

## SCHOOL ALLOCATION MEMORANDUM NO. 01, FY 15

**DATE:** June 3, 2014

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

**FROM:** Raymond J. Orlando, Chief Financial Officer

**SUBJECT:** FY 2015 Fair Student Funding Allocation

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### Department of Education Fiscal Outlook

The FY 2015 budget<sup>1</sup> includes significant investments in the expansion of high quality full day pre-kindergarten, after school programs for middle schools, funding for the arts, instructional supports for English Language Learners, technology and facility improvements in schools, program expansion in new district and charter schools, implementation of Teacher Evaluations, and additional support for the *Close to Home Program*. The budget also covers the increasing cost of citywide and contracted-out special education mandated services and food services.

#### **UFT Contract**

Please note that the initial allocations and scheduling guidelines do not reflect any of the expected changes due to the recently negotiated contract, which is still in the ratification process. Further guidance will be issued shortly.

#### **Expansion of Universal Pre-Kindergarten**

There is \$300 million of new funding to support the expansion of full day high quality universal Pre-Kindergarten programs in DOE and Community Based Early Childhood Centers (CBECCs). Allocations to schools will support full day pre-K teachers, paraprofessionals, prep period coverage, teacher and para absence coverage, shared planning time for professional development, and OTPS. The allocations for existing programs have been enhanced to include prep period coverage, absence coverage, and shared planning time for professional development. Additional details regarding this allocation can be found in School Allocation Memorandum (SAM) No. 22 Pre-Kindergarten Programs.

#### **Expansion of Afterschool Programs for Middle School Grades**

There is \$145 million of new funding to support the expansion of afterschool programs for students

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<sup>1</sup> As of the City's FY 2015 Executive Budget Plan

in middle school grades. Programs will be operated by the Department of Youth and Community Development (DYCD). Funding to support Extended Use costs will be managed by the DOE. Additional details regarding this program will be issued shortly.

### **Funding for the Arts**

There is \$23 million of new funding which will be allocated to schools in 2014-2015 to support arts programming. Additional details regarding central initiatives and school programs will be announced shortly.

### **Citywide Instructional Expectations**

Allocations to schools supporting the implementation of the citywide instructional expectations (CIE) will continue. These expectations are intended to guide school communities as they focus their efforts and resources toward the goal of creating a rigorous and coherent instructional experience for students and educators. Refer to SAM No. 38 Citywide Instructional Expectations for details.

### **Title I, Part A Update**

For FY 2015, the New York State Education Department is projecting a reduction of Title I Part A funds for three of the five counties in New York City. The net effect is a projected Title I Part A appropriation that has been reduced by approximately 3.50% from the previous year. Note, this is a preliminary projection and is subject to change once the NYSED releases its allocations to school districts within the state.

For three consecutive years, Title I Part A federal funds for NYC have been substantially reduced, and the impact to schools this year has resulted in an overall reduction of 4.74%. Manhattan, the Bronx, and Brooklyn have been reduced to their hold harmless level. The revenue reduction is also impacted by the census poverty data for formula children between the ages of five to 17, and a decrease in eligible, low income students in public schools. In order to restore and sustain essential services, the NYC DOE will continue to provide the sequestration allocation provided last year at last year's level of funding. After backfilling two consecutive years of Title I losses, the department does not have discretionary tax levy resources available to cover the impact of the incremental FY 2015 Title I reductions. Note also that borough per capita fluctuate each year based on the number of eligible pupils within each borough.

## **FY 2015 Fair Student Funding Highlights**

For the third consecutive year, schools' Fair Student Funding allocations remain stable and will not sustain a year-over-year cut. For FY 2015 there will be no changes to the Fair Student Funding formula or weights.

During FY 2014 teacher salaries were unchanged on average from the prior year, therefore the formula for FY 2015 will be based on the same teacher salary and use the same per capita as the formula for FY 2014. As a result the "Adjustment for System-wide Teacher Salary Growth" displayed on the [FSF School Details page](#) will be zero.

### **Academic Needs Weight – Revised Eligibility Criteria**

FSF funds students via the Academic Intervention weight based on poverty for schools beginning in non-testing grades, test scores for students in the year before articulating to a school, and with a supplemental weight for over-aged under-credited high school students admitted to a new school through the over-the-counter process.

Students evaluated against the 2013 State exams aligned to the Common Core Learning Standards will be entitled to FSF AIS funding based on the amended New York State Education Department's Commissioner's Regulations 100.2(ee). To ensure that existing support services, including AIS, remain relevant and appropriate as New York implements the Common Core Learning Standards, revised scale score cut points for mandatory AIS were issued by the state. These revised cut points are also used to determine the eligibility and tier of FSF AIS funding. Additional details on the AIS methodology including revised scale score cut points are available in the 2015 FSF Guide.

Increased supplemental funding for Academic Intervention Services based on test score performance and the [revised promotional policy](#) criteria will be consolidated with funding allocated to schools in FY 2014 via SAM No. 72 ELA/Math Support Services for Grade 3-8 Students Not Recommended for 2013 Summer School. Details about the new program will be issued shortly.

### **Register Growth funded at 100% of Formula**

Continuing the policy started in FY 2014, schools that experience net growth between their mid-year funded weighted registers in FY 2014 and their mid-year funded weighted registers in FY 2015 will be funded for that increase at 100% of the formula. This policy promotes equity by assisting schools funded below the formula in expanding and attracting new students.

### **Data for Students with Disabilities**

Schools must ensure that all pupils are receiving services as per their Individualized Education Program (IEP). To help schools align services to student needs, the “USPE” screen, displays mandated instructional services for students with disabilities.

To maintain fiscal stability, the following supports, beyond the special education per capita category as determined by the percent of time receiving IEP classroom services, continue to be provided in FY 2015:

- Students receiving special education services in the four core academic subject areas during a seven period school day (excluding lunch), will be considered as receiving special education services full-time for funding purposes. Refer to the per-period funding chart in the [FSF Guide](#) for more information.
- The transitional special education supplement provides a backfill of the FY 2012 unfilled seats allocation, supporting FY 2014 funded seats net of actual register increases in FY 2015. Refer to FY 2015 SAM No. 30 Transitional Support Allocation for school details.

Special education needs weight funding will be adjusted for registers as of December 31st.

### **Cost Mitigating Strategies**

With a flat budget condition for the third year in a row, schools should be better positioned to manage their resources to best serve the needs of their pupils. In order to assist schools in more efficiently managing their budgets, and to uphold principal accountability, several cost mitigating strategies are in place for FY 2015. These steps are necessary to ensure all schools provide services within their allocated budget level. All schools must do their part so that the system is able to maintain a balanced budget.

The strategies are as follows:

- Outstanding rollover deficits should be repaid by scheduling appropriate funds in the deficit rollover set-aside.
- Register Gain and Register Loss Reserves will once again be established.
- Stringent review in the evaluation of central funding for excess staff.
- More efficient deployment of ATRs to cover school staff on leave.
- Schools will have funds automatically set aside for use by schools to create purchase orders for school-funded copiers.

Details regarding each of these measures are as follows:

### **Rollover Deficits**

Schools will again be responsible to roll over deficits to FY 2015 where they cannot pay back funds owed in FY 2014. Schools must plan and take action to pay back their rollover deficit liability, while also right-sizing services in alignment with their FY 2015 register projection. Principals and their designees should work closely with their CFN to understand the implications of changing registers on an on-going basis from now until registers are stabilized in the fall. Children First Network staff will prioritize budget review and completion for schools with rollover deficits, which will enable schools time to enter rollover deficit payback plans by the budget due date.

Schools should expect that this item will once again be part of the Compliance Checklist for FY 2015:

***CL03: Did your school set aside the appropriate level of funding in anticipation of mid-year adjustments, based upon the October 31, 2013 audited register by April 19, 2014?***

Refer to SAM No. 37 Rollover Deficits for details of school payback plans.

### **FY 2015 Register Reserve Policies**

Principals are reminded that fiscal management is a priority and they will be held accountable for their budgetary decisions. 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.

- **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 projected register growth for the grade weight only will be held in reserve on school budgets. Schools will work with their CFNs to release reserved register growth funds when ATS student registers show evidence of actual register growth. This policy applies only to currently open schools; new schools and phase-out schools are excluded. 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 2015.

- **Reserve for Register Loss**

Schools with register loss in either of the last two years will have a "Register Loss Reserve Set Aside" automatically scheduled in their Galaxy Table of Organization based on the following business rules:

- For schools that had register loss in FY 2014, 30% of the amount of their FY 2014 mid-year adjustment will be set aside, or
- For schools that had register loss in FY 2013, 15% of the amount of their FY 2013 mid-year adjustment will be set aside

Both of these calculations are offset by any projected growth set aside in the register gain reserve. Schools affected by Hurricane Sandy will not have a reserve.

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

### **Central Funding of Excess Staff**

Stringent evaluation of central funding for excess staff will continue. Since schools are beginning the year with a flat budget condition for the third year in a row, it is expected that most excessing will be strictly due to register loss or IEP-based student need changes. All requests for central funding for excess staff will be subject to review by the CFN and Cluster. Exceptional cases will also require central approval. Refer to SAM No. 36 Centrally Funded Excess to be issued shortly.

### **Efficient Deployment of ATRs to Cover School Staff on Leave**

Continuing in FY 2015, where schools have staff on leave and are requesting that an ATR be sent to the school on a tryout basis to cover the leave, principals must decide if they will retain the services of ATRs sent to their school for this reason within one month of the beginning of the tryout. If the principal does not wish to retain the services of the ATR for the balance of the leave, the ATR will be returned to the weekly rotation. If the principal decides to retain the services of the ATR, a vacancy should be created and the ATR should be transferred to the school as a temporary provisional hire (transaction code TPP). Contact your HR Director or budget liaison for assistance with these transactions.

### **Automatic Set Asides for School-funded Copiers**

Continuing in FY 2015, schools with school-funded copiers will have a set aside automatically scheduled on their Galaxy Table of Organization for the projected cost of their lease(s). Beginning in FY 2015 school staff can directly use the funds in the set aside to create purchase orders in FAMIS Portal. Where encumbrances are not completed by October 1, 2014, central may create purchase orders on behalf of the school. Schools can work with their CFN team to revise the set aside amount to the required level for copier service in FY 2015. The CFN can also assist schools where there are discrepancies about equipment status.

[Click here to download a copy of the School Allocation Memorandum.](#)

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