

June 2020

Mayor’s Budget Includes Nearly \$475 Million in Public School Savings: Cuts Fall Most Heavily on General Education Classrooms

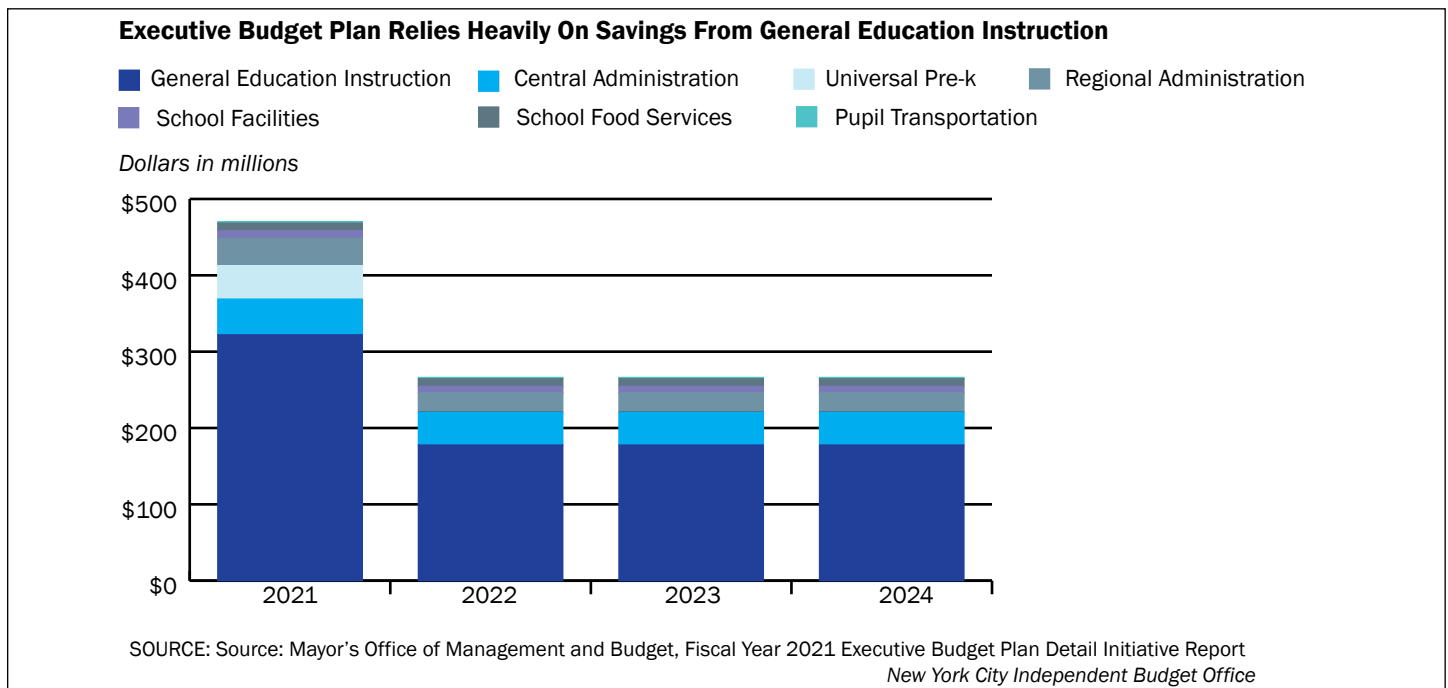
The Citywide Savings Program that is part of the Mayor’s 2021 Executive Budget identifies \$471 million in savings from the Department of Education (DOE) for 2021, and \$267 million in each year from 2022 through 2024 (unless otherwise noted, all years are city fiscal years). Much of this reduction targets classroom spending for general education students. The general education classroom, or instructional, budget—which covers everything from teachers to administrative and support staff (including fringe benefit costs) to classroom supplies and services—is currently 28 percent of DOE’s total \$28.4 billion budget. But the proposed reduction to general education instruction will account for 68 percent of next year’s budget cut for schools and 65 percent of the cuts in each of the succeeding years of the financial plan.¹

Next year’s budget cuts include \$322 million from

general education instruction with the balance of roughly \$149 million coming from other parts of the education department’s budget, including central and regional administrative offices, 3-K for All (budgeted as part of the Universal Pre-K budget program), food services, school facilities, and pupil transportation. Savings in 2022 through 2024 will remain constant at \$267 million each year: \$178 million annually from general education instruction and savings of \$89 million in other areas of the budget, largely from central and regional administration.

General Education Instructional Budget Savings for 2021

Of the total \$322 million reduction for general education instruction in 2021, \$144 million (45 percent) will be one-year reductions and the remaining \$178 million will be savings that recur every year through 2024.



Cuts Affecting General Education Instruction		
<i>Dollars in millions</i>		
	2021 Savings	2022-2024 Annual Savings
Temporary Fair Student Funding Reduction	(\$100.0)	\$0
Professional Development Reduction	(56.1)	(56.1)
Absent Teacher Reserve Hiring Freeze	(50.0)	(50.0)
Equity & Excellence Reductions	(45.4)	(45.4)
Temporary School Allocation Memo Reductions	(26.0)	0
Adopted Items Re-Estimate	(18.4)	0
Expanded Arts Instruction	(15.4)	(15.4)
Schools Out New York City Afterschool	(5.0)	(5.0)
Civics for All	(3.7)	(3.7)
Hiring Freeze	(1.4)	(1.4)
Health Ed Works	(0.6)	(0.6)
TOTAL	(\$322.0)	(\$177.6)
SOURCE: Source: Mayor's Office of Management and Budget, Fiscal Year 2021 Executive Budget Plan Detail Initiative Report New York City Independent Budget Office		

The largest cut to general education instruction will be a \$100 million one-year reduction in Fair Student Funding (FSF) next year. Details have yet to be released by the de Blasio Administration and IBO anticipates that some key information will not be available until schools receive their preliminary budgets for next year, which normally happens in May but has yet to occur this year and will now leave very little time for schools to adjust to the reductions.

Fair Student Funding is a formula used to allocate money to schools based on the academic needs of each school's student body. Schools get most of their money through the FSF formula; this school year, FSF accounts for an average of 66 percent of schools' budgets. Because FSF is not fully funded, school's actual FSF allocations are generally lower than the amount indicated under the formula. Of the 1,521 schools that received funding through FSF, more than three-quarters received allocations below their formula amount, including fringe benefits, the cumulative shortfall totaled more than \$1.5 billion. Conversely, 6 percent of schools (84 schools) received more than their formula amounts, with the excess totaling \$22.4 million.²

Another one-time savings action in 2021 is the \$40 million temporary reduction of school allocations, \$26 million of which will be from general education instruction programs. School

allocations distribute funds from the education department's central budget to school budgets for specific programs or to supplement other funding sources. Although the education department has not identified which specific allocations will be cut, it has indicated that mandated special education and early childhood allocations will not be impacted.

The balance of the 2021 cuts to general education instruction recur in subsequent years. Two of these are actions that each save over \$50 million: reducing spending on professional development and a hiring freeze intended to incentivize schools to hire from the Absent Teacher Reserve (ATR). Over \$56 million in savings will come from reducing the budget for non-mandated general education professional development programs. The DOE has repeatedly tapped the budget for professional development for savings in prior plans that could make it difficult to find additional savings in this area.

The Absent Teacher Reserve includes teachers whose schools have been closed or restructured as well as teachers removed from the classroom for disciplinary reasons. The hiring freeze, which began earlier this year, continues to limit external hiring as long as there are internal candidates in the ATR pool. This initiative is limited to classroom teachers and support staff, and the de Blasio Administration expects to save \$50 million by avoiding new hiring. Accounting for prior savings related to the Absent Teacher Reserve that IBO detailed in an April 2020 [budget brief](#), aggregate savings from actions related to the Absent Teacher Reserve for next year are projected to total almost \$125 million.

Equity and Excellence programs were a signature initiative of Mayor Bill de Blasio's first term, designed to offer opportunities for advanced courses and academic enrichment to students across the city. These programs are now slated to take cuts that generate more than \$54 million in annual savings, \$45 million of which will be felt within the general instruction budget. Actions include consolidation of the middle school and high school components of the College Access for All program, saving roughly \$20 million; a reduction of \$12 million from the Single Shepard program, which assigns a guidance counselor or social worker to mentor and guide middle school students in their academic and personal choices; and \$9 million from Algebra for All, which seeks to equalize access to quality mathematical coursework for all DOE students. The Summer in the City program's enrichment expansion has also been reduced by \$9 million. An effort to spur collaboration between traditional public schools and charter schools will be completely eliminated, saving \$4 million.

The Executive Budget also includes an \$18.4 million re-estimate of adopted items for fiscal 2021—\$10.4 million is saved by halving the \$20.8 million budget for the teacher’s choice program that supports classroom supplies; and \$8.0 million from reducing funds for social workers to address mental health needs. Support for enhanced arts programming will lose more than \$15.4 million of other than personal services (OTPS) allocations, likely through a reduction in contracts. These three programs were all City Council priorities that received added funding beyond the levels proposed in last year’s Executive Budget when the 2020 budget was adopted last June.

Finally, other cuts to the budget for general education instruction would each save up to \$5 million annually, beginning in 2021. The budget for the Schools Out New York City (SONYC) after-school program for middle school students will be reduced by \$5.0 million. Although the Covid-19 pandemic is forcing additional cuts to the SONYC program, this adjustment is based on historical underspending in the program and is not expected to affect program delivery. The Civics for All program will lose \$3.7 million. The Citywide Savings Program also includes a multi-agency hiring freeze in addition to the education department’s ATR freeze. The overall \$46.6 million savings anticipated in 2021 from the hiring freeze will lower total headcount by 400 positions but will only have a moderate \$1.4 million impact on general education instruction largely because the freeze is mostly imposed on non-pedagogue titles in central and regional offices. Cuts to the Health Ed Works initiative will result in a general education budget reduction of slightly less than \$600,000. The Health Ed Works program began in the 2018-2019 school year with the goal of improving instruction for comprehensive and age appropriate health education through the Office of School Wellness.

Savings From Cuts to Areas Other Than General Education Instruction

A hiring freeze accounts for the largest cuts to both the central administration and regional administration budgets (\$28.7 million and \$16.5 million, respectively) while only a minimal amount of savings will be due to contract reductions in those offices (\$1.8 million and \$2.2 million, respectively). A signature mayoral program for the youngest learners, 3-K for All, will lose \$43.8 million next year as the department delays its planned expansion into four districts

(district 1 covering Chinatown, East Village, Lower East Side; district 12 in the central Bronx; district 14 covering Greenpoint and Williamsburg; and district 29 in southeast Queens). Moreover, the de Blasio Administration will not seek to expand within four districts where the 3-K program is already operating.

Executive Budget Cuts for 2020

The Executive Budget also includes reductions of \$111 million in the Citywide Savings Program for 2020, most of which are one-time savings resulting from Covid-19 school closures. As in the other years of the plan, the budget for general education instruction is the largest source of savings for 2020 in the Executive Budget—a total of \$68.5 million.

The largest 2020 cuts are directly related to the closure of schools due to Covid-19 or the result of re-estimates to more closely align budgeted amounts with costs that typically occur at this point in the fiscal year. Other than personal services budgets and school per session budgets were each reduced by \$50.0 million as neither of these budgets will be fully spent down with school buildings remaining closed for the remainder of the school year. Both reductions are one-time savings affecting schools, as well as some regional and central administrative budgets. At this point in the fiscal year, schools typically use some of their OTPS funds to purchase supplies for the upcoming school year; removing OTPS funds from school budgets now may leave some schools short on supplies next year. The remainder of the 2020 savings that come from the general education budget are smaller and include a re-estimate of indirect cost rates for services of external providers, a re-estimate of certain items from the adopted budget (including a total of \$1.6 million in unspent funding for school crisis responders), and a small amount from the hiring freeze initiative.

Conclusion

The budget reductions in all years of the Executive Budget plan fall disproportionately on the general education instruction budget and impact many of the de Blasio Administration’s signature Equity and Excellence initiatives. The loss of funds for Fair Student Funding and school allocations will also directly affect general education students in grades K through 12 across the city next year.

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Endnotes

¹Fringe benefit costs for DOE employees are accounted for centrally in the education department's budget rather than in the budgets of individual offices and schools. When budget actions involve changes in the costs of personnel, IBO allocates the associated fringe costs to the appropriate program or office in order to better reflect the total cost of those budget actions.

²When FSF was first introduced, schools that had budgets greater than their FSF allocation—usually because the average teacher salary at the school exceeded the system average—were given additional funds to allow them to maintain their prior budget levels (called hold harmless funds). Those funds were subsequently absorbed into schools' base allocations.

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