

SCHOOL ALLOCATION MEMORANDUM NO. 01, FY 13

DATE: May 29, 2012

TO: Community Superintendents
High School Superintendents
Children First Networks
School Principals

FROM: Michael Tragale, Chief Financial Officer

SUBJECT: FY13 Fair Student Funding Allocation

For the first time since FY07, schools' Fair Student Funding budgets will not sustain a year-over-year cut. After adding \$2 billion last year to cover the loss of Federal stimulus funds and State budget cuts, this year the Mayor's budget increases City funding for education, rising from \$13.1 billion in FY12 to \$13.4 billion in FY13. The DOE FY13 budget also includes a 3.9% increase of State funds. State education support, however, remains well below FY09 funding levels and continues to drop as a share of total DOE funds.

The increased revenue allows the City to restore 2,570 general education teaching positions, previously slated for reduction through attrition, and to maintain overall funding levels to schools. System-wide rising costs, for items such as special education mandates, teacher compensation, and register changes, impose an additional burden on DOE's overall budget. However, the department has been working diligently to accommodate reductions in central and field budgets in order to absorb these rising costs and prevent school-level financial impact.

The FY13 budget relies on receiving \$300 million of funding that will only be realized if the City and the United Federation of Teachers agree on a teacher evaluation system that meets State and Federal requirements no later than January 2013. If an agreement is not reached, the State will not be able to provide the \$300 million to the DOE that is needed to maintain services in our schools.

The FY13 budget is also conditional on anticipated federal revenue. For all federal funding, final school allocations will be subject to final New York State Education Department allocations to Local Education Agencies and Congressional authorization.

Fair Student Funding Formula Revisions

The Fair Student Funding (“FSF”) formulas are changing in FY13 in order to better align with college and career ready high school graduation requirements and to support the System-wide implementation of the [Special Education Reform](#).

Special Education Weights

The special education reform seeks to close the achievement gap between students with disabilities and their peers without disabilities; to increase access to and participation in the general education curriculum for students with disabilities; and to build school-based capacity to support the diverse needs of students with disabilities through greater curricular, instructional, and scheduling flexibility. Changes to the Special Education Needs Weights in support of the Special Education Reform are as follows:

- ❖ Per capita, rather than class funding, regardless of special education service model, similar to current FSF allocations for high schools, new schools, and Special Education Reform Phase 1 schools
- ❖ Increased weight for students receiving special education services during 21-59% of the school day, including multi-SETSS, part-time self-contained (“SC”) and part-time Integrated Co-Teaching (“ICT”) programs
- ❖ Decreased weight for full-time ICT students across all grades, and a decreased weight for full-time SC students in grades K-8
- ❖ Post-IEP Support, for IEP de-classification services and to support students’ transition into general education

Portfolio and Academic Needs Weights

To ensure college and career ready standards for all of our pupils, and in light of the phase-out of the local diploma option for general education students, changes to the Portfolio and Academic Needs Weights are as follows:

- ❖ Two-tiered per capita funding for transfer school pupils based on level of graduation challenge
- ❖ New per capita allocation for non-transfer school pupils who demonstrate significant credit accumulation challenges and who are admitted through the over-the-counter enrollment process

The tables below show the change in FSF weights from FY12 to FY13.

FY12

| | K-5 | 6-8 | 9-12 |
|----------------------------------|------|------|-----------|
| Grade Weights | 1 | 1.08 | 1.03 |
| Need Weights | K-5 | 6-8 | 9-12 |
| Academic Intervention | | | |
| Poverty | 0.24 | — | — |
| Achievement—well below standards | — | 0.5 | 0.4 |
| Achievement—below standards | | 0.35 | 0.25 |
| ELL | 0.4 | 0.5 | 0.5 |
| Special Education | | | |
| Less than 20% | 0.56 | 0.56 | 0.56 |
| 20% - 60% | 0.68 | 0.68 | 0.68 |
| Greater than 60%* self-contained | 1.23 | 1.23 | 0.58 |
| Greater than 60%* integrated** | 2.28 | 2.28 | 2.52 |
| Portfolio Weights | K-5 | 6-8 | 9-12 |
| Specialized Audition schools | — | — | 0.35 |
| Specialized Selective schools | — | — | 0.25 |
| CTE schools | — | — | 0.05-0.25 |
| Transfer schools | — | — | 0.4 |

FY13

| | K-5 | 6-8 | 9-12 |
|---------------------------------------|------|------|-----------|
| Grade Weights | 1 | 1.08 | 1.03 |
| Need Weights | | | |
| Academic Intervention | K-5 | 6-8 | 9-12 |
| Poverty | 0.24 | — | — |
| Achievement—well below standards | — | 0.5 | 0.4 |
| Achievement—below standards | | 0.35 | 0.25 |
| Overage Undercredited OTC | | — | 0.2 |
| ELL | 0.4 | 0.5 | 0.5 |
| Special Education | | | |
| 20% or less* | 0.56 | 0.56 | 0.56 |
| 21% - 59%* | 1.25 | 1.25 | 1.25 |
| 60%* or greater self-contained** | 1.18 | 1.18 | 0.58 |
| 60%* or greater integrated** | 2.09 | 1.74 | 1.74 |
| Post IEP Support | 0.12 | 0.12 | 0.12 |
| Portfolio Weights | K-5 | 6-8 | 9-12 |
| Specialized Audition schools | — | — | 0.35 |
| Specialized Selective schools | — | — | 0.25 |
| CTE schools | — | — | 0.05-0.25 |
| Transfer schools -- Heavy Challenge | — | — | 0.4 |
| Transfer schools -- Regular Challenge | | | 0.3 |

* Determined by the % of the academic school day receiving special education instructional services. Academic school day reflects a full pupil schedule excluding lunch.

** Defined as the program by which the pupil receives the majority of their services.

FSF Implementation

Special Education Needs Weights

The shift from per class to per pupil FSF supports schools as they develop IEPs which reflect more individualized programming. The FSF allocation process also simultaneously provides for significant *year-to-year stability* in schools' budgets. This is because the FSF allocation process applies the proposed FY13 formulas only to *changes* in each school's pupil register. Consequently, school budgets are adjusted from year to year only for register changes in FSF categories (i.e. changes in the number of students in SC versus ICT); to the extent that a school's FSF register for students with disabilities stays stable, the FSF special education budget should stay stable. Since new special education enrollment policies in FY13 focus on pupils in *articulating grades* or entering schools "*over-the-counter*," large scale changes in the special education per capita budgets for schools are unlikely this year.

To further promote fiscal stability, schools that received "class funds" in the current school year for unfilled special education seats in ICT and SC classes will receive a transitional supplement in the 2012-2013 school year. The transitional supplement will be capped at the FY12 count of unfilled seats, net of actual register increases in FY13, and subsequently gradually phased down. The DOE has added a new instructional coach for special education reform to each network to address the challenges schools may face in regards to the enrollment of fewer students with an ICT or SC program recommendation than are needed to fully fund a full-time classroom teacher.

For school-by-school details of the transitional supplement allocation, see SAM #30 [Special Education Transitional Supplement](#)

Portfolio and Academic Intervention Needs Weights

The table below summarizes the impact of changes to the Transfer School Weight and the new Academic Weight for over-aged under-credited OTC students enrolling in traditional high schools. A portion of transfer school funding for students who are not over age and under credited will shift to over-age-under-credited pupils at traditional high schools in order to generate funding to support the new Academic Weight. Changes to these weights are being phased in over a two-year period.

| Proposed FSF Pupil Per Capita | FY12 | FY13 | FY14+ |
|---|-----------|----------|---------------|
| Transfer School -- Heavy Challenge | \$ 1,634 | \$ 1,634 | \$ 1,634 |
| Transfer School -- Regular Challenge | \$ 1,634 | \$ 1,242 | \$ 851 |
| Non-Transfer School -- Heavy Graduation Challenge OTC | \$ - | \$ 816 | \$ 1,634 |
| | | | |
| Impact | # schools | # pupils | total impact* |
| Transfer School -- Heavy Challenge | 48 | 4,212 | - |
| Transfer School -- Regular Challenge | | 7,526 | (5,366,313) |
| Non-Transfer Schools -- Heavy Challenge | 343 | 3,605 | 5,366,313 |
| Non-Transfer School -- Regular Challenge | 75 | | - |

* due to revenue cuts; FSF is not funded at 100% of the formula. Total impact evaluated at the FY12 average FSF rate.

For school-by-school details that show all of these changes, see the “Fair Student Funding Overview by School” SAM 1.2a

FY 2013 Register Reserve Policies

School budgets will be monitored by the Office of the Chief Financial Officer to ensure sufficient funding is available to cover register loss in the event it should occur. Principals are reminded that fiscal management is a priority and they will be held accountable for their budgetary decisions.

Register Gain Reserve

To lessen the risk of hiring more teachers than necessary, should enrollment increases not materialize, and to address unexpected enrollment increases, funding for 50% of the projected register growth will be held in reserve on school budgets.

Schools will work with their CFNs to release reserved register growth funds when actual register growth is evident. This policy applies only to currently open schools; new schools and phase-out schools are excluded. Once again this fall, a preliminary allocation adjustment for register loss will take place in advance of the audited register data. Further information about the register adjustment process will be issued before school starts in September. Final adjustments based on audited data will take place in February 2013.

New Reserve for Register Loss

Schools with register loss in at least two of the past five years, that have not been able to pay back owed funds or had an outstanding payback plan, will have a “Register Loss Reserve Set Aside” equivalent to a minimal percentage of their FY2013 TL FSF allocation. This amount will be automatically scheduled in their Galaxy Table of Organization.

Schools will work with their CFNs to release reserved register loss funds when actual register growth is evident.

Special Education Needs Weight Funding will be adjusted for registers as of December 31st.