue, but will be allocated as "district support" in Module 2 as well. Therefore, all superintendency allocations will remain virtually the same. This change simplifies our allocation formulas, but presents a challenge to superintendents as decisions are made about the appropriate level of funding from Module 2 to cover "administrative" costs. A tracking protocol will be developed for use by the chancellor to ensure that administrative costs from all funding sources do not grow over FY02, the base year for comparison purposes. All districts are urged to ensure that a minimum of funding from all sources is utilized for district administrative purposes.

### **Academic Intervention Services - Per Capita**

In an effort to simplify some of the CSD general education allocations, in FY01 we consolidated several components into "block grant" type formulas. Funding equivalent to the previous year was provided, but was not allocated in discrete earmarked amounts for required purposes. We called this block grant formula, "Academic Intervention Services (AIS) - Per Capita." It incorporated the following allocations:

- Project Read (After School component)
- Project Read (Family Literacy Center component)
- Standards at the Local Level (tax levy portion)
- Middle School Guidance
- Middle School Ending Social Promotion
- Multi-cultural Education
- Module 3 (After School/Continuing Education)
- New Entrant Diagnostic Screening (per diems)

Starting in FY03, we are further simplifying the CSD general education allocations by folding AIS - Per Capita into the Module 2 Supporting Per Capita component. No changes in overall budget will occur with this change.

## **Special Needs**

To support whole school approaches and the delivery of special education services as described in the *Continuum* adopted by the Board three years ago, we developed a “Special Needs/Academic Intervention Services” (SN/AIS) formula that is less prescriptive and more flexible in permitting schools in community school districts and high school superintendencies to meet the IEP mandates of disabled students, as well as provide an array of prevention/intervention supports to maintain students in the general education classroom. The SN/AIS formula has afforded superintendents more control over the allocation of their special education funds, with the use of these dollars varying across districts.

## **High Schools**

As superintendents assume greater financial responsibility for their schools, as well as accountability for student achievement, we have reduced the number of centrally-managed programs and materially decentralized budget operations. Each of the six HSS began operating as its own financial management center (FMC) two years ago. As an FMC, each HSS received most of its tax levy, state and federal funds directly, as set out in this document. Decisions on allocations to schools were made by the superintendents, based on considerations such as, but not limited to, registers, special student populations, instructional programs and thematic focus. The Division of Budget Operations and Review provided specialized technical assistance and support to the superintendents’ staff during the past year, and will continue to do so.

Starting in FY03, the "school organization" component of the HSS allocation formula (currently \$653,500) will change to accommodate the influx of 28 new high school organizations. During this time of financial austerity, there were not sufficient excess resources to cover the cost of 28 new high school organizations. We needed to devise a strategy that would limit the net additional funding necessary for their support. Therefore, beginning in FY03, each newly-created high school will receive a school organization allotment of \$350,000, which will cover the core staffing needs of a new school. Existing high schools will receive a reduced school organization allotment of \$625,000, to pay for part of the cost for the increased number of high schools. This portion of the high school allocation formula will continue to be changed over the next several years, as new high schools are added and as financial circumstances permit.

## NEW SAVINGS INITIATIVES

### Central Administrative Streamlining

At the chancellor's direction, we have undertaken a concerted effort to downsize and restructure central administration to facilitate decentralizing functions to superintendencies. For example, the management of the \$10 million high school drug prevention program, SPARK, was transferred from central to each HSS last year. Plans are under way to transfer the management and budget for related services provided by non-Board of Education personnel from central to each CSD and HSS. This transfer includes services provided by agencies under contract to the Board of Education, as well as independent related service providers hired under the Related Services Authorization (RSA). Training on this issue has been provided to representatives of CSDs and HSSs. Additional details will be forthcoming.

As part of this effort to streamline central administration, we have initiated a multi-year reduction plan based on recommendations of the McKinsey group. The reduction plan has diminished bureaucracy by curtailing central office expenses and channeling more funds to districts and schools. Plan goals included reductions to central administrative headcount ceilings and restructuring of central offices to increase efficiency and productivity. During FY02, through the end of June, 2002, central headcount was reduced from 3,282 to 2,928 (354 total). Including reductions in central office OTPS, \$24.3 million has been saved in central administration in FY02. We are 111 positions from our central headcount reduction goal announced last August. Central administrative offices remain on a full hiring freeze and we anticipate that early retirement incentives will reduce central staffing to the original targeted level by August 31.

In addition to these recurring cuts, for FY03, all central FMCs were allocated a 33% reduction target, resulting in another \$60 million in central administrative savings. These savings, together with a commitment to reduce boardwide commodity purchases by \$15 million over last year's estimate of \$40 million (for a total of \$55 million), plus other efficiencies in leasing and custodial operations, result in a total FY03 central and administrative downsizing plan of \$102 million. These cuts have materially changed the scope of central administration, and have contributed to eliminating reductions in instructional programs.

### Vendor Commodity Analysis

As mentioned above, we expect to save \$55 million this year through our Vendor Commodity Analysis (VCA) project. We began this project last January to improve the school system's commodities and services purchasing practices. By taking greater advantage of the school system's consolidated buying power, it is possible to achieve sizeable savings in both the short and long term. While the initial focus has been to generate immediate savings to balance the current year's budget, the long-term objectives are to realize increased savings, improve quality and provide support services.

As this initiative proceeds, it will drastically alter the purchasing habits of districts, schools and central offices by standardizing products and services, building maintenance and warranty provisions into contracts and implementing new purchasing techniques. Avoiding off-contract purchases and customized items is the key to successful savings.

The VCA project has focused on key commodity areas where purchasing is fragmented and high dollar spending exists. Approximately 17 commodities have been analyzed, comprising \$1.2 billion in annual spending. As a result of this analysis, twelve areas have been identified as having significant savings opportunities. Budget reductions to both districts and central offices reflect these savings estimates and should not reduce the level of classroom services provided to our students. Districts and schools will purchase goods and services from contracts that reflect lower prices and added value. These strategic sourcing savings will be captured via adjustments in the Module 2 per capita and the Module 5 *Instructional Materials* allocations. These adjustments do not suggest a decrease in service, goods, or buying power. They do suggest, however, that the lower costs are a direct result of the contracts and purchasing processes emerging from this effort.

The overall savings target of \$55 million has been apportioned according to each district's and central offices' FY01 and FY02 expenditures within the associated commodity area. You can expect to see immediate savings in office supplies, office equipment (copiers), IT hardware, telecommunications, software instructional supplies, as well as trade, reference, professional, and library books. A detailed memorandum on this subject will be distributed shortly. Please refer to this memo for more information.

The following table highlights the commodity areas analyzed, and reflects the distribution of the \$55 million savings:

COMMODITY	CSD	HSS	CITYWIDE (Sp Ed)	CENTRAL	TOTAL (in millions)
Instructional Supplies	\$1.23	\$0.33	\$0.05	\$0.47	<b>\$2.08</b>
Maintenance & Repairs	0.26	0.14	0.05	7.03	<b>7.48</b>
Books	3.71	1.37	0.07	0.16	<b>5.31</b>
Computers	4.82	3.67	0.42	3.00	<b>11.91</b>
Telecommunications	1.32	0.57	0.20	0.89	<b>2.98</b>
Office Supplies	2.34	0.62	0.10	0.90	<b>3.96</b>
Office Equipment	1.08	0.37	0.10	1.11	<b>2.66</b>
Software	2.61	1.14	0.14	0.06	<b>3.95</b>
Professional Services	2.09	0.65	0.07	5.32	<b>8.13</b>
Furniture	0.38	0.29	0.03	0.23	<b>0.93</b>
Printing	0.17	0.01	-0-	1.03	<b>1.21</b>
Transportation and Food	-0-	-0-	-0-	4.40	<b>4.40</b>
<b>GRAND TOTAL (in millions)</b>	<b>\$20.01</b>	<b>\$9.16</b>	<b>\$1.23</b>	<b>\$24.60</b>	<b>\$55.00</b>

## PART II

### HIGHLIGHTS OF THE INITIAL FY03 ALLOCATIONS

#### General Education

As stated earlier, both Module 1 and the Academic Intervention Services - Per Capita component (CSDs only) of the allocation formulas are being eliminated in FY02, but without a reduction in the overall budget. The variable portion of Module 1 and the AIS - Per Capita will be consolidated with the Module 2 Supporting Per Capita component. The fixed portion of the Module 1 allocation also will be allocated through Module 2. CSDs will still be responsible for developing Comprehensive Education Plans in support of student achievement, and meeting the goals set forth in previous years for the individual funding streams.

In addition, for Project Read (School Day component), we have broadened the allocation to "Academic Intervention Services – Lowest Ranked Elementary Schools." In FY01, we revised the distribution of Project Read funding for the school day component to reflect an updated student and school achievement level. The FY03 Project Read (School Day component) allocation remains at this same level. However, this will be the last year that we will use prior year student and school achievement data. Starting in FY04, funding for the Project Read school day component will be incorporated in the Special Needs/Academic Intervention Services allocation. As such, districts may begin this fiscal year to apply this allocation to alternate special need programs.

Also starting in FY01, we expanded the use of City Council funds from textbooks only to *all instructional materials* to meet the changing needs of schools. Last year, nearly \$10 million of this allocation was scheduled for textbooks by public schools and non-public schools. After redirecting \$6.1 million toward our procurement savings target, \$1.3 million was set aside for the non-public schools' share of this allocation, and \$5.1 million remained for public school allocations. (Refer to Section D.9 for details.) Through the vendor commodity analysis, we have identified several commodity areas where lower pricing has been achieved. The buying power of this allocation, therefore, will be greater than it was in prior years, and the decreased allocation will not be felt dollar for dollar.

Finally, the \$1.0 million added to the HSS allocation last year to double the funding for the Student Activity Fund, as well as funds for diploma printing, SAT review, and extended use of school buildings have been rolled into the HSS Basic Instruction pupil per capita.

#### Special Education/Special Needs

As noted earlier, to support the new *Continuum*, "Special Education Services as Part of a Unified Service Delivery System," we developed a "Special Needs/Academic Intervention Services" formula for CSDs and HSSs. The success of our special education program depends in large part on superintendents' willingness to use the budgetary discretion that has been given to them. This formula encompassed funds required to support students with disabilities, and is less prescriptive

than its precursor special education formulas, which were impediments to the successful implementation of special education reforms and the provision of services in the least restrictive environment, as required by the IDEA reauthorization.

We will continue to use this SN/AIS formula in FY03. In the past, CSDs and HSSs have been subject to a minimum and maximum threshold change in allocation compared to the prior year. However, because no incremental funding is available this year, the SN/AIS funding is virtually flat, except for collective bargaining for the tax levy component, and a significant increase in the IDEA funding component. For FY02, the HSS allocation for pupil suspension hearings has been folded into the Special Needs/AIS.

**Provision of mandated services continues to be the first priority.** This consolidation includes components from the general education and reimbursable budgets, as well as the special education budget. For example, Module 2B (CSD Special Needs), Model B (HSS Special Needs) and Special Education Pupil Mainstreaming from the general education budget were included in the consolidation, as well as PCEN, Special Reading (Chapter 53), State Incentive Grant and AIDP funds from the reimbursable budget. These consolidations, of course, do not change our collective bargaining agreement obligations. The FY02 SN/AIS allocation levels have been augmented by an increase in IDEA funding.

All superintendencies must ensure that all students continue to receive IEP-mandated services, and supplementary supports and services in the general education setting.

### **Summer Programs**

For the past four years, the board has mounted a comprehensive summer program. Due to a reduction in available funding, the FY03 Summer Program has been scaled back to only include students who are mandated to attend, or who otherwise are at risk of failing. Almost \$124 million has been earmarked for summer instructional programs for the most at risk, in addition to funding for food services, testing services and transportation, enabled by a state grant. In a change from prior years when unspent funds were removed from district budgets, this year's summer program accruals will be retained by CSDs and HSSs.

In addition to Summer School, *Break-Aways* -- summer camps intended to expand the "learning" year -- will continue, but also at a reduced level. These camps will add from 21 to 28 days of fully articulated programming to the regular school year. This summer, *Break-Aways* will serve up to 8,600 students entering grades 4 through 8.

Summer programs for at-risk students are available this year again to children who do not attend public school during the year.

## **Reduced Early Grade Class Size**

Our Early Grade Class Size Reduction initiative, supported by state and federal funds, is continuing. State funding remains at the FY02 level. The new "No Child Left Behind" (NCLB) federal funding legislation, however, eliminated the discrete funding stream for early grade class size reduction. Title II Part A of NCLB now contains the funding previously set aside for the teacher portion of the federal class size program, as well as funding for other initiatives such as professional development in core content areas, recruitment and retention.

Since there is no change in the state allocation level, these dollars must first be used to maintain FY02 class size reduction efforts and only then can they be used for new classes in "priority" schools. "Priority" schools are to be determined on the basis of academic need and possibly other criteria, such as high average class sizes.

While State funds must be used to open new classes, we understand that in many schools there are significant space constraints. This difficulty is compounded by the State Class Size Reduction Program's requirement that new classes be created according to greatest need and the inability to utilize teaching methods that create smaller group instruction. In order to facilitate class size reduction, we have done everything possible to accommodate overcrowded districts by reallocating dollars among programs, consistent with program guidelines. State resources cannot be used for professional development activities or administrative costs.

Since the state appropriation is based on a relatively low teacher salary, we have added federal Title II Part A dollars to the state amount, in order to supplement our higher average teacher salary costs. We have also added federal funding to offset the new collective bargaining increases for teachers.

As stated above, there is no discrete federal funding stream for class size reduction. Nevertheless, this program remains a top priority of the chancellor, and your Title II Part A dollars should first be directed to continue this effort. These dollars may be dedicated to maintaining FY02 class size reductions, and then to create new classes or hire supplemental teachers if dollars permit. Federal Title II Part A dollars can also be used for professional development activities.

## **In-School Suspensions**

The In-School Suspension Program provides instructional and guidance support to kindergarten through 12th grade students removed or suspended from the classroom for behavioral disruptions. Our FY02 venture operated with a \$10 million budget, which will be continued this year at the same level. This will be the first time that this allocation will be included in the initial allocation memo.

## **Universal Pre-Kindergarten**

FY99 was the first year of an announced five-year phase-in to provide pre-kindergarten programs to all four-year old children in the state. However, the state budget again includes level funding for FY03 (i.e., the same number of seats as FY01 and FY02). The FY03 program, including our local match, will provide funding for almost 44,000 seats. The allocation, plus the local match, continues to provide per capita funding roughly equivalent to the half-day SuperStart Program (\$3,700 per capita). Services should be targeted to economically-disadvantaged youngsters first.

## **The Chancellor's Districts**

In FY00, the chancellor assumed direct control for 47 of 97 Schools Under Registration Review (SURR). This year, the Chancellor's Districts (District 85 for CSDs and District 74 for HSS), with multiple programmatic supports, will continue to be responsible for this group of low-performing schools. In total, the Chancellor's Districts will be responsible for 49 schools, 24 of which are SURR schools. This allocation memo includes most of the funding required for District 85's comprehensive program, including funding for teachers' extended time in CSDs (8.5% increment), as well as funding for reduced early grade class size, and related services. In the Chancellor's District elementary schools, the class coverage ratio for teachers has been increased from 1.20 to 1.33 to accommodate the increased costs of the *Success for All* Program. In addition, an allocation of \$20 million is included in this document to offset these expanded, diversified needs. Other adjustments to the Chancellor's District funding, if necessary, will be made subsequent to this allocation memorandum. Drug Abuse Prevention Program funding for students attending a Chancellor's District (85 or 74) school will be allocated to the geographic district, which is expected to provide appropriate services to all their resident students.

As a result of significant academic progress, five schools will be returned from the Chancellor's District to their original CSD in FY03. These schools will continue to receive the financial supports enjoyed in District 85 for one year after their return to their originating district. A Module 5 allocation, included in this Initial Allocation Memorandum, for each of the "returnees" covers transition funding for the excess costs of the enhanced programming received in the Chancellor's District, e.g., Teacher's Centers, Staff Developers, etc. The average teacher salaries include the excess cost of the extended school day in these particular schools.

## **Eight Plus Model**

The Eight Plus program is designed to help students meet promotion criteria, while continuing their support in achieving academic success in the continuum for grades 9 to 12. Flexible models in a variety of settings support a standards-based core curriculum, while providing students with a seamless transition to high schools. Eight Plus students are reflected in the register of the affected superintendency, and therefore, enrollment-based allocations, such as for Module 2 and Special State Funds (NYSTL, etc.) are included in initial allocations. In addition, for the first time in the initial

allocations, affected districts are funded for enrichment that will enable lower class sizes, guidance and attendance services, commensurate with the Eight Plus model.

### **School Safety**

The New York City Police Department (NYPD) has provided safety services to BOE schools since December 1998. In FY01, the City significantly augmented the safety budget by adding an additional 500 Safety Agents, which had a direct benefit to schools. In FY02, there was another increase to the school safety budget, which added 300 School Safety Agents, equipment and supplies. During the past fiscal year, 800 School Safety Agents have graduated from the NYPD's Training Academy, and another 156 have enrolled in the Academy this past May, ensuring that ample trained staff continue to be available to provide school safety services.

### **Maintenance**

For FY2002, the state appropriated \$33.3 million for Minor Maintenance as part of its new Flex Aid component. Last November, the city levied a \$114 million reduction against the Board's FY02 budget. As a result, a decision was made to lower the amount dedicated to the Minor Maintenance Program to \$13.3 million. The additional \$20 million of flexible state aid was used to offset the city reduction.

In FY03, the state has again appropriated \$33.3 million for the Minor Maintenance Program as part of its overall aid package, but not as a specific Flex Aid component. For FY03, therefore, the entire \$33.3 million will be dedicated to the Minor Maintenance Program. A preliminary maintenance "allotment" will be established by the Division of School Facilities (DSF) for each superintendency based on the instructional square footage of its schools. Financial accounting for this funding will be managed by DSF.

## **OTHER CONTINUING PROGRAMS**

The following programs have been in place for several years and continue to be funded.

- **Project ARTS (Arts Restoration Throughout the Schools)** enables districts and high schools to support the four art forms -- art, music, dance, and theater. These funds continue to be allocated discretely.
- **Project Smart Schools.** All middle schools and grades 6 - 8 in elementary schools and high schools have been equipped with computers and printers under this initiative. Due to a new federal technology grant (Title II Part D of NCLB), we will combine the Smart Schools allocation with the federal technology funds to provide a more comprehensive school technology infrastructure allocation.
- **Early Registration** funding in the amount of \$1 million remains in the per capita allocation to enable all CSDs to have a successful and smooth 2002-2003 school year opening.

- **School Leadership Teams** in every CSD, HSS and citywide Special Education school will receive an allocation for planning, professional development and continuous improvement.
- The FY00 **Regents Requirements for English Language Learners (ELL)** in effect for secondary schools will continue to be funded in FY03. These requirements raise the amount of time for instruction in English.
- Funding for the **Fit For Life** program, focusing on health and physical education, continues to be available at the FY01 level. CSD and HSS program funding is folded into the *Special Needs/AIS* formula. Dollars for Fit for Life coordinators have been merged with district support budgets.

Please refer to initial allocation memos of past years for details.

## **OTHER FUNDING ISSUES AND CONSIDERATIONS**

### **Continuation of FY02 Cuts**

The FY03 budget includes the continuation of \$30 million in district administrative budget reductions, as well as \$150 million in non-core instructional programming. These continuing reductions are included as an offset to the Module 2 supporting per capita. Superintendents should refer to the budget reduction plans approved and implemented in their FY02 budget as guidance for FY03 implementation.

### **Collective Bargaining**

Most recently, the city, the board and the United Federation of Teachers (UFT) union reached a major settlement of the UFT contract, which had expired in November, 2000. The new contract provides for at least a 16% increase beginning on September 1, 2002.

A portion of this increase covers an extension of the workday by an additional 100 minutes per week. The Superintendent has the discretion of how to extend the school day; the day may be extended by 20 minutes to be used as instructional time in schools that include, but are not limited to, those with more than one session, and those in District 75. The extended time may also be allocated in two equal blocks of 50 minutes, to be added to two days per week, which may not vary from week to week during the school year but, with sufficient notice to staff, may vary for the spring semester. Employees will be advised by the end of the school year how the allocation of time will be implemented for the following school year.

During FY02, most collective bargaining agreements between the Board and its employees' unions expired. Therefore, other than the recent UFT settlement, the allocations presented in this memorandum do not reflect collective bargaining increases for any other expiring contract.

School selections for the new CSA differentials for school size, school performance and low achieving schools have not been determined for FY03. When decisions are made and staff payrolls adjusted accordingly, we will allocate funds to offset the costs.

Funding for collective bargaining increases for staff employed in reimbursable programs must be managed from each district's reimbursable allocation. (Tax levy funding will not be provided for reimbursable programs.) In order to accommodate increased salary costs, where reimbursable appropriations have increased this year, we have increased the per capita amounts used in the allocation formulas.

### **Charter Schools**

The number of charter schools continues to expand. In FY02, there were a total of 17. For FY03, three new charters (Explore, Our World, and ReadNet) will be added and one charter will be revoked (Reach), for a total of 19 operating charter schools. CSD and HSS registers have been adjusted to reflect projected charter school and conversion enrollment. For FY03, the base per capita funding for each charter school student will cost \$7,972 in addition to state categorical entitlements. Each charter school also receives free transportation services, evaluation services for special education students, and additional state and federal funding for special education students. In addition, in FY02, a Department of Education ruling established each charter school as a separate Local Educational Agency (LEA) for NCLB purposes only. Federal funding under "No Child Left Behind" will therefore be allocated directly from the state to each charter school.

### **District/School Designations**

For FY03, a number of district designations will have changed from FY02. This action includes three CSD schools that are being transferred to the Chancellor's District (District 85) and five schools that are being transferred from District 85 to their home, geographic district.

Regarding school transfers in and out of District 85, as well as school closings and openings, allocations have been adjusted to reflect these changes. For example, registers for a school that is being transferred to District 85 will be reduced from the sending district and will be reflected in the District 85 register count. Likewise, registers for a District 85 school that is closing will assume to revert to the original geographic district. Along with registers, allocations to receiving districts will include associated school funding for: additional school organizations, marginal breakage, Title I (if appropriate), School Leadership Teams, etc.

Allocations in this document have been arranged by instructional district designation. The following list displays the number and description for each of these districts. Certain schools have been given their own district designation due to their unique governance structure.

<b>INSTRUCTIONAL AREA</b>	<b>DISTRICT #</b>	<b>DESCRIPTION (BOROUGH)</b>
<b>Community School Districts</b>	1 - 6	Manhattan
	7 - 12	Bronx
	13 - 23, 32	Brooklyn
	24 - 30	Queens
	31	Staten Island
	81	Petrides School (P080 Staten Island)
	85	Chancellor's CSD District (various locations)
	91	Queens College School (P499 Queens)
<b>Citywide Special Education</b>	97	(Commonly referred to as "District 75")
<b>High Schools</b>	71	Manhattan
	72	Bronx
	73	Brooklyn
	74	Chancellor's HS District (various locations)
	76	BASIS (Brooklyn and Staten Island)
	77	Queens
	79	Alternative HS (various locations)
	92	Secondary School for Law, Journalism and Research* (Brooklyn)
	93	International High School (530 Queens)
	94	Middle College High School (520 Queens)

\* This collaborative school (Secondary School for Law, Journalism and Research) is transferring from district 92 to districts 15 and 76. Allocation changes resulting from this transfer will be made at a later date, and district 92 will be eliminated.

## **PART III**

### **RETURNING AND CONTINUING FISCAL PRACTICES**

#### **Rolled Accruals**

The Mayor has continued the pre-existing agreement to allow the Board to rollover individual instructional Community School District and High School Superintendency surpluses. As was the case last year, these funds can be used to bolster local instructional programs. Also be reminded that the rollovers displayed in this document are projections, subject to revision when actual expenditures are finalized in the late fall. Superintendents are cautioned to target surplus carryovers, where possible, for non-recurring uses.

As has been the past practice, as a result of implementing the new Special Needs/AIS formula, CSD and HSS Special Education/Special Needs tax levy accruals can be rolled, provided that compliance with providing mandated pupil services and contractual obligations are maintained. Again, all rolled accruals are considered a one-time resource.

The existing OTPS roll policy continues, where CSDs and HSSs were asked to confirm their projected OTPS surpluses. Those established balances were “locked;” actual OTPS balances in excess of the final projections were not available for CSDs or HSSs.

#### **Differentiated Approach**

The “differentiated approach” introduced six years ago in terms of budget oversight remains in place for the CSDs, and will include the high school superintendencies for FY03. Assessments for FY03 have been made. All CSDs and HSSs will be notified, on an individual basis, of their group designation and where applicable, any change from the prior year. The outcome of these group assignments will be discussed during the superintendent's evaluation by the chancellor.

#### **Community School Board Budget**

The governance structure enacted in December, 1996 transferred responsibility for expense budget matters from the Community School Board (CSB) to the Community Superintendent and the schools. Therefore, the initial budget submissions do not include a Community School Board approval. Superintendents, however, should still consult with the Community School Board in formulating the budget for Community School Boards' own expenditures (i.e., budget code 4101).

The new Board of Education governance legislation recently enacted will likely change the scope of Community School Boards once again. Over the course of FY03, a state task force will make recommendations to the legislature regarding the ultimate duties and responsibilities for CSBs.

## PART IV

### ALLOCATIONS

Following are important elements of initial allocations for CSDs and HSSs. CSD and HSS allocations are displayed together in this Initial Allocation Memo. Please refer to the cited Sections listed in each descriptive paragraph for additional information.

#### GENERAL EDUCATION TAX LEVY ALLOCATIONS

**Module 1:** As stated earlier, Module 1 is being eliminated and merged into Module 2. Module 1, *per se*, no longer exists. Although the account code structure for Module 1 administration will remain for tracking purposes (i.e., budget codes 4101 and 4103), funds will be allocated via Module 2. The variable portion of Module 1 will be allocated via the Module 2 Supporting Per Capita, and the fixed portion for "district support" will now be included in Module 2 as well.

**Module 2:** The Module 2 allocation for HSSs includes funding for basic instruction (base number of teachers plus breakage) and school support (school organization plus a per capita). As mentioned earlier, the school organization component of the high school allocation is undergoing a change, starting this fiscal year. As indicated directly above, the components formerly associated with Module 1 are being merged into Module 2 beginning in FY03.

Starting in FY03, we are simplifying the CSD general education allocations by folding AIS - Per Capita into the Module 2 Supporting Per Capita component. For HSSs, the \$1.0 million added to the allocation last year to double the funding for the Student Activity Fund, as well as funds for diploma printing, SAT review, and extended use of school buildings have been rolled into the HSS Basic Instruction pupil per capita.

As a reminder, CSD resources available for Module 2B were folded into the Special Needs/AIS formula in FY01. Module 2B, *per se*, no longer exists. Likewise, funding for the HSS **Model B** program, previously found in Module 2, has been transferred to the Special Needs/AIS formula for High School Superintendencies.

**Section A** describes the Module 2 formula and allocations for CSDs and HSSs.

**Module 3:** For CSDs, in FY01, the resources available for Module 3 were folded into the AIS - Per Capita, which has now been merged into the Module 2 supporting per capita. **Module 3**, *per se*, does not exist for either CSDs or HSS. Provision of After School and/or Continuing Education programs continues to be a local decision.

**Module 4:** For both CSDs and HSSs, Module 4 represents the allocation component associated with Special State Funds -- NYSTL, NYSSW, NYSLIB. For initial allocation purposes, the Module 4 textbook per student rate has remained unchanged from last year, and will be \$57.30. For allocation

purposes, the per capita funding for Library Materials also has remained unchanged at \$6.00. Computer Hardware funding will remain at the FY02 level.

The Software rate is \$14.98 per child. As part of the VCA project (described earlier), key software applications that are used board wide have been identified. Negotiations are underway that will dramatically reduce the prices of these products. These agreements permit the board to install the selected products system wide, thereby abolishing the need for individual orders. The purchasing of these software agreements will be executed centrally and require no payment from the districts. Please be aware that a significant portion of the purchase cost of this software will be made utilizing NYSSL funding. As a result, there will be a reduction in the FY03 allocations made to districts. Savings from using board-wide licenses and from lower prices for software products will preserve purchasing power. (See **Section B.**)

**Module 5:** For both CSDs and HSSs, Module 5 represents the allocation component associated with a variety of special purposes, such as Project ARTS, instructional materials, Teachers' Choice, leave entitlements, School Leadership Teams, or the High Schools' LYFE Program.

For CSDs, a consolidated per capita formula entitled "Academic Intervention Services" (AIS) - Per Capita began to be included in Module 5 starting in FY01. As mentioned earlier, this allocation has now been merged with the Module 2 Supporting Per Capita, and will no longer be allocated via Module 5.

In addition, also for CSDs, the Project Read School Day component was folded into the formula entitled "Academic Intervention Services - Lowest Ranked Elementary Schools." In FY01, we revised the distribution of Project Read funding for the school day component to reflect an updated student and school achievement level. The FY03 Project Read (School Day component) allocation remains at this same level. However, this will be the last year that we will use prior year student and school achievement data. Starting in FY04, funding for the Project Read school day component will be incorporated in the Special Needs/Academic Intervention Services allocation. As such, districts may begin to apply this allocation to alternate special need programs beginning this fiscal year.

Instructional Materials For both CSDs and HSSs, the dollars set aside from this reserve for the exclusive purchase of textbooks is again available to purchase textbooks, as well as other instructional materials. A portion of these funds will continue to be allocated to pupils attending New York City Non-Public Schools. As mentioned earlier, almost half of the \$12.5 million instructional materials allotment will be saved as a result of the vendor commodity analysis project.

Start Up OTPS For both CSDs and HSSs, a special purpose allotment allocates funds for start up OTPS for all new construction, new leased sites, and new schools resulting from reorganizations.

Extended Use Fee Revenue In response to a request for an increased advance allocation for extended use fees, CSDs will receive 85% (rather than 75%) of the previous year's extended use fee collections. This allocation will be adjusted (up or down) later in the year, when actual fee collections are known.

Earlier portions of this memorandum describe funding for several major initiatives, such as Summer School, Project ARTS, and the Eight Plus Program. See **Section D** for details about these programs, as well as other important information about Module 5 allocations.

## **SPECIAL EDUCATION ALLOCATIONS (SPECIAL NEEDS)**

### **Special Education Formula Revision**

In FY01 for CSDs, and in FY02 for HSSs, we developed a “Special Needs/Academic Intervention Services” formula. In order to accomplish our objectives, many individual allocations recognizing various special needs of pupils were consolidated into one comprehensive special needs/academic intervention services allocation.

The changed allocation methodology supports the “whole school” approach and provides flexibility in using dollars from different funding sources to design programs that address the needs of all students. When combining available dollars, careful attention must be given to the parameters of the funding sources. The funding requires districts and schools to meet the IEP mandates of disabled students, as well as provide an array of non-special education supports and professional development activities. For example, the district can use funds to support collaborative team teaching classes. This approach can meet the IEP mandates of disabled students in addition to the requirements of academic intervention services for the non-IEP mandated students in the collaborative team teaching class. Districts can also develop other innovative integrated service delivery models for providing special services and supports, such as Special Education Teacher Support Services. Special Education Teacher Support Services may be provided to a combined group/caseload of disabled and non-disabled students, realizing both the IEP mandates of disabled students, as well as the Academic Intervention Services for non-IEP mandated students. Superintendents may use funds to support the activities of Pupil Personnel Teams that provide early identification of students in need and the development of supportive strategies.

Students with disabilities must receive services in accordance with their IEPs. Additionally, superintendencies may not eliminate any special education service that is mandated by regulation or stipulation. The areas not subject to district discretion that must be maintained while we are phasing in the new *Continuum* include health coordinators, crisis intervention teachers, supervisors, and maintaining the current caseload and related service staffing ratios.

Superintendencies are permitted and encouraged however, to create whole positions for staff who serve mandated students, by allowing staff to provide services to non-mandated “at risk” students, rather than creating itinerant or part-time positions to serve only special education students. For example, the *Special Needs/AIS* allocation may be used to create a teacher of speech improvement position. The speech teacher could deliver school wide non-mandated services for part of the day and IEP related service speech for part of the day.

**Provision of mandated services continues to be the first priority.** The consolidation includes components from the general education and reimbursable budgets, as well as the special education budget. Refer to **Section C** for more details.

### **School-Wide Services**

In previous years, we had introduced the concept of reducing communication barriers between general and special education by allowing districts to split personnel costs between general education and special education. The new Special Needs/AIS formula makes this concept a reality.

### **Allocations for Clinical Evaluations**

As in past years, the allocations for the operation of clinical evaluation activities (e.g., Committees on Special Education, Committees on Preschool Special Education, School Based Support Teams, per session, and non-Board of Education assessments), will be issued separate and apart from these initial allocations. These allocations are expected to be available in late August.

## REIMBURSABLE PROGRAMS

At the time of this writing, most reimbursable grant awards have not been received. Where FY03 appropriations remain unknown, we have estimated revenue based on the best information currently available.

The "No Child Left Behind" (NCLB) federal legislation has reorganized most federal title programs. For your convenience, the following chart will crosswalk the previous federal title funding with the new NCLB titles. Old and new grant numbers are included as well.

OLD NUMBER	OLD NAME	NEW NUMBER	NEW NAME	NOTES
N/A	N/A	31500	Title II Part A: Umbrella	Title II Part A will be allocated as an umbrella program. Funds are to be used in the following components: 31520 Part A Professional Development , and 31530 Other Than Professional Development
N/A	N/A	31520	Title II Part A: Professional Development	"Title" and program change. Teachers in this program are to be budgeted at average teacher salary.
21520 23560 23561 23562	Title II (Math & Science) Federal Early Grade Class-Size Reduction	31530	Title II Part A: Other Than Professional Development	The first priority use of these funds is support of the Early Grade Class-Size initiative. Funds for the Federal Early Grade Class-Size reduction program are no longer allocated discretely. This allocation also can be used for other purposes including, but not limited to: math and science programs, and teacher recruitment. Teachers in this program are to be budgeted at average teacher salary.
21820	Title VI	31820	Title V Innovation	"Title" change.
21894	Title VI Professional Development	31820	Title V Innovation	No longer budgeted discretely.
23601	Title III	33601	Title II Part D Technology	"Title" and program change.
24801	Emergency Immigrant	33610	Title III ELL & Migrant	Funding for Emergency Immigrant services are no longer allocated discretely.
25100	Title IV Drug Free Schools	35100	Title IV Part A: Safe and Drug Free Schools and Communities	Name change.
2760X	Title VII	3760X	Title VII (FY 2003 and 2004 only)	No new grants; continuation grants only. Funding will be phased into the new Title III.
1858X	21 <sup>st</sup> Century Community Learning	3858X	Title IV B 21 <sup>st</sup> Century	Name change only.

## TITLE I

**NCLB and Title I:** The FY03 Title I appropriation is significantly higher than last year's. The new federal law, "No Child Left Behind" (NCLB) allows for a Title I "hold harmless" (grandfathering) to offset the effect of schools losing Title I eligibility. In addition, Title I continues to require a 1% set aside of funds for parent involvement, as well as new set asides for public school choice and supplementary education services (SES). Based on current discussions, the law requires the following, unless a lesser amount is needed:

- An amount equal to 5% of the allocation for costs of pupil transportation for public school choice.
- An amount equal to 5% of the allocation for costs associated with SES. *[Title I law appears to provide a 5% cap on the amount of funds that must be spent on SES.]*

An additional 10% of the allocation may be required as a set aside for transportation, SES, or both.

The U.S. Department of Education has issued only preliminary guidance that does not yet clarify a number of ambiguities regarding the implementation of the new set aside provisions. Additional guidance will be forthcoming. **Be aware that there is some risk in establishing the set asides indicated above, since federal guidance has not yet been published.**

For your convenience, **Table G.8** provides calculations for the 1% set aside for parent involvement and the 5% set asides for public school choice and supplementary educational services.

Cost factors for the provision of transportation services for school choice will be made available as soon as possible.

**Eligibility Data:** For FY03, due to an infusion of significant federal Title I dollars, we are able to lower the Title I eligibility cutoff from the citywide average (as has been past practice) to an average several percentage points below the citywide cutoff. Specifically, while the preliminary FY03 citywide cutoff is 69.38%, we have lowered the FY03 Title I eligibility cutoff to **62.00%**. Lowering the cutoff to 62% resulted in 66 schools attaining Title I eligibility, 35 of which were not Title I eligible last year.

Furthermore, since 'grandfathering' is allowable under the new "No Child Left Behind" legislation, all schools that have poverty percentages between **57% and 62%** will be grandfathered for one year. Grandfathering added another six schools to the Title I eligible school list.

Due to the lower cutoff, the net change in the number of Title I designated schools is an increase of **78** schools (as compared to a net decrease of **11** last year): **85** schools are newly designated as Title I (including Citywide Special Education schools), and **7** schools lost Title I status. The number of public school Title I eligible students increased by 30,468 (5.32%) since FY02.

The organization of Citywide Special Education classes, with the delivery to each pupil of services prescribed in their Individualized Education Programs, reduces the need for supplemental Title I funding. As a result, public school Title I resources are being allocated only to eligible students in CSDs and HSSs. This policy has been in effect since FY94.

Non-Public School entitlements are under review and may be revised. They are based on the number of free lunch eligible students who reside in the attendance areas of Title I eligible public schools. Preliminary estimates indicate that the number of Non-Public School Title I eligible students decreased by 3,793 (8.57%) since last year.

Title I *public school* per capitas vary by borough, and range from a low of \$762 to a high of \$2,193. The **citywide Title I** public school average per capita is \$935, up by \$217 since FY02. Due to the significant increase in Title I funding, per capitas are considerably higher than last year. The new per capitas will enable Districts and HSSs to accommodate the increased salaries as negotiated in the recently settled UFT contract, as well as NCLB transportation and supplemental services requirements.

As stated earlier, effective for FY02, charter schools have become Local Educational Agencies (LEAs) for purposes of Federal funding. Therefore, the Board will not set aside Title I funding for known and prospective charters.

**Section G** contains the Title I spending plan, county amounts, public and non-public allocations, and the minimum amounts for parental involvement programs, transportation, and SES.

**PCEN:** For the 2002-2003 school year, PCEN retains its status as a categorical program that is comparable to Title I. PCEN amounts set aside for Community School Districts and High School Superintendencies are included in the Special Needs/AIS allocation. Superintendents will continue to be responsible for meeting the goals set forth in previous years by this funding stream. For CSDs, in keeping with our “seamless” budgeting philosophy, the special education ESL teacher position and LEP per capita allocations are merged with the general education program allocation. Allocations for ELA Regents requirements for LEP secondary school students are included in the PCEN spending plan. Per capita amounts have been increased to accommodate the new UFT contract. For High School Superintendencies, “Model B” program funding, previously funded in the PCEN spending plan, is folded into the Special Needs/AIS allocation.

PCEN programs and allocations may be found in **Section H**.

**Bilingual Aid, Part 154:** All allocations are virtually unchanged from last year. (See **Section I**.)

**Pre-Kindergarten Programs:** There will be two major pre-kindergarten programs in operation during FY03 (SuperStart and Universal Pre-kindergarten) with a combined budget of some **\$223 million**. In addition, \$0.5 million in New York State Experimental Pre-Kindergarten funding has been

targeted to provide a summer program for four year olds from economically-disadvantaged families. This program is expanding from 21 districts in FY02 to 22 districts in FY03.

Refer to **Section E** for details, including effective use of the various funding sources for pre-kindergarten programs.

**Title II Part A (recruitment and professional development)**: NCLB includes a revamped Title II program -- Title II Part A. This new funding source integrates the former Title II Eisenhower math/science professional development program and the discrete allocation for federal early grade class size reduction. The appropriation for the new program is anticipated to be larger than it was last year for both programs combined.

Title II Part A funds may be used for an expanded menu of activities related to student achievement in core academic subjects (defined by NCLB as English, reading or language arts, mathematics, science, foreign languages, civics and government, economics, art, history, and geography). This menu includes activities related to professional development, recruitment and retention of qualified staff, and class size reduction.

There will be two grant numbers for Title II Part A: one for professional development and one for all other Title II Part A activities, including class size reduction.

**Section J** describes Title II Part A programs in more detail.

**Title II Part D (technology)**: As opposed to the FY02 Title III technology funding, which only included competitive funds, this new federal technology grant provides formula aid as well as competitive grant funding. The formula aid will be allocated in tandem with tax levy smart schools for a more comprehensive technology program. Continuing FY02 Title III and smart school commitments should be your first priority when scheduling these new Title II Part D funds.

**Section K** describes Title II Part D programs in more detail.

**Title III (bilingual programs)**: This new federal title funding replaces two earlier funding sources: Title VII (competitive grants for bilingual instructional and professional development programs) and the funding for the emergency immigrant education program. (Districts with Title VII grants that expire in FY03 or FY04 will continue to receive funds until the project period ends.) While the state issued preliminary Title III allocations, we have been informed that they will be significantly revised. Therefore, Title III allocations will be made at a later date.

**Title V (innovative programs)**: This funding title was previously known as Title VI. All innovative program allocations are virtually unchanged from last year. Per capita amounts have been increased to accommodate the new UFT contract.

**Section L** describes Title V programs in more detail.

**Substance Abuse and Drug Prevention Programs:** The state appropriation for FY03 is assumed to be virtually at the previous year's level. The federal portion of this funding matrix, known as Title IV Part A (Safe and Drug-Free Schools and Communities), has increased by approximately \$1.6 million over last year. As mentioned earlier, the High School Drug Program, SPARK, has been decentralized to HSSs.

**Section M** describes drug prevention programs in more detail.

**AIDP:** Amounts set aside for CSDs and HSSs are included in the Special Needs/AIS allocation. Superintendents will continue to be responsible for meeting the goals set forth in previous years by this funding stream. Due to an increase in the number of Tier II and Scatter Site homeless shelters, the FY03 Students in Temporary Housing (STH) allocation has increased by \$0.5 million. A separate grant number, established in FY02 for Site-Based STH programs, will continue to be used for this program.

**Section N** describes AIDP programs and lists all allocations.

**Miscellaneous Reimbursable Allocations:**

**Chapter 53:** Amounts set aside for CSDs and HSSs are included in the Special Needs/AIS allocation. Superintendents will continue to be responsible for meeting the goals set forth in previous years by this funding stream. Citywide allocations are unchanged.

See **Section O** for Chapter 53 narratives and allocations.

**Improving Pupil Performance/State Incentive Grant (IPP/SIG):** Amounts set aside for CSDs and HSSs are included in the Special Needs/AIS allocation, but at a reduced level from last year, since the rollover funds that were used to increase the FY02 spending plan are no longer available. Certain professional development and recruitment programs, previously funded with IPP, have been transferred to and funded in the Title II Part A spending plan. Some IPP funding is thereby available to partially offset the effect of the lost rollover. Superintendents will continue to be responsible for meeting the goals set forth in previous years by this funding stream.

See **Section O** for descriptive narratives and allocations.

**ERSSA/IDEA (Special Education Reform Programs):** Supporting the Chancellor's Special Education Reform Plan and the new *Continuum*, the Special Needs/AIS formula will provide flexible, rather than prescriptive, dollars, while maintaining the provision of mandated services. Superintendents will continue to be responsible for meeting the goals set forth in previous years by these funding streams. Nearly \$40 million in IDEA funding has been added to the SN/AIS allocation for FY03.

**Section O** describes the comprehensive special education reform program and displays allocations.

Details about **State Magnet School Grants** and **Beacon Programs** can be found in **Section O**. Allocations are virtually unchanged from last year. Please be aware that state magnet school funds must be used to operate a magnet school, implement an alternative approach to reducing racial isolation, or enhance instructional programs in districts with substantial concentrations of minority students. State **Standards at the Local Level** funding for CSDs and HSSs also is included in this section.

### **ALLOCATION SUMMARY**

A summary of the CSD and HSS allocations presented in this memorandum is listed in **Section P**. Only selected programs for citywide special education are included in this chart. Base funding for citywide special education can be found in Budget Operations and Review Circular #3.

### **BUDGET SCHEDULES AND TIMETABLES**

To facilitate personnel planning and school organization, and to ensure that employees can be added to the BOE's payroll systems and issued checks as soon after commencement of service as possible, all tax levy and reimbursable budgets should be in place as soon as practicable.

Please keep in mind that the State Education Department (SED) requires FS10 State budget forms to include amounts equal to BOR Allocation Memo #1 and other programs contained in District Comprehensive Education Plans/Consolidated Applications. These forms are generated by the Division of Budget Operations and Review, based upon information contained in the accounting system.

To accomplish the activities described above, timeframes have been established that will provide for expedited review and processing of superintendency budgets by central staff. The due date for entry and authorization of all budgets, including the forthcoming Clinical Evaluation Allocation (CSE/CPSE/SBST) via the Financial Accounting System (FAMIS) and via Galaxy for Community School Districts (only) is:

#### **Community School Districts and High School Districts**

Monday, September 30, 2002

***In the event that SED does not extend the standard September 1 FS10 due date, the above September 30 due date may be revised to an earlier date.***

Allocations issued subsequent to this initial allocation memo should be scheduled on an ongoing basis and as soon as possible to ensure timely payrolls and OTPS purchasing.

The following grants are included in the District Comprehensive Educational Plan (DCEP):

- Title I, Part A
- Title I, Part D (N & D: Districts 79 and 97 only)
- Title II Part A
- Title II Part D
- Title III
- Title IV Part A
- Title V (Innovative Education Program Strategies)
- PCEN
- Part 154
- State Incentive Grant (SIG)

The deadline for the DCEP will be established by the Office of the Deputy Chancellor for Instruction.

