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**Testimony of Sarita Subramanian**  
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**To the New York City Council Education Committee**  
**Oversight Hearing on Fair Student Funding**

**October 30, 2018**

Good afternoon Chair Treyger and members of the City Council. My name is Sarita Subramanian and I am the supervising analyst for the education team at the New York City Independent Budget Office. Thank you for the opportunity to testify at this oversight hearing on Fair Student Funding and the proposed Reso 569 on amending the formula to incorporate a weight for students in poverty in fourth grade or higher.

In my testimony, I will first discuss an [analysis](#) that IBO published last week describing the shortfall to individual schools' Fair Student Funding budgets over the past five years. Then I will discuss some of the benefits that would result from enactment of the Reso, but also highlight a few concerns and some suggestions for additional items to consider.

Our report mentioned the \$125 million that Mayor de Blasio and City Council Speaker Johnson agreed to add to the Department of Education budget to ensure all schools received at least 90 percent of their full Fair Student Funding entitlement for the 2018-2019 school year. It is important to note, however, that the \$125 million includes funds for health, pensions, and other fringe benefits for school staff, which are typically not included in Fair Student Funding allocations and not reflected in individual school budgets. Because our analysis was focused on Fair Student Funding on the school level, the amounts we reported are more closely aligned with what appears on individual schools' budgets. Roughly \$78 million of the \$125 million announced last spring would be reflected in school budgets, with the balance going for health, pension, and other fringe benefit costs that are budgeted centrally.

IBO looked at each school's budget over the past five years and calculated how much additional funding would have been needed to bring all schools to their full formula amounts. Our analysis showed that the additional funding needed to fully fund Fair Student Funding has been declining in each of the past five years—from \$719 million in 2013-2014 down to \$491 million in 2017-2018.

Focusing on the 2017-2018 school year, our analysis of the 1,533 schools that received Fair Student Funding found that roughly 1,200 schools received smaller allocations than they qualified for under the formula. About 920 schools had shortfalls of \$500,000 or less while the other roughly 280 schools each had shortfalls that exceeded \$500,000. Sixty-three of these schools had shortfalls of \$1 million or more from their full formula-derived amount under Fair Student Funding. Although the 63 schools accounted

for just 5 percent of the schools that were not fully funded, they had a collective shortfall of \$102 million, or more than a fifth of the systemwide gap in full funding. More than three-quarters of these 63 schools were in Queens and Brooklyn, and the majority were high schools. Given that 78 percent of schools remain underfunded 10 years after Fair Student Funding was first implemented, and increased funding from the state has still not materialized, the city's efforts to continue raising the floor for all schools are critical.

Reso 569 calls for additional funding for schools that serve students in fourth grade or higher by incorporating a poverty weight over and above the existing need weights for academic intervention, students with disabilities, and English Language Learners. Currently, poverty is a factor incorporated into the Fair Student Funding formula in the academic intervention weight, but only for elementary schools because state test scores—the preferred measure to identify academic need—are not available until after third grade. If the Reso had been in place last year, it would have brought additional funding for all students in poverty in the 737 schools that did not serve grades K-3, almost half of the schools that received Fair Student Funding. Of the remaining 796 schools that did serve some students in grades K-3, 760 schools would have received additional funding for students in poverty who were in grade 4 or above. The other 36 schools would have received no additional funding because they did not serve any students in grade 4 or above. So while this proposal would bring additional funding for 98 percent of schools, there would probably need to be some additional consideration for the students in poverty in those 36 schools who would not qualify if the intention is to have a weight specifically for poverty, in addition to the academic need weight. Moreover, if the proposed changes are intended to be cost-neutral, that would mean that some other weights would need to be adjusted down in some way.

In addition to adding a poverty weight for students in fourth grade or higher, the Reso calls on the Department of Education to automatically classify all students in temporary housing as in poverty. IBO looked at the more than 103,000 students in the 2016-2017 school year who spent at least some part of the year in temporary housing and found that virtually all of them were already identified as in poverty in our data. Previous IBO reports and testimony have identified the unique challenges faced by students in temporary housing, including challenges that result in substantially higher rates of chronic absenteeism compared with other students. A more direct way of providing additional funds to schools that serve students in temporary housing would be to add a separate weight for these students in the Fair Student Funding formula—similar to the weights that currently exist for students with disabilities and English Language Learners. In that case, either more money would need to be dedicated to Fair Student Funding, or a portion of existing funding to support students in temporary housing that is currently managed centrally at the Department of Education could instead be distributed directly to schools through a revised formula for Fair Student Funding.

Finally, the two Intros under consideration today (1174 and 1014-A) would help improve understanding and provide valuable information regarding this major funding source for schools.

Thank you again for the opportunity to testify and I would be glad to answer any questions you may have.