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SCHOOL ALLOCATION MEMORANDUM NO. 4, FY09

DATE: Updated as of June 30, 2008

TO: SCHOOL PRINCIPALS, COMMUNITY SUPERINTENDENTS,
INTEGRATED SERVICE EXECUTIVE DIRECTORS

FROM: Susan Olds, Executive Budget Director

SUBJECT: FY09 Budget Net Change

Mayor Bloomberg and Council Speaker Christine Quinn announced an agreement on the City's Fiscal Year 2009 budget for New York City. The budget increases City funding to the Department of Education by \$129 million over the levels proposed in the Mayor's Executive Budget. This means that no school will begin next year with any less money than it ended the 2007-2008 school year, subject to enrollment adjustments or changes to categorical or programmatic allocations.

Under the agreement, all schools will receive an increase in funds and no school will face a net change. More than 300 schools will see increases over this year. Before this agreement, some schools would have seen reductions in spending power up to 6%, while other schools would have seen increases in spending power. All schools will see increases in their budgets since the May budget release. Some schools will see an increase in their Contracts for Excellence allocations, some will see their Fair Student Funding allocations rise, and some schools will see additions to both funding streams.

Methodology for Calculating the Net Change in a School's Budget

The net change in a school's budget released in May includes the change in Fair Student Funding (after adjusting for enrollment and collective bargaining changes), the school's FY09 Contract for Excellence allocation, and the school's Teacher Legacy Supplement allocation. Early this year, each school saw the same percentage reduction in its FY09 Fair Student Funding and Children First Funding. Schools opened prior to April 2007 had an infusion of new funding from the Teacher Legacy allocation to cover differential salary increases and all general education schools received some level of funding via the Contract for Excellence (C4E) allocation. When budgets were first released in May, in working to decrease the reduction in school budgets, we held back \$63 million of the Contract for Excellence funds in a reserve for future allocation. This resulted in an aggregate net change in overall school budgets of a reduction of approximately \$163 million (the gap of \$99 million between revenues and expenses to be covered by school budgets plus the \$63 million of C4E funding set aside as described above).

Following the budget agreement of June 26, we received \$120 million specifically to help move all schools at a net change in their individual budgets to no less than \$0. This infusion plus the release of the \$63 million of C4E funds originally held in reserve will bring the significant majority of schools to a \$0 net change and other schools to an increase in their net change.

All C4E dollars are allocated following the C4E regulations. Details on the adjusted amounts can be found in the attached table.

Available Support

Your Integrated Service Center representative will be available to help you re-work your budget, taking into account the new resources. As you'll recall, school budget plans are due by July 15.