



ISSUES FACING NEW YORK CITY’S AGENCIES: NEW YORK CITY DEPARTMENT OF EDUCATION

Overview

The New York City Department of Education (DOE) is the largest public school system in the nation. It serves more than one million students in over 1,800 schools (including charter schools) and employs some 150,000 staff. The DOE’s operating budget, which reached \$31.6 billion in fiscal year (FY) 2022, accounts for 30.7 percent of the City’s total expenditures. Historically, the City has provided the majority of DOE funding; State support has averaged 35.8 percent of the DOE’s budget annually over the past 10 years, while the federal government has supplied an average of 7.8 percent.

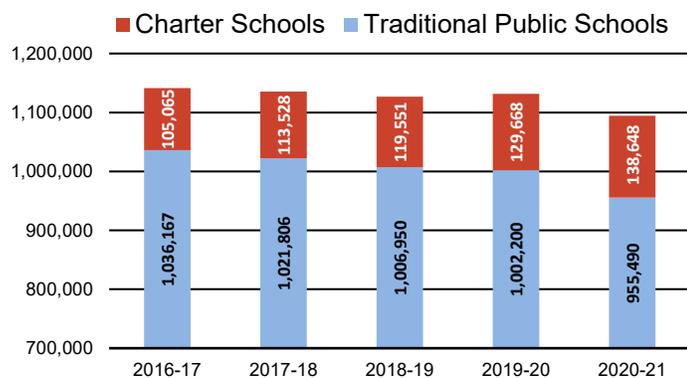
Pandemic Impact on Agency Operations

Extraordinary emergency federal aid eliminated the [most serious potential fiscal impacts of the pandemic](#). However, school closures, the necessary integration of remote learning, and the inability to provide in-person supplemental services to students have disrupted two consecutive school years, with significant negative impacts on student learning outcomes.

ISSUES FACING THE AGENCY

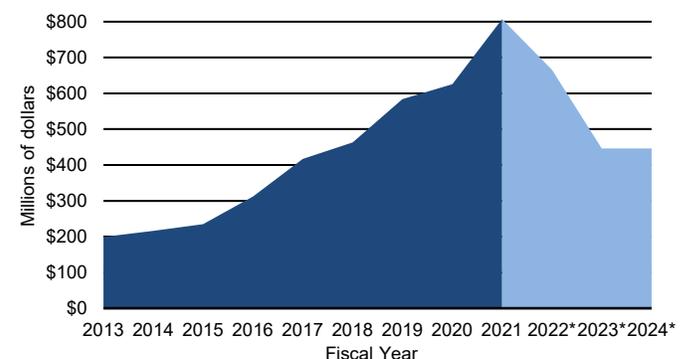
- Pandemic Educational Impact:** The federal government has provided the City with more than \$8 billion over five years in emergency education funding to respond to and recover from the pandemic. The City should use it to ensure that students see real and measurable assistance in overcoming the disruptions of the pandemic. Concerningly, the City plans to fund more than \$1 billion in recurring expenses (including the expansion of its 3-K program) with these one-time federal funds, which could pressure the City to cut services or find new funding sources after FY 2025.
- Falling Enrollment:** The pandemic has exacerbated long-term trends of declining student enrollment. According to City data, New York City schools lost more than 3.3 percent of their total enrollment in the 2020-2021 school year even as charter enrollment grew (see Figure 1). The City expected about half of that number to return to the public school system in the 2021-22 school year, but preliminary data indicates that enrollment has in fact continued to decline. Enrollment numbers serve as a basis for most formulas which allocate education funding to school districts.
- Special Education Services:** City spending on certain federally mandated special education services (called “Carter cases”) has more than tripled in the past decade (reaching \$807 million in FY 2021), driven by a combination of more students receiving services, more services being provided per student, and increasing legal costs (see Figure 2). The City is facing a significant backlog of cases and its ability to provide necessary services during the pandemic has been challenged in court. Both circumstances will likely further increase costs when adjudicated. Nevertheless, the City expects this spending to decline by \$142 million in FY 2022 and by \$220 million more thereafter, a budgetary risk.

FIGURE 1
NYC Public School Student Enrollment



Sources: NYC Department of Education; OSC analysis

FIGURE 2
Federally Mandated Special Education Spending



Sources: NYC Department of Education; OSC analysis

*City Forecast