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SCHOOL ALLOCATION MEMORANDUM NO. 4, FY10

DATE: May 29, 2009

TO: **COMMUNITY SUPERINTENDENTS, HIGH SCHOOL SUPERINTENDENTS, INTEGRATED SERVICE CENTERS, CHILDREN FIRST NETWORK AND SCHOOL PRINCIPALS**

FROM: George Raab, Chief Financial Officer

SUBJECT: Centrally Funded Excess Staff

The 2009-10 guidelines for Centrally Funded Excess Staff (CFES) have changed from those in 2008-09. Principals are encouraged to review these guidelines in relationship to their school's needs with their ISC/CFN representatives. The financial thresholds below should be viewed as guidelines to be used in determining whether a school receives central funding for excess staff. With the significant reduction in school budgets and the need to prevent teacher layoffs while avoiding any increase in the costs associated with the ATR excess pool - within the context of adhering to and maintaining the progress made under the Children First principles - school budgeting will be a much more complex task this year than in the recent past. We appreciate how difficult it will be for some schools to balance their instructional priorities within a reduced budget. Principals are reminded that excessing is not a permissible way to deal with unsatisfactory teachers.

OVERVIEW

Despite the reductions in school budgets for FY09-10 necessitated by the economic downturn, we remain committed to the principles of Children First.

- **Accountability** – Principals are accountable for their students' achievement under all economic conditions.
- **Empowerment** – Principals maintain discretion to manage their budgets to best meet the needs of their students; this includes deciding which aspects of their budgets to cut.
- **Teacher Quality** – Teachers are an integral lever to student achievement.
 - **There will continue to be no forced placement of teachers. Also, there will be no forced placement of guidance counselors and Assistant Principals**
 - **Principals can still decide whether to hire and whom to hire, so long as the teachers and other staff come from amongst those currently working within schools or from amongst those in the excess pool.**
 - **DOE will manage implementation to ensure no teacher layoffs and to avoid the disruption that would be caused by bumping teachers across schools.**
- **Central Support to Schools** – The Department will continue to provide systemic support to schools, such as tools to monitor student performance and progress and the replacement of failing schools with new small schools.

Given that allocations of funds within school budgets vary widely across schools (for example, OTPS as a % of a school's budget is on average 3% but varies from 1% to over 20%), schools will meet their budget cuts in a variety of ways. Many will make large cuts to OTPS and per session funds, leading to reductions in after school programs and professional development, other schools will eliminate non-pedagogical staff, and others may be in the position where they have to eliminate teaching positions.

While it is critical that all principals seriously consider other options for budget cuts before deciding to excess teachers, schools can eliminate teaching positions if principals determine that cutting dollars via elimination of a filled teaching position is necessary to maintain the instructional programs that have the most impact on improving student achievement. Principals must still address the financial guidelines listed below in order to excess a teacher and have the teacher funded with "centrally funded excess" monies.

While some schools will eliminate teaching positions, there will be NO layoffs of teachers and guidance counselors. We expect that the attrition in the system should be able to absorb those teachers or guidance counselors who lose their positions due to budget reductions. However, depending on how many non-pedagogical positions are eliminated by the schools as a whole and how many vacancies are available to absorb these staff, there may be layoffs of non-pedagogical staff. Excess paraprofessionals, school aides and family workers will be forced placed into funded vacancies. DHR also will work to place excess School Secretaries in vacancies. Schools can NOT eliminate Assistant Principal positions unless they are vacant.

In order to meet the NO layoff policy and not increase the size of the Absence Teacher Reserve (ATR) excess pool through the elimination of positions from budget cuts, there will be hiring restrictions. For the 2009-10 school year, principals will continue to have autonomy when selecting staff to fill vacancies in schools. As stated earlier, there will be no forced placement of Assistant Principals, Teachers, and Guidance Counselors. In the 2009-10 school year, schools will operate under the following hiring restrictions:

- No external hiring for almost all school titles.
- Schools must hire from among staff already working for the NYCDOE in the same title, e.g. teacher to teacher. As stated earlier, principals can still decide whether to hire and whom to hire, so long as the teachers and other staff come from amongst those currently working within schools or from amongst those in the excess pool.
- The hiring restrictions will be evaluated on a regular basis and may be lifted to allow external hires for specific licenses/titles in certain districts/boroughs if a need is identified.

Exceptions to the hiring restrictions:

- Brand new schools and new schools going into their second or third year may hire up to 40% of staff, within each title with vacancies, from external candidates
- Teachers of speech or bilingual special education
- Bilingual Pupil Personnel Services, Occupational Therapists and Physical Therapists
- Schools can consider Assistant Principal candidates if eligible regardless of current title. (APs cannot be excessed.)

It is important to understand that each principal's actions will impact the economic situation of all principals. Any unnecessary elimination of teaching positions will overwhelm the capacity of attrition in the system to absorb those whose positions are eliminated due to budget reductions. Also keep in mind that unnecessary layoffs of non-pedagogical titles will disrupt other schools through bumping.

GUIDELINES FOR RECEIVING CENTRAL FUNDS FOR EXCESS STAFF

These guidelines call for schools to receive CFES funds if they meet *both* of the following thresholds:

EXCESS REASON THRESHOLD

Schools will be *considered* for Centrally Funded Excess Staff funds if one of the following excess reasons applies:

- *Grade Loss*: School must experience loss of grade from prior year (this information will be confirmed by the ISC)
- *Grant Funding*: Grant funding is ending or being reduced for reasons the school could not have anticipated;
- *Mandated IEP position no longer needed*: Applies only to Ed Para titles;
- *Register Loss*: School experiences a register loss of at least five percent when compared to the audited October 30, 2008 register.
- *Lead Teacher position no longer needed*: School elects to discontinue services of lead teacher.
- *Budget Reduction*: Applies to the actions a school takes in meeting the 2009-10 reduction taking into account stabilization funds provided to offset the reduction. This reason code is not valid for schools that experience a decrease in funding due to factors outside the budget reduction, such as register loss or correction of an over-scheduled position resulting from factors beyond the impact of the 2009-10 budget reduction.

If none of these reasons apply, a school will be expected to fund staff using its own funds.

FINANCIAL THRESHOLD

In addition to complying with the excess reasons stated above, schools will need to demonstrate an inability to self-fund staff in order to receive Centrally Funded Excess Staff funds. Each school's budget will be considered in its entirety when assessing a school's ability to self-fund excess staff. The following guidelines will be used in this assessment:

1. Any unscheduled balances will be reviewed to determine if they are appropriate to fund proposed excess staff, except that school budgets must also:

- Accommodate returns from leave and sabbatical;
- Accommodate Register Loss Set Aside.

Schools receiving surplus rollover funds are expected to apply those balances to their budget reductions before requesting funds for Centrally Funded Excess Staff.

2. Financial Indicators - The following per capita are guidelines to help determine whether schools could divert funding from areas such as OTPS or per session to support staff proposed to be exceeded in lieu of central funding. As each school's fiscal needs vary depending upon its programs and pupil populations, we appreciate that schools may legitimately need to maintain budgets in these areas that exceed these per capita.

- *Per Pupil* OTPS budget not to exceed: \$145
- *Per Pupil* Per Session budget not to exceed: \$75
- Paid coverage (Per Diem and Prep) budget not to exceed 8 days unless past history warrants more.
- The availability of excess staff in the school will be considered as part of the school's resources for absence coverage (schools with excess staff assigned to them through the ATR pool are expected to lower their per diem budgets where possible--see page 5);
- The Per Pupil total of the following positions added together does not exceed \$405:
 - Non-Mandated Paras
 - School Aides
 - School Secretaries
 - Family Workers (DC37 Paras)
 - F-Status positions. (*note: schools should only have f-status teachers if the job cannot be done within license of an excess teacher*)
- School's ability to maximize use of new funding received in 2009-10, particularly American Recovery and Reinvestment Act (ARRA, a.k.a. Stimulus) Title I and stabilization allocations, to absorb excesses.

The above listed calculations are to be based on a school's tax levy and ARRA (Stimulus) funding.

3. Scheduled vacancies must be inappropriate for proposed excess staff and must be demonstrated to be necessary to support critical school programs.

4. Non-teacher scheduled vacancies should support *existing* school programs only.

5. Staff Who Were Funded with Central Funding for excess staff in FY 09:

All staff who were funded with central funding for excess staff (ASA CFES, TL CFES Open Schools, or TL CFES Struggling Schools) in FY 09, including those who were removed from school payrolls to serve in the Absence Teacher Reserve, must be re-evaluated for eligibility for central funding in school year 2009-10. Schools will need to demonstrate compliance with seniority rules and with the above guidelines before Centrally Funded Excess Staff funds can be provided for these staff.

THE IMPACT OF RECEIVING CFES FUNDS

1. Centrally Funded Excess Staff funding is a loan to schools and is subject to repayment.

2. Schools with CFES funded staff which are eligible to receive ASA Register Growth must demonstrate why they are unable to use the Register Growth allocation to fund the proposed excess staff.
3. Schools with CFES funded staff will still be required to fund the "register loss set aside" if applicable.
4. Schools with CFES funded staff will need to apply any mid-year adjustment increments to self-fund CFES staff.
5. Schools with CFES funded staff will be ineligible to participate in the Surplus Rollover Program unless the CFES is fully repaid.
6. Schools with CFES funded staff will have vacancies created throughout the school reviewed to determine whether CFES funded staff can be placed into these vacancies.
7. Schools with CFES funded staff will have all modifications reviewed to ensure that accruals that become available during the school year are applied to offset CFES funded staff costs whenever feasible. For example, accruals generated by staff retirement should be used whenever possible to offset CFES in lieu of other discretionary uses such as additional OTPS purchases. School budgets with CFES funds will be routinely reviewed to ensure accruals are applied to offset CFES whenever possible. Misapplication of accruals that could have been applied to reduce CFES may result in schools losing the privilege of automatic mod approval.
8. Teachers on school's Tables of Organization who are funded with CFES and who are not selected to fill a regular vacancy may be assigned as a substitute teacher to another school where the need for substitutes is greatest, until they are able to secure a regular position.
9. Schools which have a CFES funded staff from another school assigned to them as a substitute will be charged 50% of the per diem rate in FY10 for each day that person covers a teacher absence.

PLEASE CONTACT YOUR ISC/CFN IF YOU HAVE QUESTIONS REGARDING THIS SAM.

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