



# ISSUE BRIEF: NEW YORK CITY DEPARTMENT OF EDUCATION

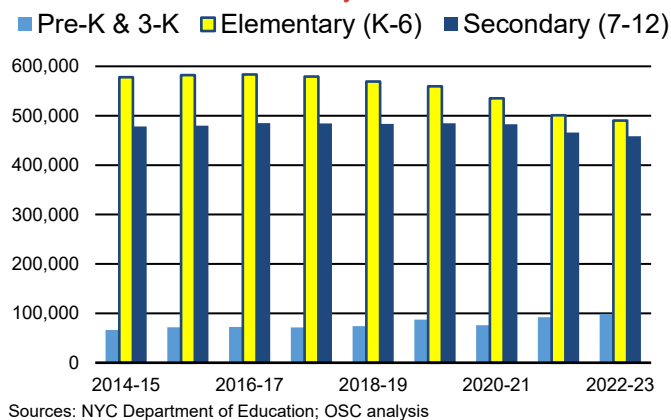
The New York City Department of Education (DOE) is the largest public school system in the nation. It serves roughly one million students in more than 1,800 schools (including charter schools) and child care centers, employing 130,000 full-time staff. The DOE’s budget, which reached \$38.4 billion in fiscal year (FY) 2024, including centrally administered costs such as debt service and pensions, accounts for 36 percent of the City’s total expenditures. Historically, the City has provided the majority of DOE funding; State support has averaged 35.7 percent of the DOE’s budget annually over the past 10 years, while the federal government has supplied an average of 7.7 percent (including one-time pandemic aid).

## ISSUES FACING THE AGENCY

**Asylum Seeker and Migrant Student Enrollment:** The City estimates that, of the 133,000 asylum seekers and migrants who have arrived over the past year, approximately 30,000 of them are children who are enrolled in City schools during the 2023-24 school year. Nearly 12,000 of those students have arrived since June 30, 2023. Many of them have experienced interrupted educations and are English language learners, situations which typically require additional resources to address. However, the full extent of these costs is unknown; the City did not include them in its initial estimates of asylum seeker-related expenses or in the amounts it allocated for such expenses FY 2024 and FY 2025. The DOE spent \$22 million on initiatives exclusively related to these students in FY 2023, despite not having budgeted for any such costs in that year. This figure does not include any of the department’s spending on these students through its general programming and there are also no budgeted costs for similar spending in FY 2024. The City is required to provide all children, regardless of immigration status, with a free quality education, and Fair Student Funding allocations alone for these migrant students are likely to exceed \$125 million in FY 2024. However, additional per-pupil funding from State and federal sources would likely defray a portion of such costs. In addition, the City has a limited number of teachers specializing in English language learners, and it is important that schools serving large numbers of asylum seeker and migrant students have the support and resources that they need to do so.

**Enrollment:** The number of K-12 students enrolled in New York City public schools fell by over 95,000 (nearly 9.2 percent) between the 2019-20 and 2022-23 school years, with the pandemic exacerbating the existing downward trend (see Figure 1). The greatest drops came among elementary school enrollment, which fell nearly 14 percent from the 2018-19 school year to the 2022-23 school year. This decline has been partially offset by the expansion of the City’s Universal Pre-School program and the creation of its 3-K program (free preschool for 3-year-olds) during that period. However, the School Construction Authority (SCA), which is responsible for building, maintaining and upgrading the City’s schools, has produced out-year projections that expect K-12 enrollment to continue declining, perhaps falling below 750,000 students by 2030. While none of these calculations include the recent influx of asylum seeker and migrant students, that population is significantly smaller than the size of the enrollment decline since 2019-2020. Most education aid is calculated on a per-pupil basis, meaning the City may also need to adjust its expectations of support from federal and State sources.

**FIGURE 1**  
NYC Student Enrollment by School Year

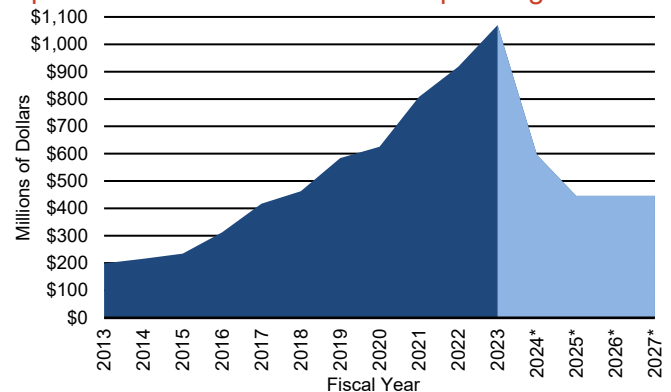


**Class Size Mandate:** The State recently required the City to lower class sizes by FY 2028, which the City expects will cost \$1.3 billion annually in additional operating costs once fully phased in. This amount does not include capital

costs associated with siting, designing and constructing new classroom space. Under the new law, the City is required to bring 20 percent of its classrooms into compliance with the new standards in each of the next five years. It must demonstrate the progress it is making each year to the State Education Department. If the DOE fails to meet these benchmarks, the State has the authority to withhold a portion of its aid until the City achieves compliance (amounting to an estimated \$504 million in the first year the City fails to meet a benchmark and \$756 million in each year thereafter if it remains out of compliance). Due to recent enrollment declines, the City expects to be able to meet the phase-in of the mandate in FY 2024 and FY 2025 without new spending, but it is likely to incur significant additional costs beginning in FY 2026. However, the City is having [difficulties in meeting some staffing targets](#). About 9,000 full-time positions remained unfilled in September 2023, concentrated among early childhood programs. While these vacancies are expected to generate significant budgetary savings in FY 2024, they may hinder the City’s implementation of its class size reduction plan. Furthermore, the influx of asylum seeker and migrant students may require additional spending sooner than the City is anticipating.

**Special Education Services:** City spending on federally mandated special education services (known as “Carter” cases) has more than quadrupled in the past decade, reaching \$1.07 billion in fiscal year 2023, driven by a combination of more students receiving services, more services being provided, and increasing legal costs (see Figure 2). The DOE has reported that it does not expect either the demand for such services or their costs to decline, and that it is facing a significant backlog of cases. Nevertheless, the City has budgeted for lower costs in the coming years, expecting to cut more than half of this mandated spending by FY 2025, which is unlikely given recent trends. Through the first quarter of FY 2024, the City has already spent more than \$357 million on Carter cases (65 percent of the amount it has budgeted for the year); this is also a significantly higher portion than at this point in previous years. The City has created a working group to develop solutions and invested \$205 million in creating and expanding programs for students with special needs inside the City’s existing school system, but such expansions are relatively modest and the City has not explained how it expects them to translate to the abrupt, significant and sustained planned savings.

**FIGURE 2**  
Special Education Carter Case Spending



Sources: NYC Department of Education; OSC analysis

\*City forecast

**Charter School Per-Pupil Tuition:** The City’s financial plans do not reflect future increases to charter school per-pupil tuition rates that are mandated in State law. Even as enrollment in traditional public schools has declined during the pandemic, enrollment in charter schools continued to increase (albeit at a slower rate than previously): traditional schools lost 13.3 percent of their K-12 enrollment between the 2018-19 school year and the 2022-23 school year; in contrast, K-12 charter school enrollment increased by 17.4 percent over the same period. Based on enrollment projections, the City’s preliminary estimates show that these costs could increase by \$46 million in FY 2024, rising to \$449 million by FY 2027 if not offset by additional State aid.

**Pandemic Aftermath:** Many students’ educations were significantly disrupted by the COVID-19 pandemic, and the reverberations are still being felt and could persist for years. New York City received approximately \$7 billion in one-time, emergency federal pandemic aid (excluding the CARES Act) to help its [schools weather and respond to the pandemic](#), but it [addressed a smaller share of those funds to recovering learning loss than other major school districts](#). State standardized tests have now been baselined to 2022 scoring, so it is inappropriate to compare them to students’ pre-pandemic performance; however, federal data shows that [New York State’s fourth grade test scores declined more severely than the nationwide average](#) during the pandemic. The City also devoted a significant share of its federal aid to supporting or expanding ongoing programs, creating a number of fiscal cliffs that will cost the City [\\$105 million in FY 2024, \\$736 million in FY 2025, and \\$741 million beginning in FY 2026](#), unless services are reduced or new funding sources are identified. Between FY 2012 and FY 2020, the share of the DOE’s budget that was supported by federal funds averaged 6.6 percent annually. The federal share more than doubled to 14 percent in FY 2022 and has remained above 10 percent through FY 2024. However, the City’s budget expects it to decline to just 5.8 percent in FY 2025 and to continue to fall in the out-years.