

## SCHOOL ALLOCATION MEMORANDUM NO. 01, FY 2016

**DATE:** June 11, 2015

**TO:** Community Superintendents  
High School Superintendents  
Borough Field Service Center Teams  
School Principals

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

**SUBJECT:** FY 2016 Fair Student Funding

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The FY 2016 budget<sup>1</sup> is stable, with significant resources directed towards the expansion of high quality full day pre-kindergarten, raising the Fair Student Funding floor, supporting the Renewal and Community School initiatives, expanding access to guidance counselors, implementing Teacher Evaluations and expanding dual language, Autism Spectrum Disorder (ASD) Nest and Horizon, afterschool, and bilingual special education programs. The budget also covers costs of program expansion in new district and charter schools, citywide and contracted out special education mandated services, and the implementation of collective bargaining agreements.

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

FY 2016 marks the expansion of Pre-K for All from over 50,000 students to over 70,000 full-day and 6,000 half-day seats, in order to serve every four-year-old in New York City. Services will take place in both DOE schools and New York City Early Education Centers (NYCEECs). The FY 2016 budget directs more than \$400 million to the second year of the Pre-K for All expansion.

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. Additional details regarding this allocation can be found in School Allocation Memorandum (SAM) No. 22 Pre-Kindergarten Programs.

### **Resources for the Most Challenged Schools**

We are investing resources to support the Renewal School model. This includes raising the Fair Student Funding (FSF) floor, transforming every Renewal School into a community school, and providing for robust programmatic supports.

The FSF floor will be raised to 92 percent in FY 2016, and to 100 percent in FY 2017 for all Renewal, Community and Persistently Failing schools. New funding will be allocated in the “**TL Fair Student Funding Intensive Support (HS)**” allocation category, and will be subject to review and approval by each school’s superintendent.

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<sup>1</sup> As of the City’s FY 2016 Executive Budget Plan

Every Renewal School will be converted into a Community School that offers mental health, physical wellbeing, or other vital resources to better support the social, emotional, physical and academic needs of students. Community schools work with community-based organizations to provide tailored supports to improve attendance at each school, including social services, counseling and mental health support, and to provide expanded learning opportunities.

Renewal School programmatic initiatives include summer school programs, mental health clinics, substance abuse prevention and intervention specialist (SAPIS) counselors, Academic Intervention Services (AIS), and Extended Learning Time (ELT), among other supports. Each Renewal School will provide an extra hour each day of extended instruction and could offer additional after-school, weekend, and summer learning opportunities. Each school must develop tailored supports for their school community, as detailed in their Renewal School Comprehensive Education Plan (RSCEP).

Fair Student Funding Intensive Support, and federal supplemental funding allocated to these schools must be directed toward meeting the goals of their respective renewal plans. Each school must meet the concrete milestones defined in its respective School Renewal Plan, as well as progress on targeted elements of the [Framework for Great Schools](#).

### **Expansion of Dual Language, Transitional Bilingual, and Autism Spectrum Disorder, and Bilingual Special Education Programs**

The Department will open 40 new or expanded Dual Language and 10 Transitional Bilingual Education Programs throughout the City next school year, in addition to opening 37 new Bilingual Special Education classes.

To further serve our students on the Autism Spectrum, the DOE is expanding the cutting-edge Autism Spectrum Disorder (ASD) Nest and Horizon programs. ASD Nest and Horizon programs are designed to provide individualized supports and services to students on the autism spectrum.

### **Contractual Collective Bargaining (CB) Increases**

CB agreements have been settled and paid out for most unions and staff working at the DOE. CB increases through FY 2016 are incorporated into all personnel costs in FY 2016 Galaxy tables of organization. Accordingly, additional dollars have been added to each allocation to fully fund all personnel lines on each school's table of organization charged to that allocation at the beginning of FY 2016. City tax levy funding has been provided where external funders such as the federal government and the state did not provide additional resources to help offset increased costs for collective bargaining.

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

For FY 2016, the New York State Education Department is projecting a reduction of Title I Part A funds for four of the five counties in New York City. The reduction is based on several factors including the census poverty data for children between the ages of 5 to 17, a hold harmless amount, which guarantees local education agencies a minimum amount of funds from one year to the next, and a decrease in eligible, low income students in public schools. The net effect is a projected Title I Part A appropriation that has been reduced by approximately 2.4% 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.

Over the past four years, Title I Part A federal funds for NYC have been substantially reduced. In order to restore and sustain essential services, the NYCDOE will continue to provide the sequestration/census reduction allocation, at last year's level of funding. Individual school allocations

will be impacted by changes in both the register and the school's percentage of students in poverty. 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 2016+ Title I reductions.

### **FY 2016 Fair Student Funding Highlights**

FSF allocations remain stable. There will be no changes to the FSF formula or weights for FY 2016. New resources are directed to raise schools to a minimum of 82% of the formula, and to raise Renewal, Community and Persistently Failing schools to a minimum of 92% of the formula. There is full funding for collective bargaining related increases, which does not affect the Fair Student Funding percent.

### **Ensuring Stability**

The transition from the prior year to the current year's allocation ensures that schools are allocated the same baseline funds they received in the prior year with adjustments for changes in the number and needs of students from the prior year. The allocation is independent of schools' individual salary structure, but is adjusted for citywide changes in average salary.

Funding for new schools is based on the FY 2016 FSF formula. For continuing schools, the FY 2016 FSF initial allocation consists of the FY 2015 base FSF allocations with adjustments for register change, based on the school's percent of formula at the end of FY 2015.

### **New Fair Student Funding**

Additional funding will be provided to schools with the lowest historical funding relative to the formula, raising the FSF floor to 82%. The floor for Renewal/Community and Persistently Failing schools will be raised to 92% in FY 2016, and 100% in FY 2017.

### **CB**

CB increases through FY 2016 are incorporated into all personnel costs in Galaxy. Each allocation has been increased to fully fund all personnel lines on each school's table of organization charged to that allocation at the beginning of FY 2016. The CB adjustment in FSF will be allocated as a lump sum based on the actual increase in costs for active staff funded in FSF, instead of adding the cost to the per capita and funding all schools at the same amount per weighted register; therefore, the relative size of the FSF CB allocation does not impact the FY 2016 FSF funding percent. To align the CB allocation in FSF to the changing needs of the school, the dollars are adjusted for the weighted register change from 2015 to 2016. New schools will receive full funding for CB in proportion to their 2015-2016 weighted register, at the system-wide value of CB per weighted pupil.

### **Average Teacher Salary Changes, Net of Fully Funded CB Increases**

For FY 2016, \$18.17 is removed from the FY 2015 per capita for each school's total weighted register to reflect year over year changes in the system-wide average teacher salary (excluding collective bargaining increases). Excluding collective bargaining the average teacher salary system-wide decreased due to greater than normal retirements and greater than normal hiring of teachers at the starting salary. Together these two factors combined to reduce the system-wide average salary. CB salary increases are allocated separately as per above. With the lower per capita applied to each weighted student, the formula continues to fund schools' basic needs at the average citywide costs.

### **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 2015 and their mid-year funded weighted registers in FY 2016 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 2016:

- 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 2015 funded seats net of actual register increases in FY 2016. Refer to FY 2016 SAM No. 30 Transitional Support Allocation for school details.

Special education needs weight funding will be adjusted for registers as of December 31, 2015.

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

FSF funds students via the Academic Intervention weight based on poverty for schools beginning in non-testing grades, and test scores for students in the year before the entry grade of 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 whose test scores in the year before the entry grade of a school represent evaluation against the 2013 or 2014 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 thresholds for mandatory AIS were issued by the state. These revised thresholds are also used to determine the eligibility and tier of FSF AIS funding. Additional details on the AIS methodology including revised scale score thresholds are available in the 2016 FSF Guide.

### **IEP Paraprofessionals: Health and Alternate Placement Guidance**

When an existing student in the school is newly referred for an IEP Paraprofessional, schools are responsible for funding the Paraprofessional from their existing budget.

#### **Health Paraprofessionals**

If the newly added Paraprofessional is mandated on the IEP as a Health Paraprofessional, and there is medical documentation to support the need, central will fund this Health Paraprofessional from the point it is initiated.

- If there is not sufficient documentation, the BFSC will request the review of the district Supervisor of Psychologists. If the Supervisor of Psychologists reviews and finds the recommendation not be appropriate based on student health needs, he/she will request the psychologist reconvene the CSE to make an appropriate recommendation and no funding will be provided.

- Where schools demonstrate they do not have the financial wherewithal to cover costs of new referrals that fall under the school's fiscal responsibility as described above, requests for funding will be considered by their BFSC.

### **Alternate Placement Paras**

As per New York State Education Department policy, both Part 200 on behalf of SwDs and Part 154 on behalf of ELLs, when a recommended bilingual special education program cannot be provided, an Alternate Placement Paraprofessionals (APPs) is put in place to support the academic language needs of the student. Please note:

- The term APP is used to refer to a paraprofessional that is bilingual in the recommended language of instruction of at least one student in the class. The APP function may be served by a paraprofessional performing another function, such as a classroom/programmatic paraprofessional, or an individual IEP paraprofessional, if only serving one student.
- A class requires more than one APP if there is more than one recommended language of instruction represented in the class; but a class need not have more than one APP per language.

### **Cost Mitigating Strategies**

With a flat budget condition for the fourth year in a row, schools should be 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 financial accountability, several cost mitigating strategies are in place for FY 2016. 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.
- 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.
- 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:

### **Deficit Rollover**

Schools will again roll over deficits to FY 2016 where they did not pay back funds owed in FY 2015. Schools must plan and take action to pay back their deficit rollover liability, while also right-sizing services in alignment with their FY 2016 anticipated registers. Principals and their designees should work closely with their Borough Field Support Center (BFSC) personnel to understand the implications of changing registers on an on-going basis from now until registers are stabilized in the fall. Field support staff will prioritize budget review and completion for schools with deficit rollovers.

The deficit rollover payback process is revised for FY 2016. Funds owed based on the payment plan detailed in the Deficit Rollover SAM will be auto-scheduled in the title "Rollover Deficit Set Aside Schools" in the "Set Aside" section of the Galaxy Table of Organization (TO) in FSF.

Schools should expect that this item will once again be part of the Compliance Checklist for FY 2016:

***CL03: Did your school set aside the appropriate level of funding in anticipation of mid-year adjustments, based upon the October 31, 2015 audited register by March 4, 2016?***

Refer to SAM No. 37 Deficit Rollover for details of school payback schedules.

Please note that Renewal Schools will not roll any deficits over into FY 2016.

**FY 2016 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 BFSC teams 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 are projected to take place in February 2016.

- **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 2015, 30% of the amount of their FY 2015 mid-year adjustment will be set aside, or
- For schools that had register loss in FY 2014, 15% of the amount of their FY 2014 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 BFSC team 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 or increasing budget condition, 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 BFSC teams. Exceptional cases will also require central approval. Refer to SAM No. 36 Centrally Funded Excess to be issued shortly.

### **Efficient Deployment of ATRs**

Continuing in FY 2016, as part of the NYCDOE's contract with the UFT, employees in the Absent Teacher Reserve (ATR) will be assigned to a school within their seniority district on a rotating basis. In addition, ATRs may be assigned to schools in borough where there is a match in their license to a vacancy or long term absence as a temporary provisional assignment. In such cases, the principal can at any time have the ATR return to rotational assignments. Also as in past years, schools may choose to hire an ATR on a provisional basis. ATRs that are hired will not have their salaries included in the school's average teacher salary calculation.

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

Schools with self-funded copiers will have a set aside automatically scheduled on their Galaxy TO for the projected cost of their lease(s). 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, 2015, central may create purchase orders on behalf of the school. Schools can work with their BFSC team to revise the set aside amount to the required level for copier service in FY 2016. The BFSC team can also assist schools where there are discrepancies about equipment status.

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

RJO: kw