

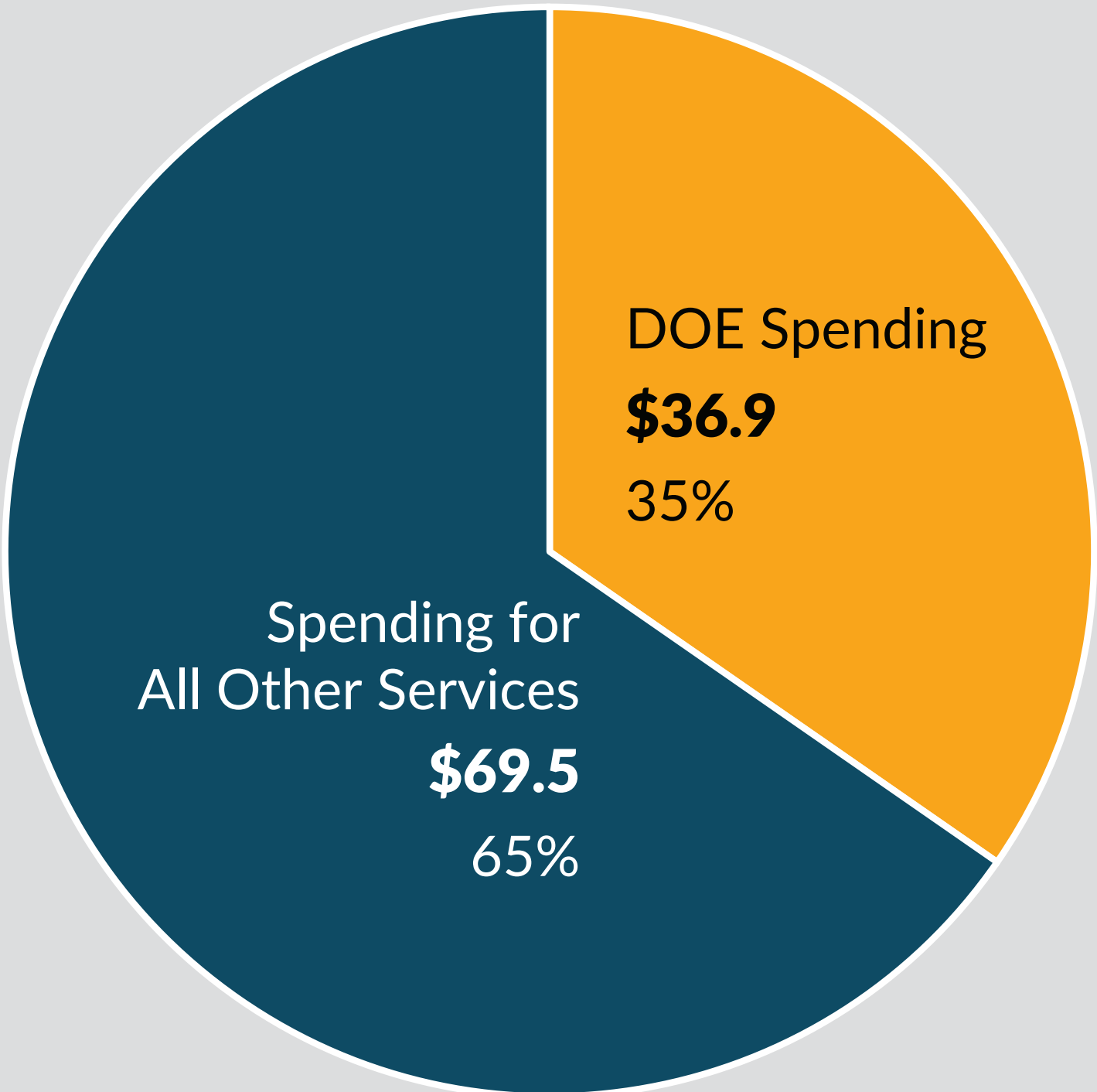
SCHOOL SPENDING, ENROLLMENT, AND FISCAL CLIFFS 101:

THE NYC DEPARTMENT OF EDUCATION BUDGET BEFORE, DURING, AND AFTER THE PANDEMIC



NEW YORK CITY SPENDS \$36.9 BILLION—MORE THAN ONE-THIRD OF ITS ANNUAL BUDGET—EDUCATING CHILDREN

TOTAL NEW YORK CITY BUDGET, FY 2023
(dollars in billions)



\$36.9 billion includes:

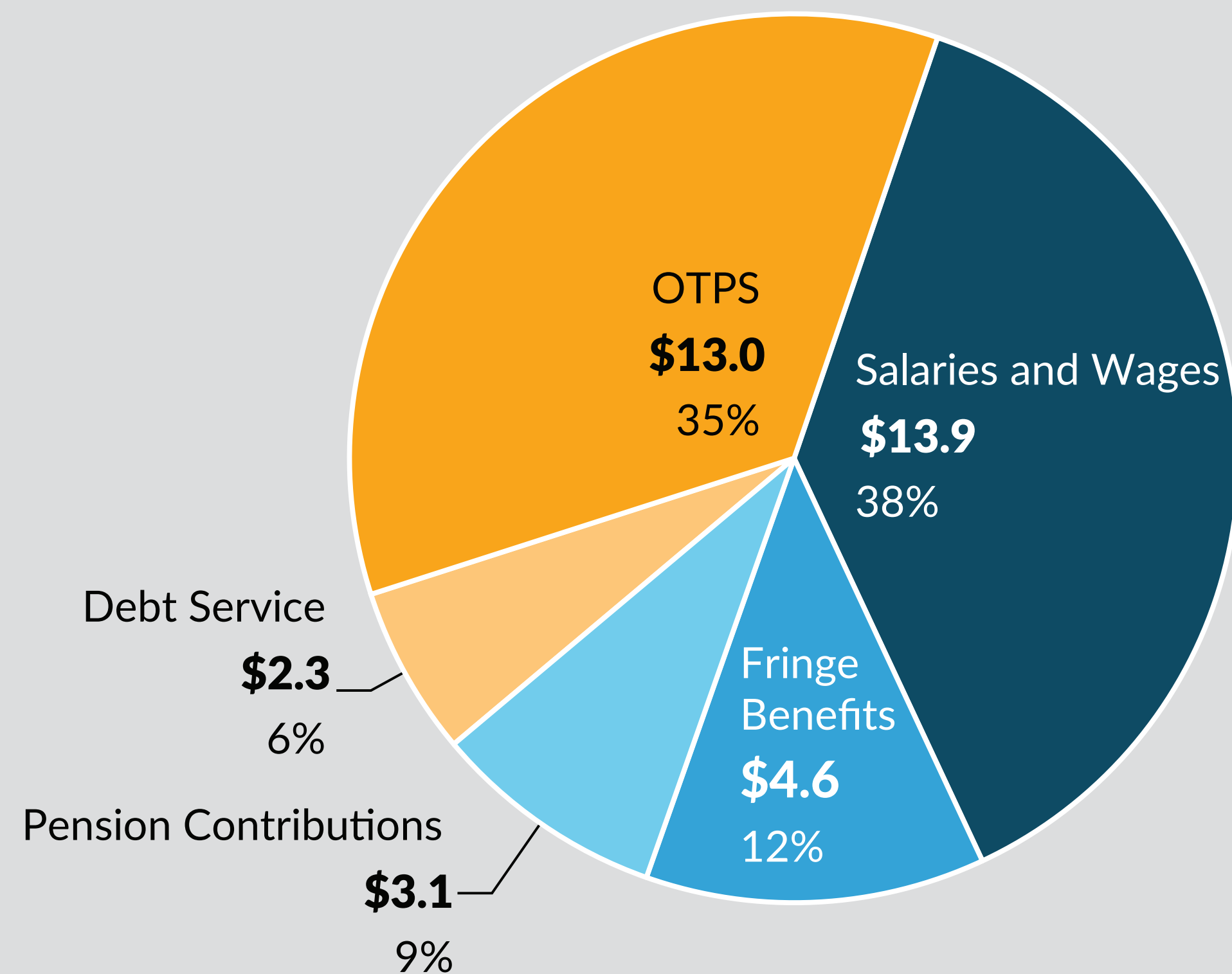
- \$31.2 billion agency operating budget
- \$5.6 billion centrally allocated costs for pension contributions, debt service, and additional fringe benefits

Note: DOE spending includes centrally allocated costs for pension contributions, debt service, and additional fringe benefits. Totals may not add due to rounding.
Sources: City of New York, Office of Management and Budget, Fiscal Year 2024 Preliminary Budget: Expense, Revenue, Contract (January 12, 2023), and Fiscal Year 2024 Preliminary Budget: Departmental Estimates (January 12, 2023).



59% OF THE DOE'S \$36.9 BILLION BUDGET IS SPENT COMPENSATING PERSONNEL

TOTAL DOE BUDGET, FY 2023
(dollars in billions)



More than one-third is for other than personal services (OTPS), which includes:

- Pupil transportation
- Contracted early childhood providers
- Materials and supplies
- Pass-through funding for charter schools and payments to non-public schools

Sources: City of New York, Office of Management and Budget, Fiscal Year 2024 Preliminary Budget: Expense, Revenue, Contract (January 12, 2023), and Fiscal Year 2024 Preliminary Budget: Departmental Estimates (January 12, 2023).

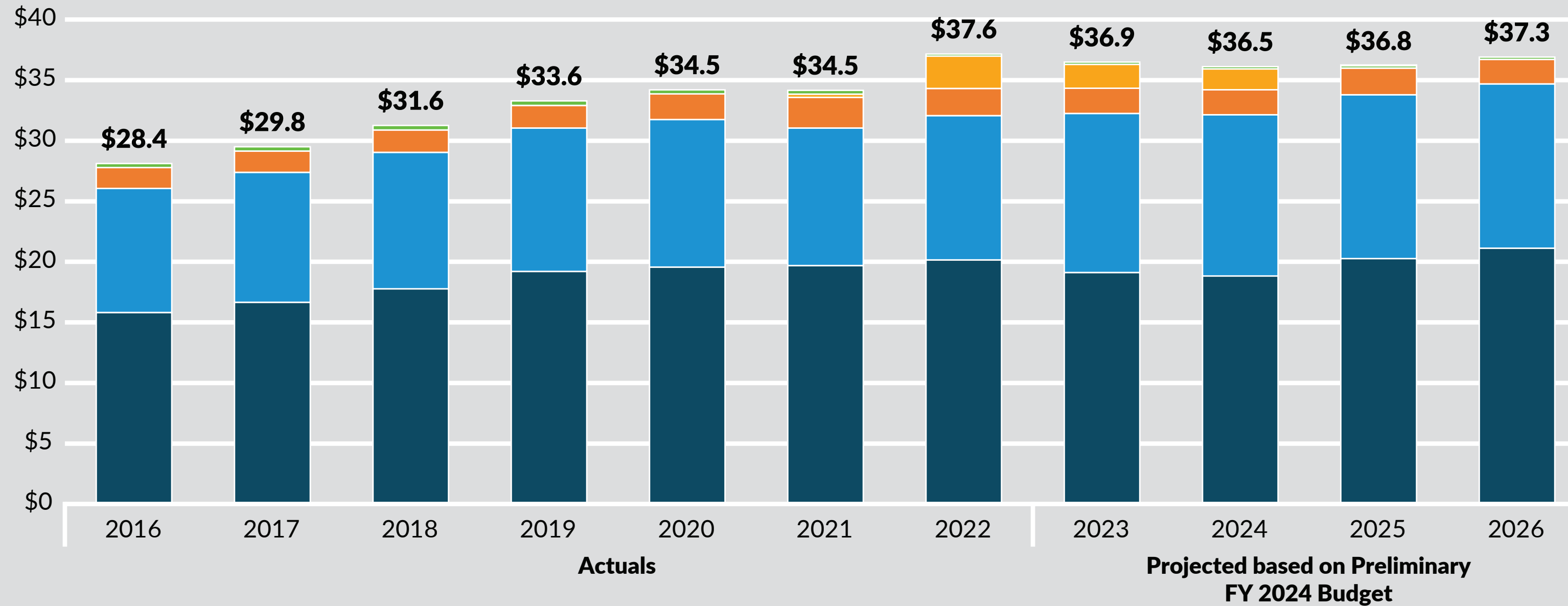


DOE SPENDING GREW 4.8% ANNUALLY BETWEEN FY 2016 AND FY 2022 TO \$37.6 BILLION; FEDERAL PANDEMIC AID DROVE 30% OF THE GROWTH

TOTAL DOE SPENDING BY FUNDING SOURCE, FY 2016 – FY 2026

(dollars in billions)

City State Federal - Recurring Federal - Pandemic Aid Other Categorical



The DOE received \$7.0 billion in federal COVID-19 pandemic education aid

As federal pandemic aid is exhausted, total spending declines slightly in FY 2023 and FY 2024 but resumes growth in FY 2025

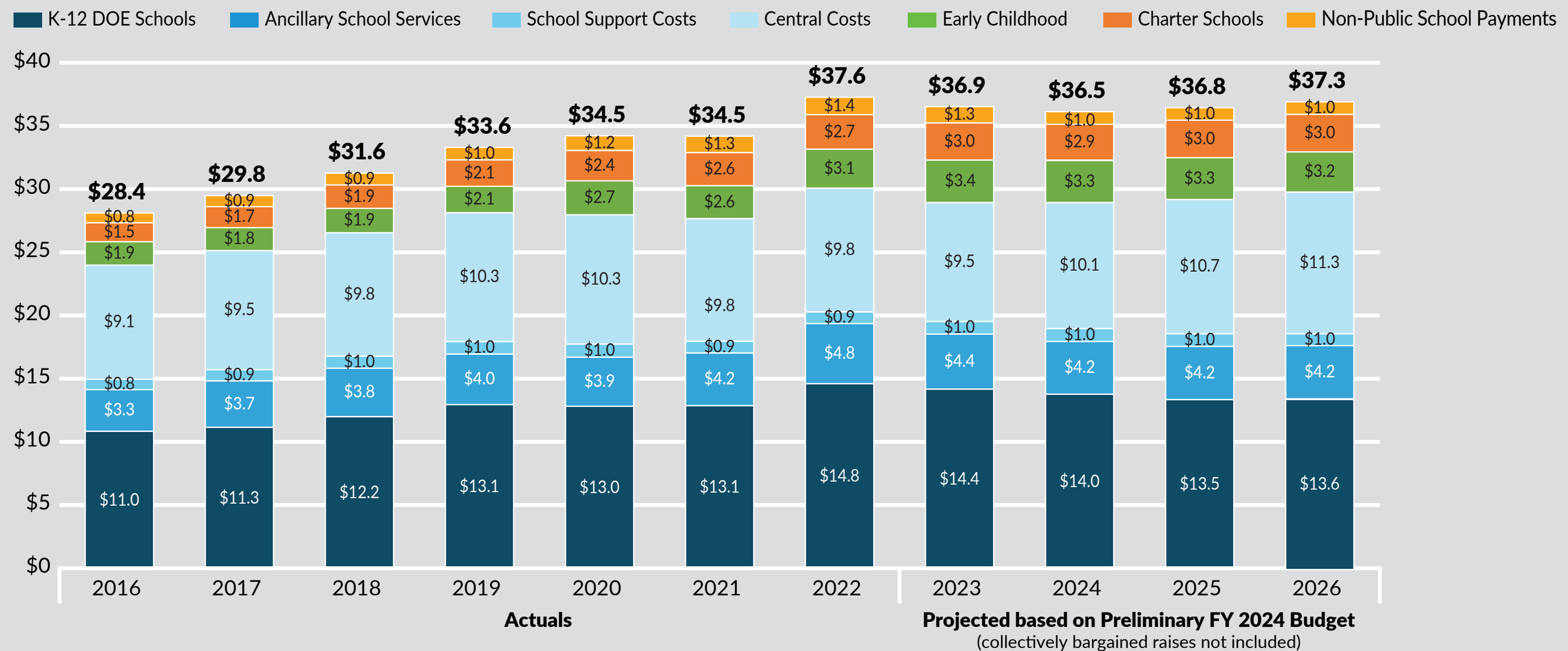
Note: The distribution of centrally allocated spending by funding source for FY 2023 through FY 2026 is projected, with 13 percent of the centrally allocated spending allocated to State funding and the remainder allocated to City funding, in alignment with the average distribution of funding in the prior three fiscal years. Federal pandemic aid includes \$7.0 billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA).

Sources: CBC staff analysis of City of New York, Office of Management and Budget, Fiscal Year 2023 Executive Budget: Message of the Mayor (April 26, 2022), fiscal year 2017 through 2022 editions, and January 2023 Financial Plan (January 12, 2023); Office of the New York City Comptroller, Checkbook Data Feeds: Budget, for fiscal year 2022; and New York City Department of Education, Financial Status Report: FY 2022 Year-End Close (October 2022), and Annual Financial Statements for Fiscal Years 2021 and 2022 (November 2022).



TOTAL DOE BUDGET IS PROJECTED TO REACH \$37.3 BILLION IN FY 2026; COLLECTIVELY BARGAINED RAISES INCREASE BUDGET TO \$39.8 BILLION

TOTAL DOE SPENDING, FY 2016 – FY 2026
(dollars in billions)



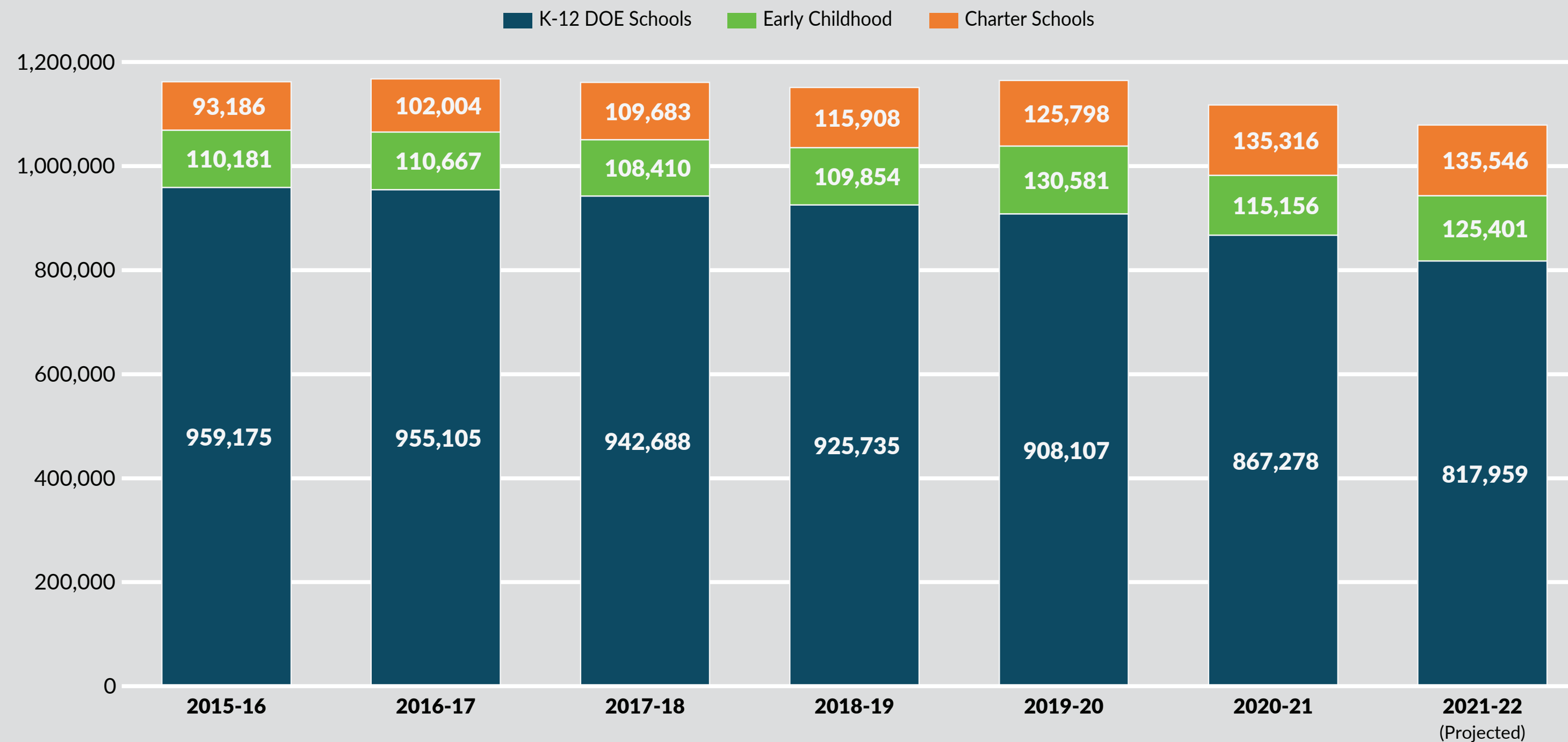
Notes: Includes intra-city funds. Central costs include centrally allocated spending on fringe benefits, pension contributions, and debt service, as well as agency operating costs for fringe benefits and central administration, less 3.5 percent in each cost category, attributed to Early Childhood to account for central spending on early childhood programs. FY 2023 through FY 2026 data provided by the Independent Budget Office. Centrally allocated spending for FY 2025 and FY 2026 are projected by CBC by applying the citywide growth rates for debt service, pension contributions, and fringe benefits to FY 2024 estimates.

Sources: CBC staff analysis of Office of the New York City Comptroller, Checkbook Data Feeds: Budget, for fiscal years 2016 to 2022; City of New York, Office of Management and Budget, Fiscal Year 2023 Executive Budget: Message of the Mayor (April 26, 2022), and fiscal year 2020 to 2022 editions; and New York City Independent Budget Office, email to CBC staff (January 20, 2023).



ENROLLMENT IN K-12 DOE SCHOOLS DECLINED 141,000 STUDENTS BETWEEN SCHOOL YEARS 2015-16 AND 2021-22, WITH THE LARGEST LOSSES—90,000—DURING THE PANDEMIC

ENROLLMENT BY SCHOOL TYPE, SY 2015-16 – SY 2021-22



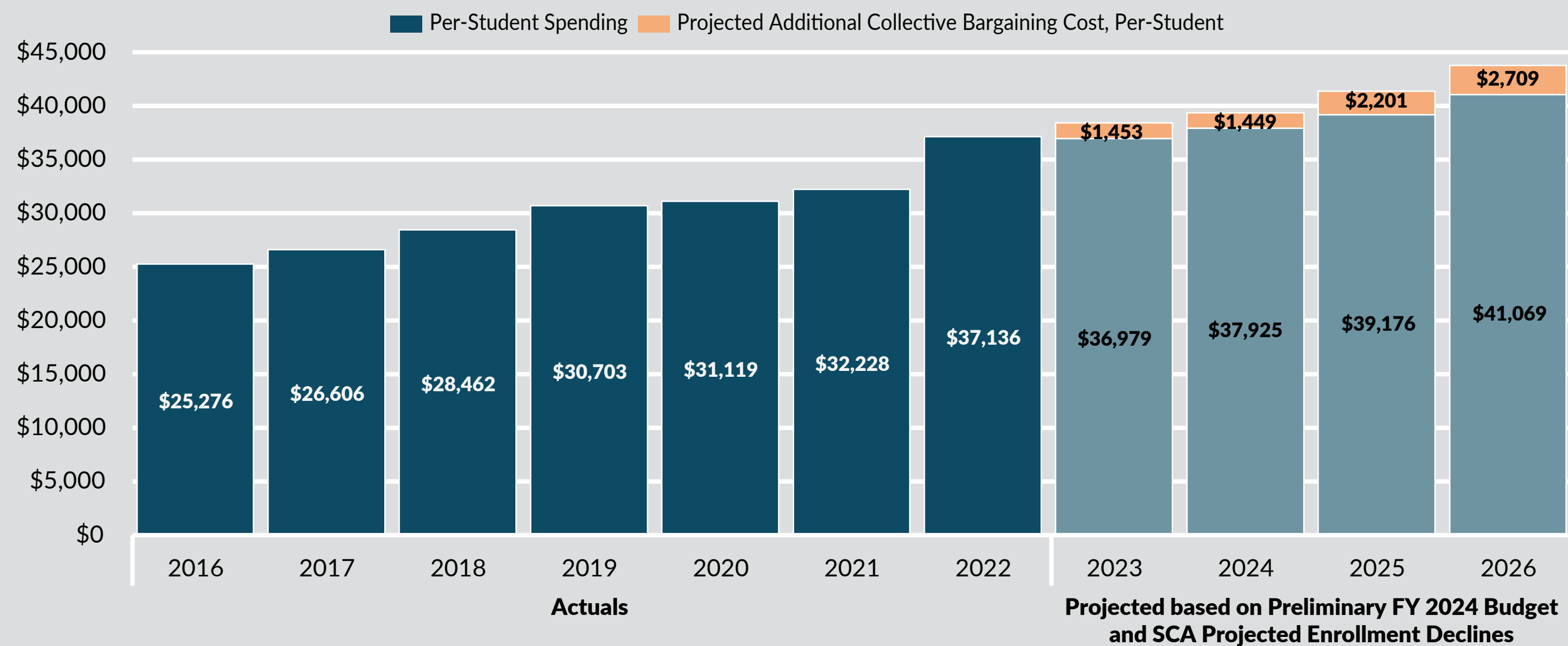
Notes: Enrollment data come from the annual Message of the Mayor, released by the Office of Management and Budget (OMB) as part of the Executive Budget. Final enrollment for school year 2021-22 will be released in the Executive Fiscal Year 2024 Message of the Mayor.

Sources: City of New York, Office of Management and Budget, Fiscal Year 2023 Executive Budget: Message of the Mayor (April 26, 2022), and Fiscal Year 2020 Executive Budget: Message of the Mayor (April 25, 2019).



SPENDING PER STUDENT INCREASED 46.9% TO \$37,136 BETWEEN FY 2016 AND FY 2022; PER-STUDENT SPENDING PROJECTED TO EXCEED \$41,000 BY FY 2026, OR NEARLY \$44,000 WITH LIKELY COLLECTIVELY BARGAINED RAISES

PER-STUDENT SPENDING IN K-12 DOE SCHOOLS, FY 2016 – FY 2026



- % Change between FY 2016 and FY 2022: **46.9%**
- % Change between FY 2022 and FY 2026 (excluding collective bargaining): **10.6%**
- % Change between FY 2022 and FY 2026 (including collective bargaining): **17.9%**

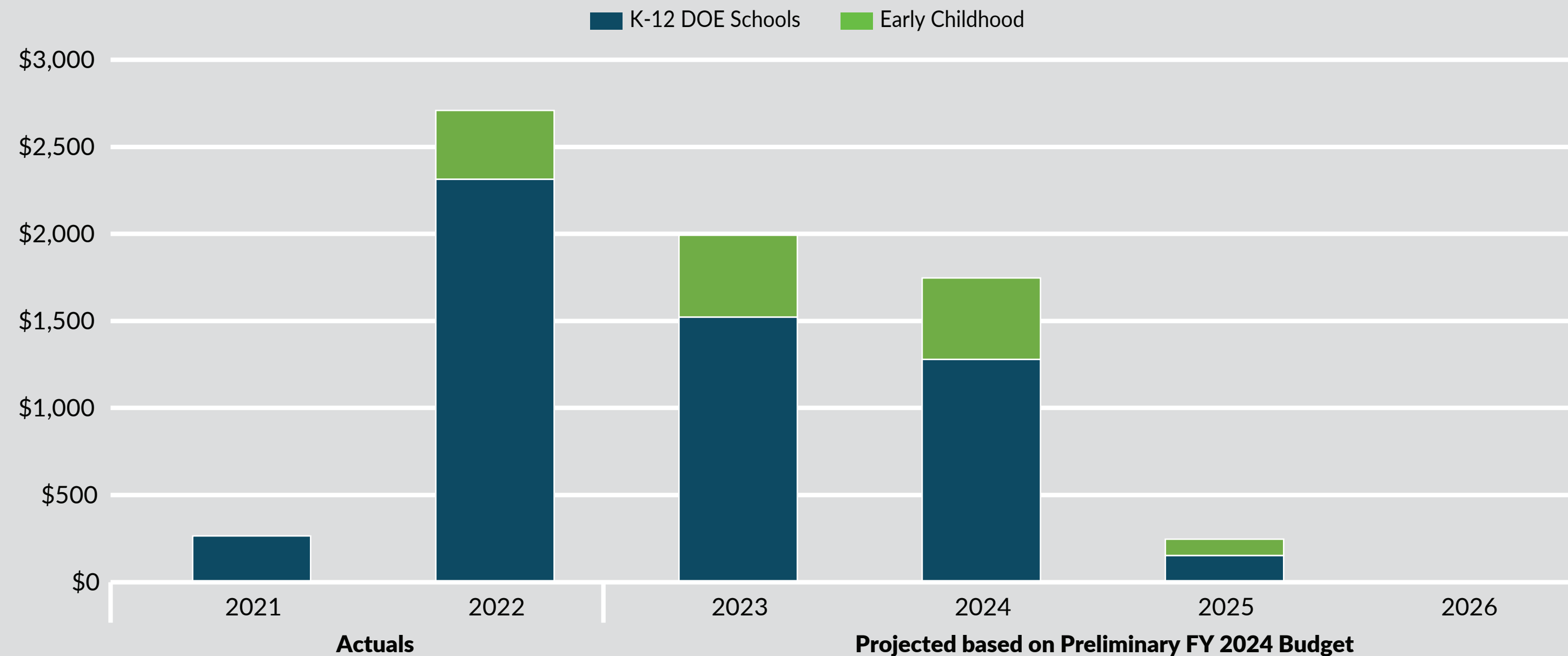
Notes: K-12 DOE school per-student spending includes spending on ancillary school services, school support costs, central administrative costs, and centrally allocated cost for pensions, debt service, and additional fringe benefits. Calculations are based on the Preliminary FY 2024 Budget, projected enrollment in FY 2023 and FY 2024 from the FY 2022 Message of the Mayor, and SCA projected enrollment declines through FY 2026 using the corresponding annual rate of decline. Projected additional collective bargaining costs are CBC estimates of the cost to extend the tentative District Council 37 pattern to all DOE staff.

Sources: CBC staff analysis of City of New York, Office of Management and Budget, Fiscal Year 2023 Executive Budget: Message of the Mayor (April 26, 2022), fiscal year 2020 to 2022 editions, and One Percent Book as of December 31, 2020; Office of the New York City Comptroller, Checkbook Data Feeds: Budget, for fiscal years 2016 to 2022; New York City Independent Budget Office, email to CBC staff (January 20, 2023); and New York City School Construction Authority, Enrollment Projections for New York City Public Schools: 2021-22 to 2030-31 (Volume II) (prepared by Statistical Forecasting LLC, June 2022).



FEDERAL PANDEMIC AID SUPPORTS ONGOING PROGRAMS; AFTER AID IS DEPLETED, THE DOE WILL FACE A FISCAL CLIFF OF \$556 MILLION IN FY 2026

FEDERAL PANDEMIC EDUCATION AID, FY 2021 – FY 2026
(dollars in millions)



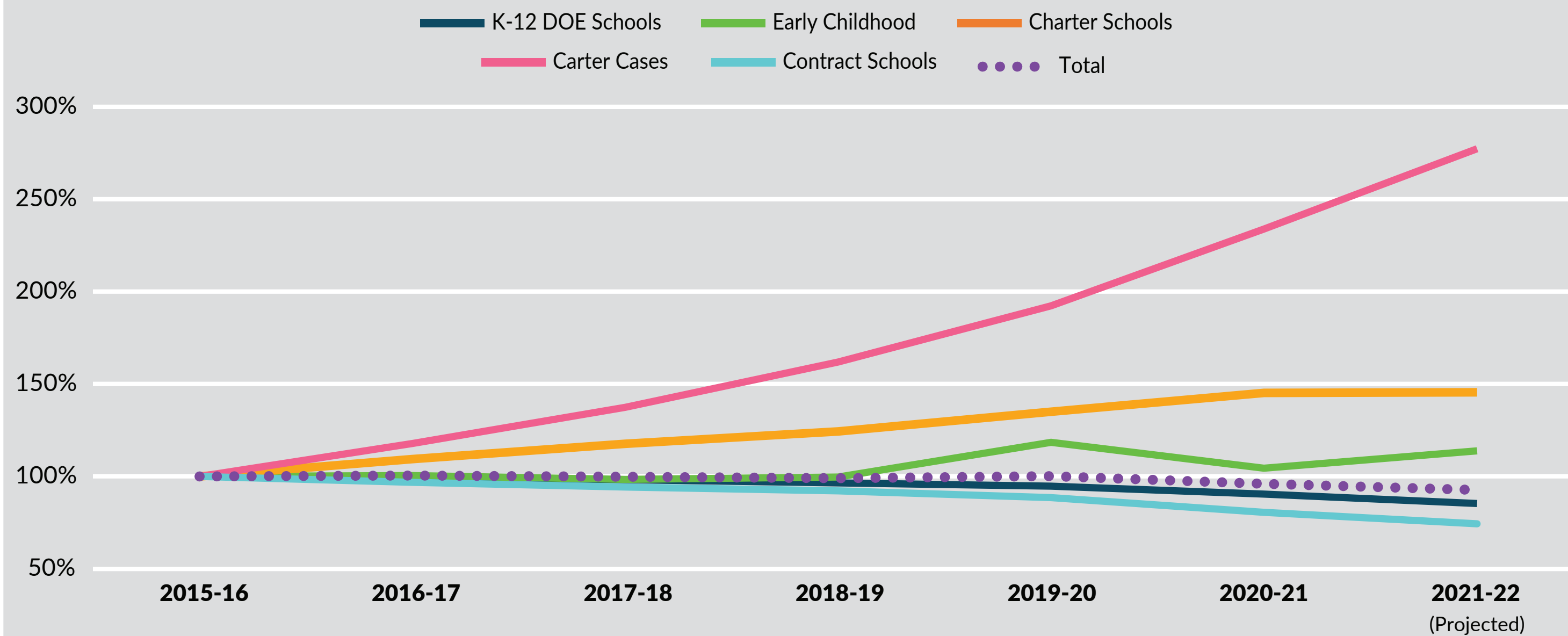
Notes: Excludes \$721 million of federal pandemic aid received through the Coronavirus Aid, Relief, and Economic Security (CARES) Act, which New York State used to cover reduction in State Aid with a net zero effect. Includes \$7.0 billion from the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) and the American Rescue Plan Act (ARPA).

Sources: CBC staff analysis of City of New York, Office of Management and Budget, Preliminary Fiscal Year 2024 Budget: Revenue (January 12, 2023), and email to CBC staff (November 18, 2022); and New York City Independent Budget Office, Testimony of Sarita Subramanian, Assistant Director, to the NYC Council Committee on Education, Regarding Oversight of 3-K Funding Cuts and Delayed Payments to Early Childhood Providers (February 15, 2023).



ENROLLMENT GREW AMONG CARTER CASES, CHARTER SCHOOLS, AND EARLY CHILDHOOD PROGRAMS; ENROLLMENT DECLINED AT K-12 DOE SCHOOLS AND CONTRACT SCHOOLS

CUMULATIVE PERCENT CHANGE IN ENROLLMENT BY SCHOOL TYPE, SY 2015-16 – SY 2021-22



| | 2021-22 Enrollment (Projected) | Change in Enrollment, 2015-16 – 2021-22 | | |
|-------------------------|--------------------------------|---|--------|----------------|
| | | N | % | Annual Change* |
| K-12 DOE Schools | 817,959 | (141,216) | -14.7% | -2.6% |
| Early Childhood | 125,401 | 15,220 | 13.8% | 2.2% |
| Charter Schools | 135,546 | 42,360 | 45.5% | 6.4% |
| Carter Cases | 17,759 | 11,356 | 177.4% | 18.5% |
| Contract Schools | 5,344 | (1,844) | -25.7% | -4.8% |

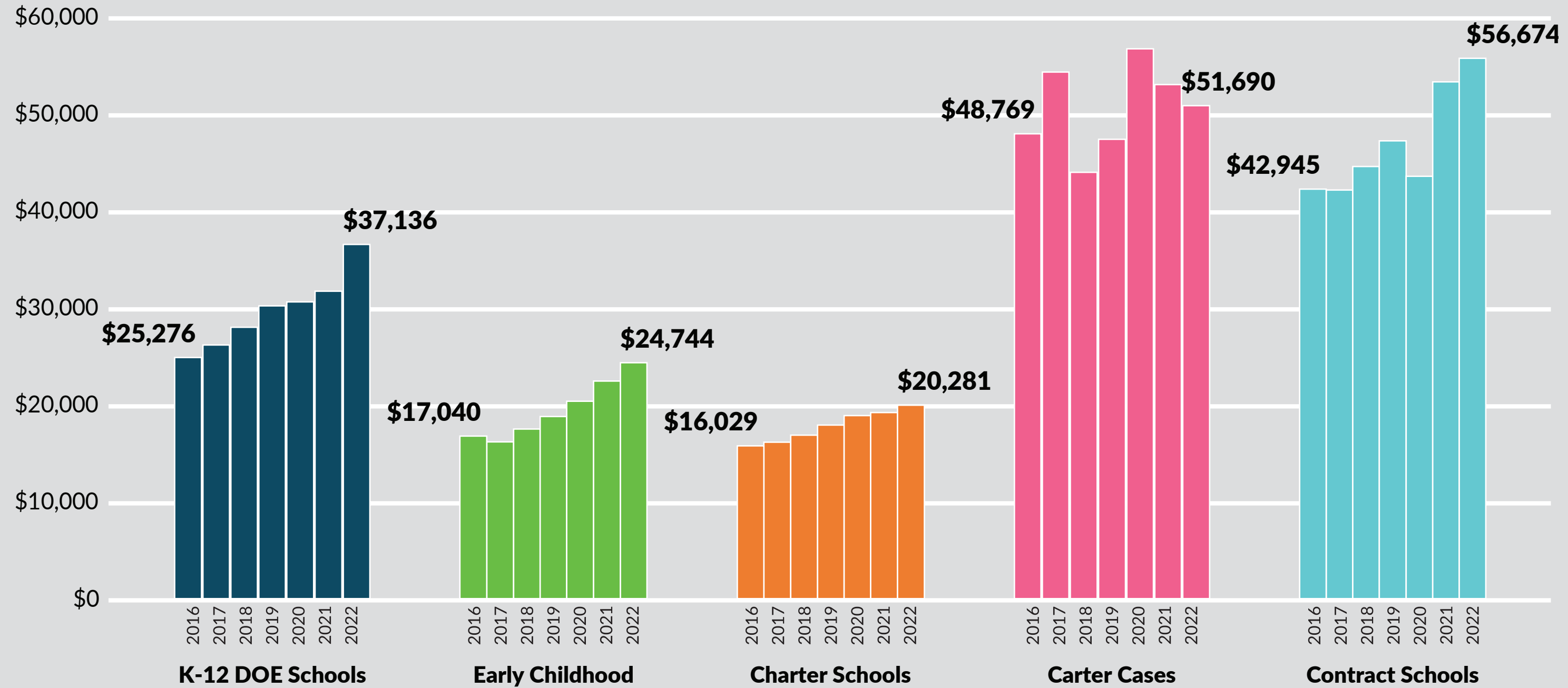
Notes: *Annual change is based on compound annual growth rate. Enrollment data, except for Carter Case enrollment, come from the annual Message of the Mayor, released by the Office of Management and Budget (OMB) as part of the Executive Budget. Final enrollment for school year 2021-22 will be released in the Preliminary Fiscal Year 2024 Message of the Mayor. Carter Cases refer to special education students receiving reimbursements from the DOE for private school tuition, provided families demonstrate through legal proceedings that the DOE cannot meet the child's needs. Contract schools are state-approved non-public school placements for students with intensive educational needs that cannot be met in public school programs. Mayor.

Sources: City of New York, Office of Management and Budget, Fiscal Year 2023 Executive Budget: Message of the Mayor (April 26, 2022), and Fiscal Year 2020 Executive Budget: Message of the Mayor (April 25, 2019); and New York City Department of Education, email to CBC staff (March 24, 2023).



PER-STUDENT SPENDING TRENDS DIFFER BY SCHOOL TYPE

PER-STUDENT SPENDING BY SCHOOL TYPE, FY 2016 – FY 2022



Notes: K-12 DOE school per-student spending includes spending on ancillary school services, school support costs, and central costs. Charter School spending is limited to pass-through DOE funding for mandated tuition and rental reimbursements. Carter Cases refer to special education students receiving reimbursements from the DOE for private school tuition, provided families demonstrate through legal proceedings that the DOE cannot meet the child's needs. Contract schools are state-approved non-public school placements for students with intensive educational needs that cannot be met in public school programs.

Sources: CBC staff analysis of City of New York, Office of Management and Budget, Fiscal Year 2023 Executive Budget: Message of the Mayor (April 26, 2022), and fiscal year 2020 to 2022 editions; Office of the New York City Comptroller, Checkbook Data Feeds: Budget, for fiscal years 2016 to 2022; and New York City Department of Education, email to CBC staff (March 24, 2023).



CBC URGES THE CITY AND THE DOE TO:

- 1. Consider per-student spending and recognize that declining enrollment could yield flat or reduced total spending**
- 2. 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**
- 3. 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**
- 4. Evaluate and modify DOE programs and initiatives to prioritize those that deliver maximum impact to the target populations**

