

SCHOOL ALLOCATION MEMORANDUM NO. 36, FY 2016

DATE: August 25, 2015

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

FROM: Raymond J. Orlando, Chief Financial Officer

SUBJECT: Centrally Funded Excess

Schools must devote sufficient resources to meet all mandated and contractual obligations and maintain current staff with available resources. If schools meet the criteria described below, they may excess staff that will then be funded from the Centrally Funded Excess Staff (CFES) allocation.

All requests for CFES will be carefully evaluated. In particular, excessing of teachers, guidance counselors, and social workers must be limited so as not to deplete overall department resources. Excessing of assistant principals or parent coordinators is not permitted. Principals are reminded that excessing is not an appropriate method to address unsatisfactory staff.

Note that the system-wide costs for excess staff are a major factor when policies for hiring restrictions are considered so it is important that schools limit excessing to the greatest extent possible, while also considering excessed staff as candidates for any vacancies. Schools with excessed staff whose financial condition improves should reabsorb their excessed staff.

New in FY 2016:

Reserved vacancies have been created for staff excessed previously from schools that are open. Schools should make every effort to re-absorb such staff onto their school Table of Organization (TO) in Galaxy.

Removal of a reserved vacancy is the equivalent action to excessing that staff member again in FY 2016. Re-excessing is subject to the same seniority rules and financial evaluation as any new excessing. Schools must demonstrate compliance with the excessing guidelines before the removal of the reserved vacancies created for such staff. The action requires a justification and approval by both the Borough Field Service Center budget liaison and HR Director.

Guidelines for Receiving Central Funds for Excessing

Schools are eligible to receive CFES only if they meet both the Excess Reason and Financial Thresholds below. The evaluation of financial criteria is based on each school's completed FY 2016 budget in Galaxy. Note that the Financial Thresholds have been revised for FY 2016.

1. Excess Reasons:

Schools will be eligible to receive CFES if at least one of the following Excess Reasons applies.

- **Register Loss:** Schools experiencing a projected FY 2016 register loss of at least 3.3 percent when compared to the audited October 31, 2014 register for school year 2014-2015.
- **Multi-Year Register Loss:** Schools experiencing a projected FY 2016 register loss of at least 5 percent when compared to the audited October 31, 2013 register for school year 2013-2014.
- **Deficit Rollover:** Schools where the outstanding amount of the FY 2016 deficit rollover of funds they were not able to pay for FY 2015 register loss exceeds 40 percent of that school's FY 2016 average teacher salary. [SAM No. 37](#) provides additional detail on the FY 2016 deficit rollover policy.

If none of these reasons apply, a school must continue to fund its entire active staff.

Where schools are excessing to align staffing levels with anticipated register loss between original projected and current anticipated registers for SY 2015-2016, schools are expected to schedule freed-up tax levy dollars in the register loss set-aside.

2. Financial Benchmarks:

In addition to complying with the Excess Reasons stated above, schools must demonstrate that they are unable to self-fund all staff. Each school's budget will be considered in its entirety when assessing its ability to self-fund staff. Schools must completely schedule their initial allocations in Galaxy and make every effort to meet all checklist requirements before excessing.

The following criteria will be applied to assess which schools cannot self-fund all staff:

- After scheduling for all mandated and contractual obligations, schools' scheduled amounts cannot cumulatively exceed weighted-pupil per-capita thresholds by more than \$30,000. The thresholds are based on data from similar schools by type and size in the following areas.
 1. OTPS (excluding NYSTL, and Title I set-asides for Parent Involvement and Students in Temporary Housing)
 2. Per Diem
 3. Per Session, Secretaries, School Aides, DC37 Para's, Family Workers, Business Managers, and H-bank titles, which is referred to as the "cumulative" criteria for excessing
 4. Unscheduled balances will be reviewed to determine if they are appropriate to fund proposed excess staff.
- Schools that self-fund all or part of summer school site costs are expected to absorb the cost of excesses at least up to the amount used for site costs.
- Scheduled vacancies must be inappropriate for proposed excess staff.
- Increases in the levels of administrative and support staff from prior year levels will be reviewed.

The thresholds are relative to the 25th percentile of schools' FY 2015 spending within major flexible allocation categories divided by their FY 2015 FSF actual weighted-student register except for unscheduled balances where the threshold is zero.

1. To ensure that two schools with slightly different weighted registers do not face dramatically different thresholds and that all thresholds are close to the 25th percentile for all registers, the thresholds are determined by fitting a bounded polynomial to a moving percentile fitted to the 25th percentile step functions.

2. The thresholds for Per Diem are the greater of the thresholds based on the 25th percentiles, as described above, and a linear function that allows, on average, for the 28th percentile of the observed relationship between spending on Per Diem and weighted registers by type.
3. To account for fixed-cost inflation, the per-capita amounts for schools with a weighted register below 250 are adjusted to reflect a weighted register of 250.
4. The anticipated increases in costs of personnel lines from FY 2015 to FY 2016 due to collective bargaining (CB) have been factored into higher per capita thresholds for these lines. This adjustment ensures schools can budget for the increased CB costs and still maintain service levels at the 25th percentile of spending in FY 2015.

Per capita thresholds by school type and size are shown below. Starting in FY 2016 specific thresholds for each school are based on the 25th percentile of schools of the same level closest to that school by weighted register. Minimums and maximums are presented in the table below for simplicity.

Level	Size Group (by FSF-Weighted Register)	Per Diem per weighted capita		OTPS per weighted capita*		Cumulative for Excess per weighted capita		Under / (Over) Scheduled**	Unweighted Register Loss FY15 to FY16	Unweighted Register Loss FY14 to FY16
		Min	Max	Min	Max	Min	Max			
EL	Small (<= 400)	\$ 66.68	\$ 68.56	\$104.12	\$167.64	\$ 292.82	\$ 298.87	\$ -	3.3%	5%
EL	Medium (<= 760)	\$ 64.99	\$ 66.68	\$ 84.86	\$104.01	\$ 276.84	\$ 292.78	\$ -	3.3%	5%
EL	Large (<= 1,300)	\$ 62.44	\$ 64.98	\$ 83.34	\$ 84.85	\$ 249.57	\$ 276.79	\$ -	3.3%	5%
EL	V. Large (> 1,300)	\$ 58.76	\$ 62.44	\$ 83.64	\$ 91.51	\$ 246.83	\$ 249.53	\$ -	3.3%	5%
MS	Small (<= 375)	\$ 49.76	\$ 50.80	\$112.47	\$124.29	\$ 305.00	\$ 322.65	\$ -	3.3%	5%
MS	Medium (<= 750)	\$ 49.09	\$ 51.01	\$ 79.82	\$112.34	\$ 255.83	\$ 304.86	\$ -	3.3%	5%
MS	Large (<= 1,500)	\$ 51.03	\$ 58.41	\$ 62.23	\$ 79.76	\$ 207.60	\$ 255.71	\$ -	3.3%	5%
MS	V. Large (> 1,500)	\$ 58.41	\$ 64.40	\$ 54.90	\$ 67.06	\$ 175.81	\$ 207.60	\$ -	3.3%	5%
HS	Small (<= 425)	\$ 28.55	\$ 29.34	\$209.43	\$255.51	\$ 375.42	\$ 408.39	\$ -	3.3%	5%
HS	Medium (<= 800)	\$ 28.15	\$ 31.67	\$140.46	\$209.19	\$ 330.38	\$ 375.25	\$ -	3.3%	5%
HS	Large (<= 1,700)	\$ 31.69	\$ 40.41	\$ 87.08	\$140.33	\$ 303.72	\$ 330.30	\$ -	3.3%	5%
HS	V. Large (> 1,700)	\$ 40.41	\$ 40.81	\$ 37.59	\$ 89.25	\$ 300.49	\$ 313.11	\$ -	3.3%	5%

Excessing Thresholds set so that approx. 25% of schools are below threshold and 75% are above, based on FY15 amounts.

To account for fixed-cost inflation of small-school per-capitas, per capitas for schools with a weighted register below 250 were adjusted to reflect a weighted register of 250.

* Adjusted for OTPS Title I Set-Asides for Parental Involvement and Students-in-Temporary-Housing

** Scheduled amount will be adjusted for Hold-Harmless in Process when calculating Under/(Over) Scheduled.

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

RJO: kw