



NEW YORK CITY COMPTROLLER
BRAD LANDER

Spotlight ———

2023-2024 School Budget Update

September 12th, 2023

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Introduction

As children and teachers returned to their classrooms this month, their principals were busy working to determine how to best meet the needs and challenges of their schools, amidst shifting student populations, higher teacher turnover in NYC and nationally, and evolving needs in the wake of the pandemic. Of course, to do so, they must work within the parameters of the funding allocations provided by the NYC Department of Education (DOE).

At this time last year, many schools across NYC were facing budget cuts, and families were returning to schools with increased class sizes or to see favorite programs cut. Our May [Spotlight](#) described what led to the 2022-2023 funding cuts and what transpired afterwards to partially restore them.

Several things are different for initial school budgets this year. DOE promised to hold schools harmless for projected enrollment decline, committing that no school would start the year with less than their initial school budgets from last year. In addition, the Fair Student Funding formula was adjusted to add new “weights” that provide additional resources for students in temporary housing, and for schools with a significant concentration of students in poverty.

This Spotlight takes a deeper look at these changes, reviewing some of the particulars of the school budget formula that are new this year, and what happened to school budget allocations across the city compared to last year. In addition to looking at the aggregate funding between years, we also look at groups of schools that are gaining in enrollment versus those that are projected to lose enrollment.

As schools open this fall, many are on the front lines of serving children in families seeking asylum, with approximately 19,000 children reported to have enrolled last year and several thousand more this summer. This Spotlight provides some context for how the school funding formula will address the needs of those students, and where potential gaps still remain.

The Comptroller’s Office also recently released a report analyzing Special Education Services, finding that despite a ten-fold increase in spending over the past decade, driven largely by special education claims, tens of thousands of students with special needs have not received the services they are entitled to. The report offers recommendations for reform to ensure that all children receive the support they need, in a manner that works better for families and is more most cost-effective for the City as well.

Finally, we provide a downloadable file for you to look up your community’s school and compare enrollment and funding allocations side by side.

A Recap

Fair Student Funding

An individual district school’s funding allocation is made up of approximately two-thirds of formula-based per pupil funding (known as Fair Student Funding) and one-third categorical grants and/or other restricted funding.

The Fair Student Funding (FSF) formula includes several components. The first is a fixed base, or foundation, amount of \$225,000 for every school to cover administrative costs such as the principal’s salary, regardless of size or type of school. This amount has remained at the same level since 2009. Second, each fiscal year, the DOE develops a per student base amount that is adjusted annually for average teacher salaries and varies by grade level (elementary, middle, and high school). The grade-level allocation is intended to fund the basic instructional needs of students, including classroom teachers and instructional supports, as well as counselors, after-school programs and instructional materials. Finally, the FSF formula applies specific weights for additional per pupil funding for students with disabilities, English-language learners, or other needs that impact student achievement. Specialized high schools also receive an additional per student weight, as do Career and Technical Education high schools and transfer high schools. Finally, each school’s allocation includes a lump sum to cover any increases from collective bargaining negotiations relevant for that year.

For FY 2024, two new weights were adopted based on the recommendations of the [Fair Student Funding workgroup](#) convened by the Chancellor last fall. The first is a *per capita* weight for students in temporary housing to account for the specific challenges these students face. The second is a *school-based* weight for schools with significant proportions of students with additional needs—such as students in temporary housing, students with disabilities, students living in poverty, students in foster care, and students who are English language learners and others. The DOE has identified the 300 schools with the greatest concentration of needs that will receive an additional weight for every student on their register.

Table S1 below shows the weights associated with the Fair Student Funding formula along with a diagram of how the formula works.

Table S1: SY 2023-2024 Fair Student Funding Weights

Grade Base Weight	Weight
Grades K-5	1.00
Grades 6-8	1.08
Grades 9-12	1.03

Academic Intervention	Weight
Poverty K-12	0.12
Below Standards 4-5	0.25
Below Standards 6-8	0.35
Below Standards 9-12	0.25
Well Below Standards 4-5	0.40
Well Below Standards 6-8	0.50
Well Below Standards 9-12	0.40
Heavy Graduation Challenge (OAUC) ¹ Over-the-Counter (OTC) 9-12	0.40

Special Education	Weight
Low Intensity <=20%	0.56
Moderate Intensity 21% to 59%	1.25
Less Inclusive >=60% K-8	1.18
Less Inclusive >=60% 9-12	0.58
More Inclusive >=60% K	2.09
More Inclusive >=60% 1-12	1.74
Post IEP Transitional Support	0.12

English Language Learners	Weight
Standalone English as a New Language (ENL) K-5	0.40
Standalone English as a New Language (ENL) 6-12	0.50
Bilingual K-5	0.44
Bilingual 6-12	0.55
Commanding K-5	0.13
Commanding 6-12	0.12
Students with Interrupted Formal Education (SIFE)	0.12

Portfolio High Schools	Weight
Career and Technical Education (CTE) Tier 1	0.26
Career and Technical Education (CTE) Tier 2	0.17
Career and Technical Education (CTE) Tier 3	0.12
Career and Technical Education (CTE) Tier 4	0.05
Specialized Academic	0.25
Specialized Audition	0.35
Transfer Heavy Challenge (OAUC) ¹	0.40
Transfer Non-Heavy Challenge	0.21

New Weights	Weight
Students in Temporary Housing	0.12
Concentration Need Tier 3	0.12
Concentration Need Tier 2	0.08
Concentration Need Tier 1	0.04

Source: NYC Department of Education

Elementary school example with 100 students, 60 of whom live in poverty, 30 of whom are English Language Learners, and 25 of whom are living in temporary housing. School has a Concentration of Need (Tier 2).

\$225,000 Per school

$$\begin{array}{l}
 + \left[\begin{array}{l}
 (1.00 \text{ Per Student } \times 100 \text{ Students}) \\
 + (0.12 \text{ Poverty Weight } \times 60 \text{ Students}) \\
 + (0.4 \text{ ELL weight } \times 30 \text{ Students}) \\
 + (0.12 \text{ temp housing weight } \times 25 \text{ Students}) \\
 + (0.08 \text{ Concentration Tier 2 weight } \times 100 \text{ Students})
 \end{array} \right] \times \$4,237.38 \text{ Per student} \\
 = \text{\$776,706.88 FSF Funding*}
 \end{array}$$

*Does not include collective bargaining adjustment

Last year's school budgets in context

For the 2022-2023 (FY23) school year, the enrollment projections that formed the basis of the Department's initial school budget allocations were aggressively low – down 3.9 percent from the final audited registers of the prior year, and down 7.5 percent from the prior year initial enrollment projections. This aggressively lower projection of 760,338 pupils led to initial Fair Student Funding (FSF) allocations decreasing \$488 million from the prior year, and \$373 million after adjusting for initial register relief allocations, resulting in 77% of individual schools facing budget cuts.

FY23 final enrollment numbers (or audited registers) were higher than projected (though still declining overall), at 773,930 students, leading DOE to add FSF funding to many schools mid-year. DOE also agreed to add register relief funds mid-year. The midyear adjustments provided schools with a combination of \$82 million in additional FSF funds and \$136 million in additional register relief.

The State budget, enacted in early May, included over \$300 million more in formula-based school aid to NYC than the Mayor's office had planned in its FY24 Executive Budget. The school aid

increase took place predominantly in Foundation Aid, which can be used flexibly and interchangeably with City funds within the DOE, and is not mandated to go directly to school budgets, but may also be used to fund other growing DOE expenses, including charter schools, school transportation, and Carter cases.

Enrollment projections released by the DOE in early May for the 2023-2024 (FY 24) school year showed an aggregate decline of only 0.7 percent from the final FY 2023 register, much less aggressive than the prior year’s initial projected decline. DOE had previously announced new FSF weights for FY24 that were expected to add \$90 million to the FSF distribution. The new weights, the availability of additional State aid, and relatively flat enrollment suggested that the school funding allocations would be more in line with final allocations from the prior year.

Pandemic Register Relief

During the pandemic, school enrollment declined at a much greater pace than historic patterns. Under the Fair Student Funding formula, significant declines in funding normally would have followed the enrollment drop from the projections in the spring of 2020 to the actual enrollment in October 2020, as part of the 2020-2021 school year’s mid-year adjustment process. Due to both the unanticipated nature and size of the decline, the challenging and unprecedented needs and costs associated with educating children that year, and fortunately, with the availability of federal stimulus funds, the DOE held schools harmless for 100 percent of their enrollment declines during the 2020-2021 school year (FY 2021).

Enrollment continued to decline in the 2021-2022 school year, and federal stimulus funds were included again in FY 2022 to hold schools harmless and maintain funding levels consistent with pre-pandemic enrollment targets. However, because the stimulus funds will not be ongoing, the DOE has reflected a ramp-down of “register relief” in the Financial Plan in anticipation of federal stimulus funds expiring in 2025.

Table S2: Register Relief Funding Summary

(\$ millions)	FY 2021	FY 2022	FY 2023	FY 2024 (Planned)	FY 2025 & out (Planned)
Initial Estimates	\$-	\$44	\$160	\$80	\$-
Adjustments	\$177	\$324	\$136	\$94	\$-
Total	\$177	\$368	\$296	\$174	\$-

Source: NYC Office of Management and Budget, NYC DOE and Office of the NYC Comptroller

2023-24 Initial School Allocations

DOE released school budgets for FY24 on May 31st and stated that no schools would receive less than their *initial* allocation from the prior year. (A school’s *final* budget reflects adjustments made during the year, including mid-year adjustments that account for changes in actual enrollment compared with projected enrollment, as well as other funding that may be for specific programs or from other sources -- i.e., State, Federal or other categorical grants).

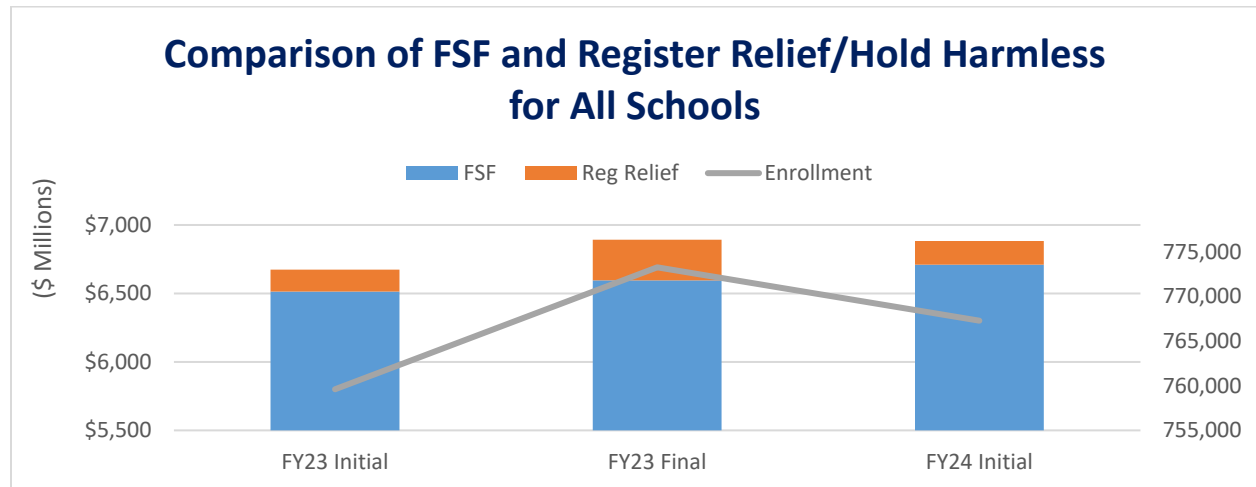
The DOE’s calculation for “Hold Harmless” amounts for the upcoming school year was based on a school’s *total initial* school budget allocation—using the initial FSF, register relief, and other (non-FSF) funding provided last June as the baseline. Hold Harmless funds were provided to any school where the combined total of these distributions for FY24 (initial FSF plus initial other funding) was less than the combined amount for FY23 (initial FSF plus initial other funding plus initial register relief). A total of 585 schools received hold harmless funding for FY24.

How does this compare with last year?

In earlier years of the pandemic, Hold Harmless was calculated specifically for FSF funding only, based on what schools would have received if their registers had held at pre-pandemic levels. Hence, it was referred to as “Register Relief” during that time. As noted above, this year’s calculation for Hold Harmless is instead based off of its *total* initial allocation.

Since FSF is the primary funding source for schools to meet their basic instructional needs, and the source where schools have the most flexibility to hire classroom teachers and other staff, we compared FSF and Register Relief from (a) the initial FY 23 school allocations, (b) the final FY 23 school allocations, and (c) the initial FY 24 allocations including the Hold Harmless amount (Chart S1).

Chart S1



Source: NYC Department of Education and Office of the NYC Comptroller

Note: For the purposes of this chart, the Hold Harmless funds in FY24 are labeled as Register Relief.

As mentioned, the DOE included non-FSF “other funding” allocations in determining which schools would receive Hold Harmless funding for FY 24. Because the DOE continues to allocate other funding throughout the school year, we can compare the Initial “Other Funding” bucket between FY 23 and FY 24, but it is not comparable to what a school may have received by the end of the school year. A more detailed comparison of specific categories within Initial “Other Funding” is included in the Appendix.

Table S3: Comparisons of Enrollment and School Funding for All Schools

	FY 23 Initial (Projected Enrollment)	FY 23 Final (Actual Enrollment)	FY 24 Initial (Projected Enrollment)
Enrollment	759,602	773,259	767,276
Fair Student Funding	\$6,514,335,438	\$6,596,199,477	\$6,709,742,249
Register Relief/HH	\$159,917,453	\$295,972,783	\$173,005,777
Subtotal	\$6,674,252,891	\$6,892,172,260	\$6,882,748,026
Other Funding	\$3,574,042,034	N/A	\$3,830,262,151
Total	\$10,248,294,925	N/A	\$10,713,010,177

Source: NYC Department of Education and Office of the NYC Comptroller

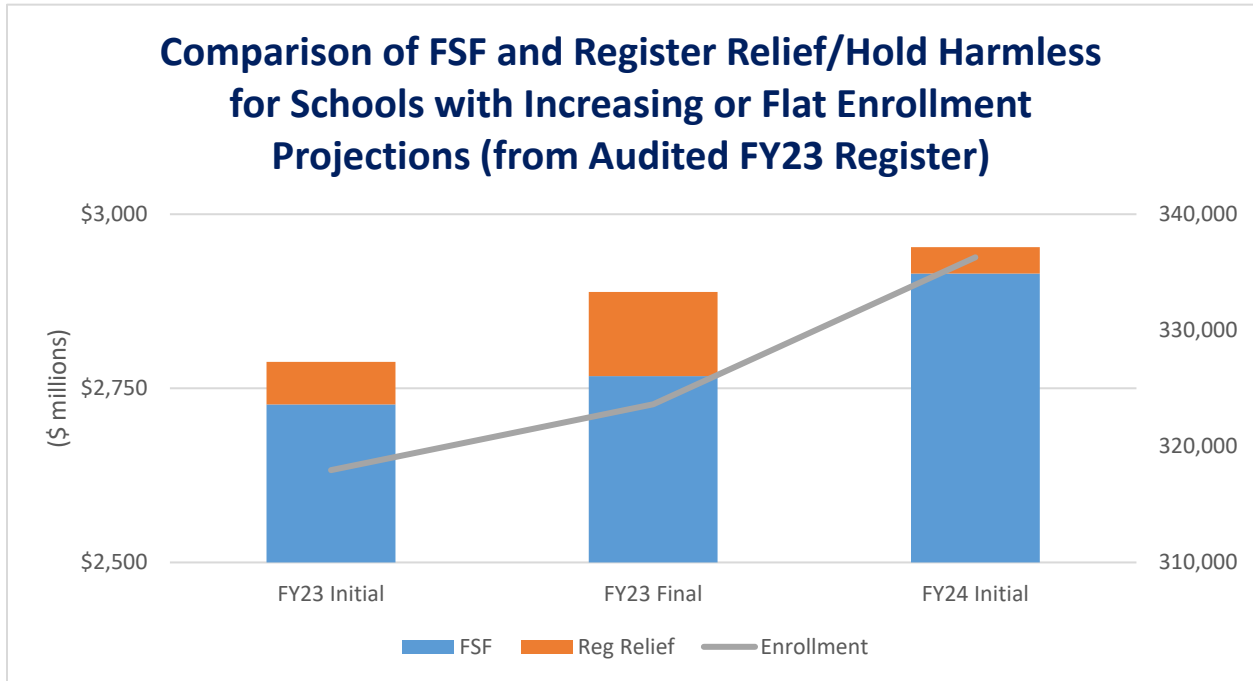
Note: “Other Funding” in a school’s final budget can include other sources and program allocations not included in the initial budget and is not applicable to this comparison. A total of 10 schools are excluded from this analysis due to lack of enrollment data for FY 23 Initial, which also makes them not applicable to this comparison.

In aggregate, Fair Student Funding for FY 24 grew by about \$200 million from the FY 23 initial allocation, roughly offsetting the increase in register relief that occurred in the midyear adjustments for FY 23 final school budgets. This increase in FSF is due to a combination of the higher enrollment projections, two new FSF weights and an increase in the per pupil base amount, funded primarily by the increase in State Foundation Aid. In total, FSF plus register relief plus initial “other” funding increased by \$464.7 million, or 4.5%.

What is the impact on particular schools?

There were 672 schools that the DOE projects will gain or retain their enrollment in FY 24 compared to the FY 23 audited (final) registers. As would be expected, overall, those schools received more in combined FSF and Register Relief over the three snapshots (Chart 2). Of these schools, 173 are still receiving some Hold Harmless funds to make their initial overall school budgets level with last year’s initial allocations.

Chart S2

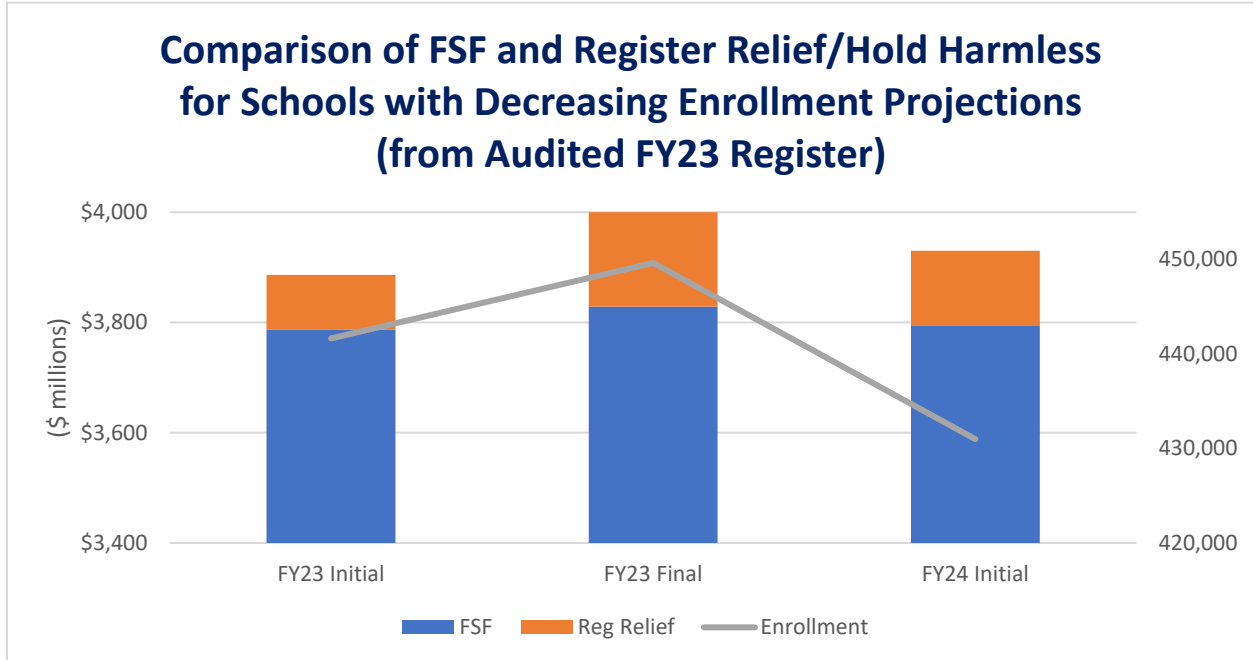


Source: NYC Department of Education and Office of the NYC Comptroller

Note: For the purposes of this chart, the Hold Harmless funds in FY24 are labeled as Register Relief.

There were 850 schools that have been projected to lose enrollment in FY 24 from the final FY 23 audited register, representing more than half the district school student population. In total, FSF and Hold Harmless funding for these schools remained relatively on par with the FY23 initial funding, but they show reductions when compared to FY 23 final budgets for these sources (Chart S3). As a group, the DOE is anticipating that, in aggregate, their enrollment will go down in FY24, even below the FY23 initial projections, despite having experienced relative gains in the final register. The new weights added for FY 2024 and the slightly higher per pupil base amount helped to keep the FSF levels relatively level between the years, despite the drop in projected enrollment.

Chart S3



Source: NYC Department of Education and Office of the NYC Comptroller

Note: For the purposes of this chart, the Hold Harmless funds in FY24 are labeled as Register Relief.

This group makes up the majority of the schools receiving Hold Harmless, 410 out of the 583 schools, and receiving \$135 million out of the \$174 million allocated.¹ Within this group, 92 schools with expected declines in student enrollment still received increases in FSF, likely due to the new weights.

¹ Two schools have been excluded from this analysis due to the lack of enrollment data provided in the FY23 initial allocations.

Table S4: Schools with projected declines in enrollment compared to FY 23 final registers, receiving non-recurring Hold Harmless funds this year

FY24 Hold Harmless (HH) as % of Total FSF+HH	#Schools	Register Relief/Hold Harmless	Per School Avg
0% - 10%	244	\$45,005,112	\$184,447
10% - 20%	120	\$59,000,233	\$491,669
20% - 30%	32	\$20,232,055	\$632,252
>30%	14	\$10,861,235	\$775,803
	410	\$135,098,635	\$329,509

Source: NYC Department of Education and Office of the New York City Comptroller

Table S4 highlights the schools with declining enrollments and the amount and share of Hold Harmless relative to their combined totals of FSF and Hold Harmless funding. It is important to note that the enrollment in individual schools may not decline as projected. Last year, many schools had actual enrollment higher than anticipated; that could occur again this year for some schools, when the DOE releases audited school register. However, those schools with actual continued enrollment declines could face significant declines in school funding if Hold Harmless (which is primarily funded by non-recurring COVID-related stimulus funding) is not continued. No funds have been budgeted for Hold Harmless or Register Relief in FY 2025.

Children of Families Seeking Asylum

The DOE has stated that approximately 19,000 children in families seeking asylum were enrolled in NYC schools last year. Last October, the Department of Education announced that it was adding \$12 million to the 2022-2023 school budgets, \$2,000 per student for schools with six or more students from asylum-seeking families. This year, the FSF weight for students in temporary housing provided additional per-student funding for those children enrolled as of October 31 of last year, and the 300 schools with the greatest concentration of students with high needs will receive additional funding. (Note: We do not know to what extent the DOE accounted for children of families seeking asylum who enrolled in schools *after* the audited register date of October 31, 2022).

The DOE has estimated that 2,500 new children from more recently arrived families enrolled this summer, and more will continue to enroll into the new school year. The total number of individuals (including adults and children) seeking asylum who have come through the city's care increased by nearly 30 percent since June.

For some schools, this new population of students has offset declining enrollment and enabled them to buttress their school population. But some schools, particularly those that received budget reductions in FSF/HH allocations from their *final* FY23 amounts, may struggle to serve an

influx of new children over the summer and into the school year. Per the funding formula outlined above, a school should receive between \$6,948 and \$7,500, depending on the school grade, for each student who is an English learner and residing in temporary housing. However, schools will not receive adjusted funding this school year until their mid-year adjustments, and will not receive adjustments for new arrivals after October 31, 2023.

The new FSF weight for children in temporary housing is a welcome change to support schools that received significant numbers of kids earlier last year. Understanding which schools are supporting this community and whether they are adequately compensated will be important to monitor throughout this school year.

New Report on Special Education Services

Schools support students with disabilities using a variety of funding streams. Between FY 2012 and FY 2022, the DOE's estimated programmatic special education budget (the amount the Department spends on special education programs within the public school system) increased 43% from \$4.8 billion to \$6.9 billion.

Last month, the Comptroller's Office released a new [report](#) revealing a ten-fold spending increase on special education service due process claims over the same decade. Despite this increase, the DOE failed to deliver mandated special education services to thousands of students. The cost of these claims, which are filed by families seeking essential services for their children with disabilities, escalated from \$33 million to \$372 million between FY 2012 and FY 2022.

The report identifies problems and inequities within DOE's system for delivering special education services (e.g. speech therapy, occupational therapy, classroom support) and offers recommendations for changes that will help ensure that all children with disabilities receive the support they need and are legally entitled to, in a manner that works better for families and is more cost-effective for the City as well.

School Level Information

The [attached file](#) provides individual school level information for the 2022-2023 and 2023-2024 school years. For last year, the file includes: initial and final FSF allocations, register relief, and a subtotal of all other funding. For the current school year, only initial FSF, Hold Harmless and all other are available. Note that schools and programs in District 75 and District 79 are not funded through the Fair Student Funding formula and are therefore not included in this file.

Conclusion

Our analysis shows that DOE did maintain individual school budgets at the same level they started with last fall, as promised, and that the overall amount of funding to schools through FSF, register relief, and other initial funding grew by 4.5%. Many schools received increases in funding to account for increases in enrollment and/or as a result of the new weights for concentrated need and students in temporary housing compared to that starting point.

However, the initial FY 2023 budgets were a low bar to start with (since they included the cuts made in the spring 2022); the final FSF amounts reflecting actual enrollment and the infusion of additional register relief added later in FY 2023 provide a more accurate comparison.

Our analysis shows that a large subset of schools still fared well even when compared to the higher amounts received in the mid-year allocations. This is likely due to a combination of the new weights and projections of sustained enrollment in those schools.

Other schools, however, are receiving a reduction in formula-based funding, largely due to lower enrollment projections. These schools are most at risk if DOE opts to discontinue or scale-down Hold Harmless funding when Federal stimulus assistance disappears next year. If left solely to the FSF formula, these schools could receive steep reductions in their school funding allocations next year.

The DOE has an opportunity to be strategic about these schools. First, it should carefully monitor the placement of children of families seeking asylum, and where possible, help schools with reduced enrollment reach their capacity. Second, it must ensure that those schools are adequately funded – throughout the school year – as these numbers continue to rise outside of the strict timelines used for adjusting FSF allocations. Third, as the DOE begins to phase in the State’s class-size mandate, it should proactively maintain sufficient funding at these schools to retain sufficient teachers on staff to meet the upcoming requirements for class-size reductions mandated by State law.

For more information:

- [Initial school-level Fair Student Funding Allocation Overviews](#)
- [Initial school-level Fair Student Funding Details](#)
- [Total school-level funding allocations \(including final FSF allocations, categorical grants and other restricted funding sources\)](#)

Acknowledgements

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Appendix

Table A1: Comparison of Initial "All Other Funding" between FY 23 and FY24

All Other Funding Categories	FY23	FY24
Academic Recovery	\$186,727,770	\$70,490,687
Continuous Improvement	11,600,810	11,479,735
Contracts for Excellence	223,053,029	438,201,427
New York State Textbook Law (NYSTL) Allocation	31,397,019	18,380,323
Parent Coordinator	67,609,209	73,875,335
Pre-K/3-K	499,437,002	503,584,231
School Support	205,832,897	205,855,540
Smart Schools Bond Act	22,514,750	23,532,870
Social-Emotional	94,434,040	96,882,736
Special Education	1,222,224,633	1,393,020,068
Title I	651,762,720	701,122,423
Title II A	36,045,541	36,529,383
Title III	16,916,288	17,296,372
Title IV	24,092,523	14,635,956
Tax Levy Collective Bargaining	125,032,388	71,708,133
Tax Levy Other	77,792,662	86,469,319
Tax Levy Permanent Placement	77,568,753	67,197,613
Total	\$3,574,042,034	\$3,830,262,151

Source: NYC Department of Education, School Allocation Memo #44

Note: Categories defined by Office of NYC Comptroller. A total of 10 schools are excluded from this analysis due to lack of enrollment data for FY 23 Initial, which also makes them not applicable to this comparison.





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