

School Spending, Enrollment, and Fiscal Cliffs 101:

The NYC Department of Education Budget Before, During, and After the Pandemic

By Sophie Sharps and Ana Champeny

EXECUTIVE SUMMARY

More than one-third of New York City's budget—\$36.9 billion—is spent educating children. Few core City services are as important. Quality elementary and secondary education provides the opportunity to realize one's full potential, improves equity, and underpins the City's ability to attract and retain residents and businesses and in turn maintain its competitiveness.

This brief examines New York City Department of Education (DOE) spending, funding, and enrollment trends from fiscal years 2016 through 2026. Understanding these trends is vital when deciding how much of the City's resources should be allocated to the DOE going forward. The Citizens Budget Commission (CBC) found that:

- The DOE's fiscal year 2023 budget totaled \$36.9 billion as of January 2023, comprised of the \$31.2 billion agency operating budget plus \$5.6 billion for pension contributions, debt service, and additional fringe benefits that are allocated centrally;
- Between fiscal years 2016 and 2022, DOE spending grew 32.5 percent, or 4.8 percent annually;
- Thirty percent of spending growth was due to one-time federal pandemic aid;
- Long-term enrollment declines accelerated during the COVID-19 pandemic. Between school years 2015-16 and 2021-22, K-12 DOE enrollment declined by more than 141,000 students, with the largest losses (90,000 students) occurring during the pandemic;
- Simultaneous spending increases and enrollment declines led to rapid increases in per-student spending. In fiscal year 2022, the DOE spent more than \$37,000 per K-12 DOE student—up 15.2 percent from the prior year and 46.9 percent since fiscal year 2016, including centrally allocated costs;
- The total DOE budget for fiscal year 2024 is



projected to decrease by \$401 million to \$36.5 billion, primarily due to a \$243 million decrease in federal pandemic aid;

- After resuming growth, the total DOE budget is projected to reach \$37.3 billion in fiscal year 2026, without the benefit of federal pandemic aid;
- With enrollment declines projected to continue, K-12 DOE per-student spending will increase to nearly \$38,000 in fiscal year 2024 and to more than \$41,000 in fiscal year 2026. Adding unbudgeted yet likely collective bargaining costs, per-student spending would reach nearly \$44,000 in fiscal year 2026;
- The recently announced Program to Eliminate the Gap (PEG) directs the DOE to reduce City-funded spending by 3 percent, which totals \$421 million or roughly \$392 per student in fiscal year 2024. Given projected enrollment declines, per-student K-12 DOE spending in fiscal year 2024 would still be \$555 higher than in fiscal year 2023; and
- Federal pandemic aid continues to support ongoing programs that face an estimated fiscal cliff of \$556 million in fiscal year 2026.

Decisions about the DOE's budget should consider enrollment declines and the City's precarious fiscal condition. Including unbudgeted collective bargaining costs, funding the fiscal cliff, and funding other underbudgeted programs, the City's budget gap is likely \$12.0 billion in fiscal year 2026, or larger if there is a recession. As the largest City agency, DOE spending will necessarily reflect fiscal realities.

CBC urges the City and the DOE to:

- Consider per-student spending and recognize that declining enrollment could yield flat or reduced total spending;
- Diligently manage the impact of enrollment declines in individual schools with appropriate changes in funding and staffing to ensure the smoothest possible continuity and equity of services;
- Identify priority programs funded by expiring federal pandemic aid and be transparent about whether the DOE plans to replace the one-time federal funds with recurring City and State resources or to shrink or end the programs; and
- Evaluate and modify DOE programs and initiatives to prioritize those that deliver maximum impact to the target populations.

Read the full brief at www.cbcny.org.

School Spending, Enrollment, and Fiscal Cliffs 101:

The NYC Department of Education Budget Before, During, and After the Pandemic

Executive Summary ■ April 2023

www.cbcny.org

@cbcny

515 Broadway
Fourth Floor
Albany, NY 12207
518-429-2959

240 West 35th Street
Suite 302
New York, NY 10001
212-279-2605