



# FY 2019 Agency Watch List

## Department of Education

New York City Comptroller Scott M. Stringer

Bureau of Budget

MAY 2018

## Why is This Agency on the Watch List?

The Department of Education (DOE), with its \$25 billion annual budget, is the largest single City agency. Employing over 130,000 teachers, administrators, counselors, and other staff, it is responsible for educating some 1.1 million school children from pre-K through high school. The DOE has improved on several broad measures over the last four years, including passing rates for required State exams and high school graduation rates. The Administration has committed substantial resources toward improving the performance of all schools, with a focus on low-performing schools, and to ensure that all students have access to the education necessary for success after graduation. But such a massive agency requires a particular level of oversight and accountability to ensure that resources are being deployed effectively and efficiently. Accordingly, the Comptroller has included DOE on his Agency Watch List for FY 2019. First announced in the Comptroller's [Preliminary Budget Presentation](#), the Agency Watch List spotlights City agencies – the Department of Correction (DOC), Department of Education (DOE), and homeless services – that raise the most budgetary concerns due to rapidly increased spending and meager measurable results.

## Recent Developments

- Beginning in 2014, the DOE expanded its pre-kindergarten program, providing full-day pre-kindergarten to 70,000 four year-olds at an annual cost of \$800 million
- In an effort to turn around the DOE's lowest performing schools, the City identified 94 Renewal Schools in the 2014-15 school year. Renewal Schools receive extra resources, including 100% Fair Student Funding allocations, with the goal of reducing chronic absenteeism and improving reading and math exam results and graduation rates. Due to closures, mergers, and some schools successfully graduating out of the program, 46 of the original 94 Renewal Schools remain in the program.
- A series of initiatives under the rubric "Equity and Excellence" were laid out in September 2015, with the goal of ensuring that all students had equal access to educational opportunities. These included universal 2nd grade literacy, advanced placement courses for all students, algebra instruction for all students, enhanced college visits and access, and a dedicated counselor program ("Single Shepherd").

- More recently, the Administration has launched 3-K for All, a program to provide quality early education to three-year olds, beginning this fiscal year (2018), with plans to phase the program in for twelve districts by September 2020.

## Indicators to Watch

The Watch List includes tables with selected indicators as reported in the Mayor’s Management Report (MMR) and other sources. Also included are key indicators that should be tracked and reported in order to evaluate the effectiveness of initiatives, labeled “Indicators to watch.” A number of these are not currently publicly reported, however, and the Administration should move immediately to make the relevant statistics publicly available and ultimately incorporate them into the MMR.

## Budget and Spending

\$ millions	FY 14	FY 15	FY 16	FY 17	FY 18*	FY 18 To Date**	FY 19*
Personal Services	\$13,064	\$13,393	\$14,470	\$14,565	\$15,562	\$10,493	\$15,902
OTPS	7,021	7,607	7,951	8,943	9,462	7,928	9,632
<b>Total</b>	<b>\$20,085</b>	<b>\$20,999</b>	<b>\$22,422</b>	<b>\$23,508</b>	<b>\$25,024</b>	<b>\$18,421</b>	<b>\$25,534</b>
Personnel (Pedagogical)	109,901	112,272	115,799	118,671	119,613	119,654	120,720
Personnel (Non-Ped)	11,411	11,693	12,248	12,528	12,271	12,735	12,358

SOURCE: Office of the Comptroller; Financial Management System. \*As of Executive Budget. \*\*As of 4/30/18 for spending and as of 3/31/18 for headcount.

- Since FY 2014, DOE central administration staffing has risen by nearly 21 percent. Through February 2018, the Department reports a total of 2,254 full-time positions in central administration, 387 more positions than at the end of FY 2014. The largest increases are in the Office of Strategic Coordination and Planning, the Division of Information and Instructional Technology, the Division of School Support and the Office of Special Education Initiatives, combining for 286 positions or nearly three-quarters of the overall increase.
- Personal services spending in central administration has jumped by 40 percent during this span, from \$149 million in FY 2014 to a projected \$209 million in FY 2018.
- The number of pedagogical personnel, by contrast, has risen just 9.8 percent over the same period – even with the addition of universal pre-kindergarten.

## New Programs and Initiatives

DOE projected spending nearly half a billion dollars on programs and initiatives to improve student outcomes in FY 2018, rising to \$626 million in FY 2019.

- The original budget for Renewal Schools called for \$192 million in spending in FY 2018. Actual current spending is not reported.
- The Equity and Excellence initiatives were budgeted for \$149 million in spending in FY 2018, rising to \$221 million in FY 2019.
- A series of other initiatives, including expanded Career and Technical Education (CTE), summer programming, mental health access and guidance counselors, were budgeted for \$136 million this year, rising to \$151 million in FY 2019.
- Finally, 3k for All, which began this year, is expected to cost \$65.8 million next year.

<i>Planned Spending, In thousands</i>	<b>FY 2015</b>	<b>FY 2016</b>	<b>FY 2017</b>	<b>FY 2018</b>	<b>FY 2019</b>
<b>Renewal Schools</b>	<b>\$30,700</b>	<b>\$168,400</b>	<b>\$192,200</b>	<b>\$192,200</b>	<b>\$188,200</b>
<b>Equity and Excellence</b>					
Universal 2nd Grade Literacy	\$-	\$1,375	\$16,405	\$41,958	\$89,791
AP for All	-	1,298	21,141	30,759	41,190
Algebra for All	-	800	22,444	25,871	27,103
College Visits and Access	-	761	16,992	28,539	40,611
Single Shepherd	-	500	15,784	16,868	16,885
District-Charter Collaborations	-	974	3,000	5,000	5,000
<b>Subtotal</b>	<b>\$-</b>	<b>\$5,708</b>	<b>\$95,766</b>	<b>\$148,995</b>	<b>\$220,580</b>
<b>3k for All</b>	<b>\$-</b>	<b>\$-</b>	<b>\$-</b>	<b>\$16,475</b>	<b>\$65,766</b>
<b>Other Initiatives</b>					
Career & Technical Education	\$-	\$4,046	\$21,674	\$36,123	\$41,141
Physical Ed & Wellness	-	6,608	15,689	39,038	48,186
Summer in the City	-	-	22,854	35,260	35,612
Mental Health Clinics / Initiatives	-	2,874	18,357	18,884	19,348
Guidance Counselors	-	7,173	7,173	7,173	7,173
<b>Subtotal</b>	<b>\$-</b>	<b>\$20,701</b>	<b>\$85,747</b>	<b>\$136,478</b>	<b>\$151,460</b>
<b>TOTAL</b>	<b>\$30,700</b>	<b>\$194,809</b>	<b>\$373,713</b>	<b>\$494,148</b>	<b>\$626,006</b>

SOURCE: OMB Financial Plans.

NOTE: Financial Plan figures.

## Renewal Schools

- Twenty-one of the original 94 Renewal Schools were designated “Rise” schools and graduated from the program, due to improved performance. They continue to receive full Fair Student Funding allocations.
- Chronic absenteeism has declined at nearly all Renewal Schools.

- Students at most Renewal Schools still struggled to perform up to standards on State reading and math exams, with only 15.9 percent and 9.4 percent of Renewal School students in grades 3 through 8 passing the 2017 reading and math exams, respectively. (The Citywide average passing rates were 40.6 percent in reading and 37.8 percent in math.)
- Graduation rates at most high schools improved, although about two-thirds of high schools in the program still failed to reach their targeted graduation rates.

### Indicators to Watch

Certain indicators are reported at the individual school level, but not for Renewal Schools as a group:

- Spending on active Renewal Schools (*not reported*).
- Chronic absenteeism rates at Renewal Schools.
- Passing rates on State reading and math exams at Renewal Schools.
- High school graduation rates at Renewal Schools.

### Equity and Excellence

DOE has begun to implement the Equity and Excellence initiatives:

- DOE has hired more than 100 reading coaches concentrated in Bronx and Brooklyn districts showing the greatest need;
- Over 400 teachers have received special math instruction training;
- New AP courses have been offered at more than 63 schools in the past school year; and
- DOE has added 140 counselors for the Single Shepherd program.

Initiative	Goal	Full Implementation*
Computer Science for All	All students receive computer science education at all grades	2025
Universal 2 <sup>nd</sup> Grade Literacy	Access to reading specialists for all 2 <sup>nd</sup> graders with need; 700 reading specialists	2019
AP For All	At least 5 AP classes in every high school; 75% of students by fall 2018	2022
Algebra for All	All 8 <sup>th</sup> graders	2022
College Access for All	All students in grades 6-12	2018
Single Shepherd	All students in grades 6-12 in Districts 7 and 23	2017
District-Charter Learning Partnerships	All students at up to 50 district and charter schools citywide	2017

SOURCE: Office of the Mayor, Press Release: *Equity and Excellence: Mayor de Blasio Announces Reforms to Raise Achievement Across all Public Schools* (<http://www1.nyc.gov/office-of-the-mayor/news/618-15/equity-excellence-mayor-de-blasio-reforms-raise-achievement-across-all-public>)

NOTES: \*Fiscal Year \*\*Annual cost at full phase-in.

### Indicators to Watch

- Measure of 2<sup>nd</sup> grade literacy (*not reported*).
- Percentage of students with access to AP classes (*not reported*).
- Percentage of students with algebra instruction (*not reported*).
- Number of graduates enrolling in college (*not reported*).

### Other Initiatives

- Since FY 2015, the DOE budget has shown an increase of more than 250 guidance counselors (including “single shepherds”) under general education instructional and support services.
- 40 new CTE programs are expected to come online by 2019, subject to State approvals.
- 48 new programs serving English Language Learners in 42 schools were announced, at an estimated cost of \$1.2 million

## Procurement

- DOE is budgeted to spend \$9.5 billion on contractual and other non-personnel services in FY 2018, including a contractual services budget of \$6.95 billion. The contractual services budget is projected to rise to \$7.16 billion in FY 2019.
- Although the DOE’s OTPS budget is by itself fully one-quarter of the total citywide OTPS budget, and its contractual services budget constitutes 44% of the entire City Contract Budget, it is not included in the annual *Agency Procurement Indicators* report published by the Mayor’s Office of Contract Services (MOCS).
- The Comptroller’s [Annual Contracts Report](#) provides a review of DOE procurement.

FY 2018 DOE OTPS Budget (\$ millions)	
Contractual Services	\$6,953.5
<i>Charter Schools</i>	1,939.3
<i>Special Education Contract Schools</i>	1,487.8
<i>Direct Educational Services to Children</i>	873.9
<i>Transportation of Pupils</i>	1,240.5
<i>Maintenance &amp; Operation of Infrastructure</i>	933.8
<i>All Other Contractual &amp; Professional Services</i>	478.1
Supplies & Materials	\$738.4
Property & Equipment	\$212.7
Fixed & Misc. Charges	\$133.5
Other Services & Charges	\$1,423.7
<b>TOTAL</b>	<b>\$9,461.7</b>

Because the Department is governed by New York State law, it is not subject to NYC Procurement Policy Board rules. Instead, DOE has its own *Procurement Policy and Procedures* (PPP), approved by the Panel for Education Policy (PEP). All DOE contracts are supposed to be reviewed and approved by the PEP. Audits and analyses by the Comptroller's Office have documented numerous instances of poor financial and program management, including a failure to abide by the approved PPP. The Comptroller's office has observed the following deficiencies in DOE's procurement practices, among others:

- Contracts are presented to the PEP retroactively;
- PEP presentations contain only outlines or minimal information for PEP review;
- Contracts are submitted without completed VENDEX Vendor and Principal Questionnaires;
- Vendor performance is not evaluated;
- Overuse of non-competitive procurement methods;
- Overuse of Emergency Procurement for goods and services that should be known in advance with a fair degree of accuracy, such as food and bus transportation.

### **Indicators to Watch**

The following indicators should be reported as part of the MOCS annual Agency Procurement Indicators report:

- Number and value of competitive procurement actions, by type.
- Number and value of non-competitive procurement actions, by type.
- Number and value of retroactive contract registrations.
- Original contract amounts and actual spending.