Are New York City's High-Needs Students Receiving Educational Equity and Quality?

An analysis of funding, educational outcomes, and public transparency measures of New York City's high-poverty schools

Report by the Alliance for Quality Education and the Public Policy Education Foundation

August 2009

Credits

This report was produced by the Alliance for Quality Education and the Public Policy and Education Fund of New York. The Alliance for Quality Education is a statewide non-profit coalition of over 230 organizations of parents, children's advocates, schools, teachers, clergy and others. The Public Policy and Education Fund of New York is a not-for-profit research and public education organization founded in 1986 to address social, economic, racial and environmental issues facing low and moderate-income New Yorkers.

Sumaya Saati, a Policy Analyst at the Alliance for Quality Education, was the primary author of this report. Her responsibilities included direct research and gathering data, analyzing research conducted by contributing organizations, and writing the analysis of key findings.

All data and fiscal analysis in this report was generated by the Fiscal Policy Institute. FPI conceived the methodology and structure for looking at New York City schools over time by student poverty in this report, evaluated the funding levels by student poverty, generated data on funding streams, and created graphs of student performance. The Fiscal Policy Institute is a research and education organization focusing on tax, budget, and economic issues that affect the quality of life and well-being of New York State residents.

The Annenberg Institute for School Reform also collected data on student performance in New York City and conducted data analysis that was utilized in the preparation of this report; additionally the Annenberg Institute for School Reform reviewed the work substantially and provided input on structure. AISR provides educational data analysis, strategic support on community engagement, and conducts research and policy analysis to support urban communities working to improve schools.

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Executive Summary

This report sought to evaluate recent funding trends and performance of New York City schools. The report found evidence that the funding gap between schools with the highest and lowest concentrations of student poverty has grown larger over time, from $375 in 2006 to $570 in 2009. This resource inequity has significant implications for the entire New York City education system with particular implications for students living in poverty, English Language Learners, and other students who need additional academic supports. The Contracts for Excellence funding stream has been singularly successful in closing the funding gap. Measured against student need, the Fair Student Funding formula has been less successful and may have increased disparities. These funding disparities have implications for student outcomes by poverty – the achievement gap between students with the greatest poverty and their peers who are not in poverty is significant and enduring – both on state exams and ultimately graduation rates.

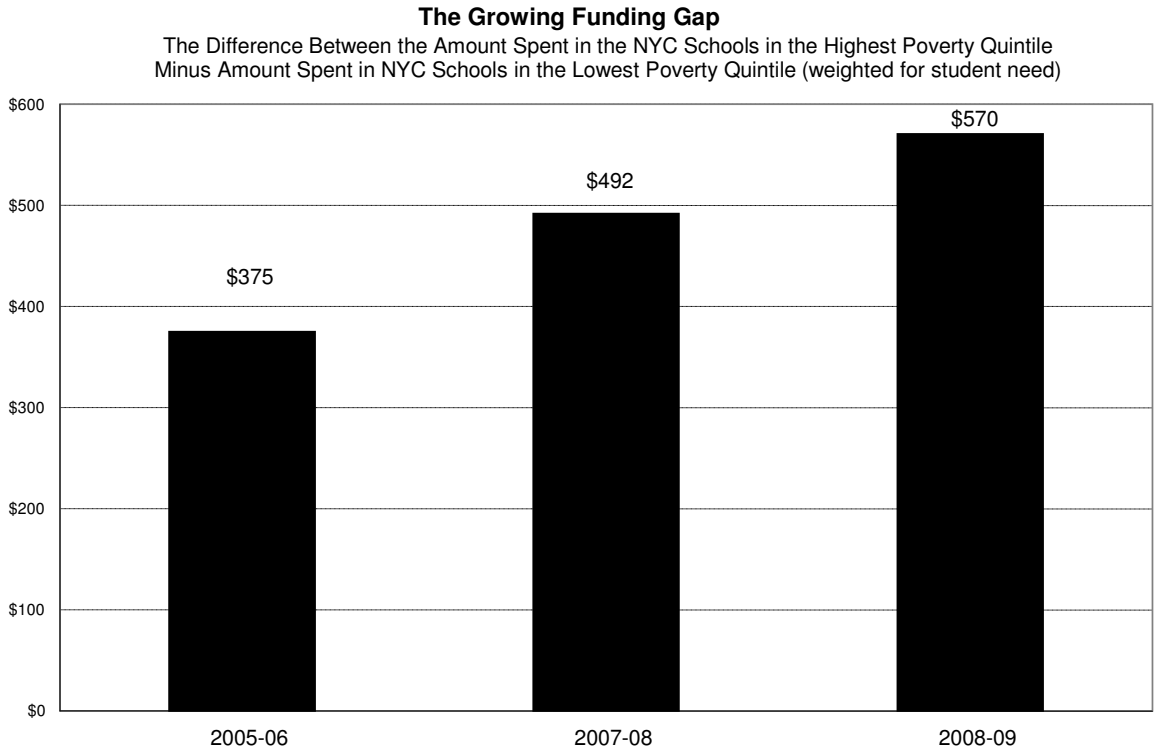
Clearly the failure by New York City and subsequently by New York State to fulfill education funding obligations has significantly contributed to maintaining educational funding inequity. While the Contracts for Excellence has measurably contributed to closing the funding gap, much of this progress seems to have been undermined by the apparent supplanting of city dollars with Contracts for Excellence funds. Supplanting is the practice of replacing one funding stream for another; state law governing the Contracts for Excellence expressly prohibits such supplanting. The State Education Department and the new Commissioner of Education will need to make a determination regarding supplanting and require a financial remedy. If supplanting has occurred and the Commissioner does not cause New York City to provide a financial remedy, then it is unreasonable to expect the Contracts for Excellence money to produce educational results.

The Fiscal Policy Institute collected data from the New York City Department of Education in order to analyze New York City school allocations over time. FPI arranged the schools by percent of students in poverty in order to show the differences between comparable numbers of students at the poorest and least poor schools. FPI calculated student need at individual schools based on the percent enrollment in free and reduced priced lunch programs. This practice is called "weighting" for student need, and it reflects the broad-based consensus among policy makers and education experts that it costs more to provide students in poverty equivalent educational opportunity. The New York State Board of Regents has documented a close correlation between student performance and student poverty. To address this educational inequity, the Regents have used a two-to-one weighting for student poverty. In using this standard the Regents calculate the cost of providing an equivalent education for each student in poverty as costing $2 for every $1 spent on other students. This same standard has been used throughout this report in determining the funding gap. [1]

[1] NY Fiscal Analysis and Research Unit. "Towards an Understanding of the Relationships among Student Need, Expenditures and Academic Performance." 2003. http://www.oms.nysed.gov/faru/articles.html

Findings on Funding Streams and the Funding Gap

- The funding gap in New York City's schools has grown since 2005-06. The per pupil funding gap between schools with the highest and lowest concentrations of poverty has increased from $375 in 2005-06 to $570 in 2008-09. During the same time period the funding gap has also increased for English Language Learners.



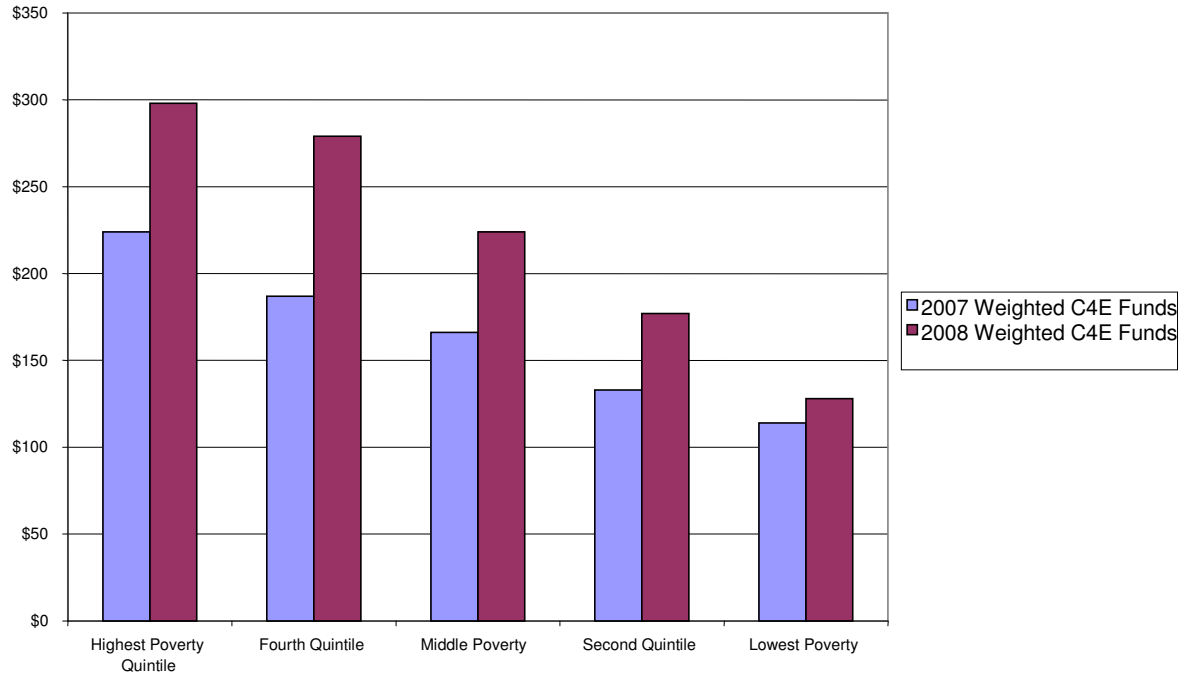
Graph from page 16 of this report.

See also William H. Clune "The Shift from Equity to Adequacy In School Finance" June 1993, and William Duncombe. CPR Working Paper Series No. 44: Estimating the Cost of an Adequate Education in New York." Syracuse, New York. Feb 2002. http://www.cpr-maxwell.syr.edu

Contracts for Excellence Funding per pupil in New York City

- State law and regulations requiring that New York State's Contract for Excellence funding prioritize high need students and schools has resulted in these funds helping to close the funding gap by $280 per pupil over the past two school years.

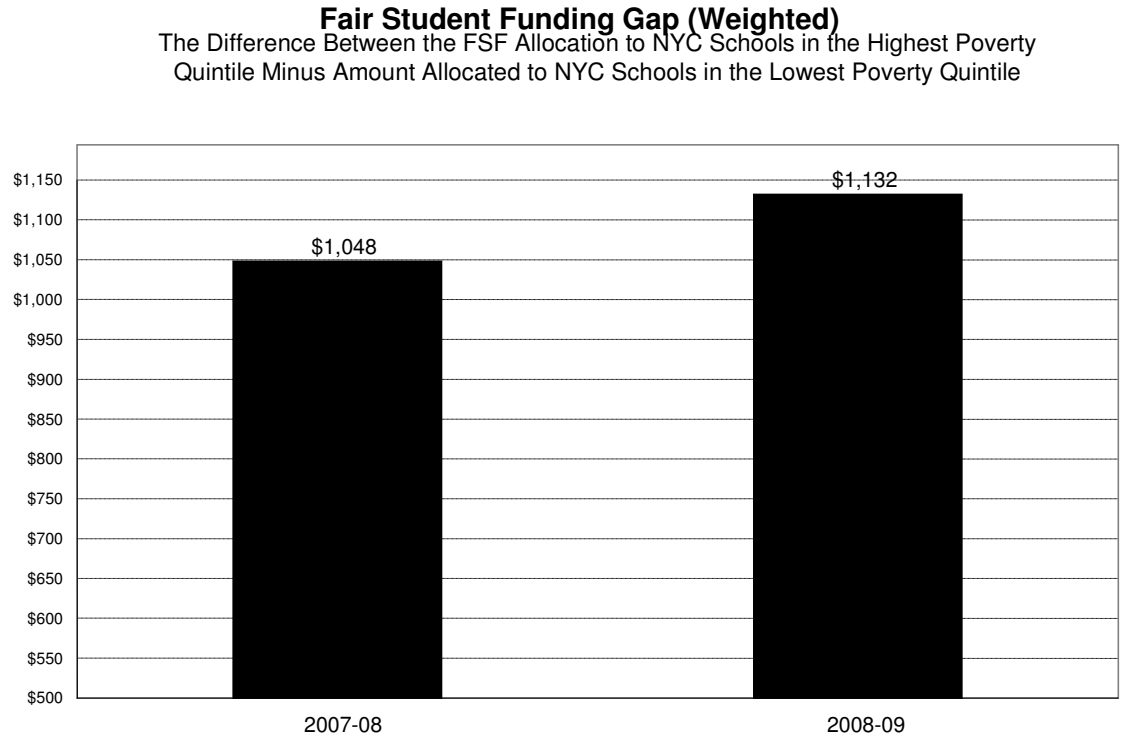
2007-08 Contract for Excellence Funds, Weighted Per Pupil by Poverty



Graph is from page 19 of this report.

Fair Student Funding Formula's Implications on Funding Equity

- New York City's Fair Student Funding Formula, as implemented in 2008-09, has contributed to a growing funding gap.



Graph from page 21 of this report.

Contracts for Excellence Funding and Possible Supplanting

Evidence suggests that DOE has used Contract for Excellence funds to supplant other dollars. Supplanting is a process where one funding stream is used to replace another funding stream--in this case state dollars are used to replace local dollars. Supplanting results in less money going to support school funding.

- It appears that DOE proposed cuts to the Fair Student Funding formula, then added the Contract for Excellence funds in order to replace a portion of these local cuts to schools.

- Supplanting is expressly disallowed under the 2007 legislative reforms brought on by the Campaign for Fiscal Equity lawsuit. If the NYS Commissioner of Education does not enforce the supplanting rules, then it is unreasonable to expect that the CFE funding will close the funding and achievement gaps for students with the greatest needs.

Table: Data of Per Pupil impact of cuts and restoration

	Mayor's Proposed Budget Reductions Per Pupil	DOE Distribution of City Council Restoration	Reductions in Enacted Budget Funding
Highest Poverty	-$487	$42	-$444
Fourth Quintile	-$480	$71	-$408
Middle Quintile	-$450	$111	-$340
Second Quintile	-$446	$172	-$273
Lowest Poverty	-$418	$215	-$203

Information on possible supplanting is on pages 29-32 of this report.

Findings on Student Performance by Poverty Rates

- The gaps in student performance as measured by passage rates on state exams between high and low poverty schools are large and have shown little evidence of shrinking. The proficiency gaps in 2009 range from 13.3% in 4th grade Math to 34.9% in 8th grade English Language Arts and have changed little in the past five years.

Graph: 8th Grade ELA Proficiency Rates by Poverty 2005-2009

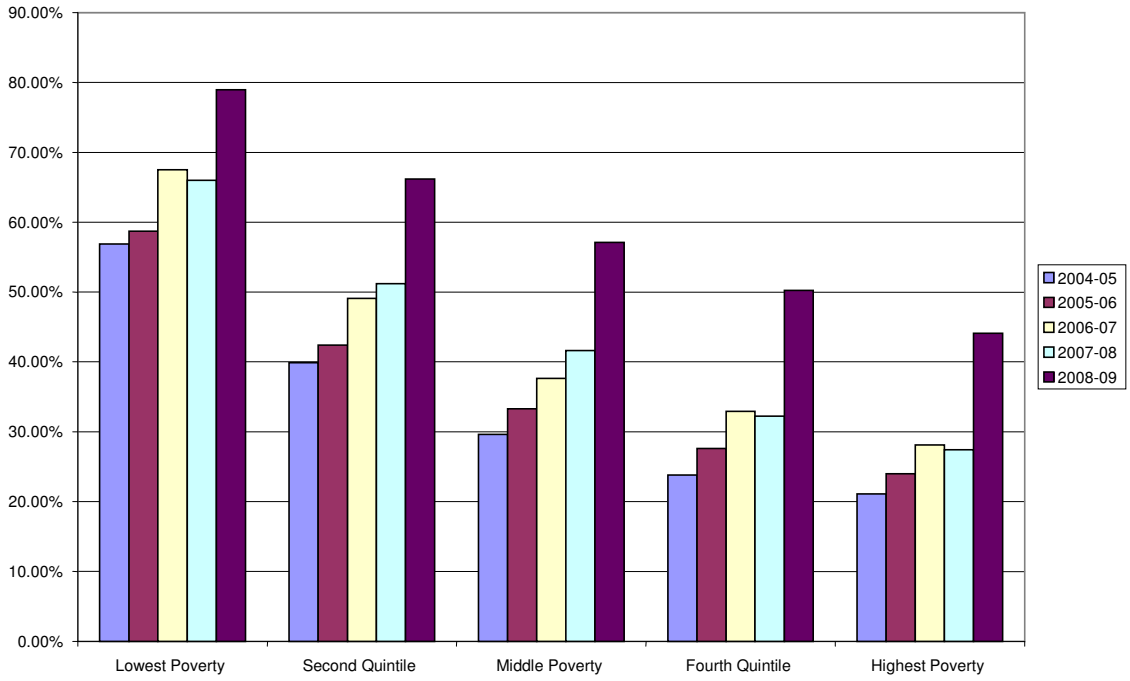


Table: Percent of Students Proficient in 8th Grade English Language Arts Exam by Poverty

School Year	Lowest Poverty	Second Quintile	Middle Poverty	Fourth Quintile	Highest Poverty	Proficiency Gap
2004-05	56.9%	39.9%	29.6%	23.8%	21.1%	35.8%
2005-06	58.7%	42.4%	33.3%	27.6%	24.0%	34.7%
2006-07	67.5%	49.1%	37.6%	32.9%	28.1%	39.4%
2007-08	66.0%	51.2%	41.6%	32.2%	27.4%	38.6%
2008-09	78.9%	66.2%	57.1%	50.2%	44.1%	34.8%

Graph and table are on page 35 of this report.

Findings on Graduation Trends by Poverty Rates

- There is a large gap in the graduation rate between high and low poverty high schools. While New York City and New York State have used different methods to calculate the graduation rate, under both measurements the graduation gap ranges between 24% and 28% and little progress in closing the gap has been made in recent years.

- The gap in Regents diploma rates has consistently hovered around 40% for the past three years, with only 28% of students in high poverty schools receiving the Regents diploma while almost 70% of students in low poverty schools do so.

Graduation (Regents Only) 2005-07 by Poverty Quintile (NYC August)

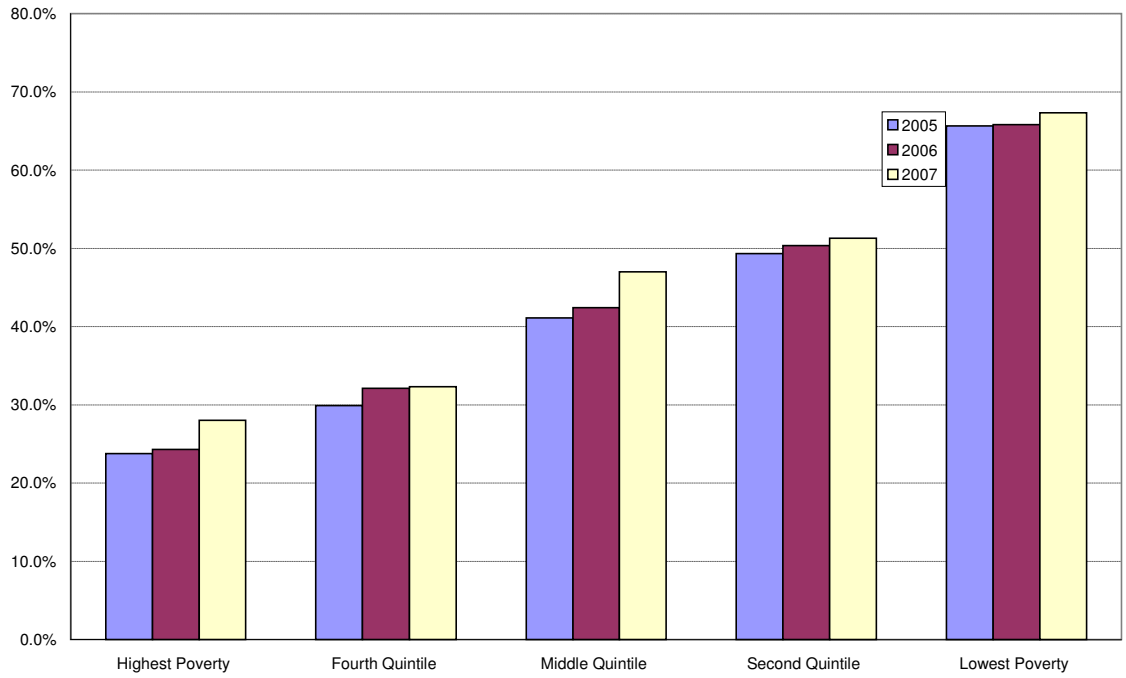
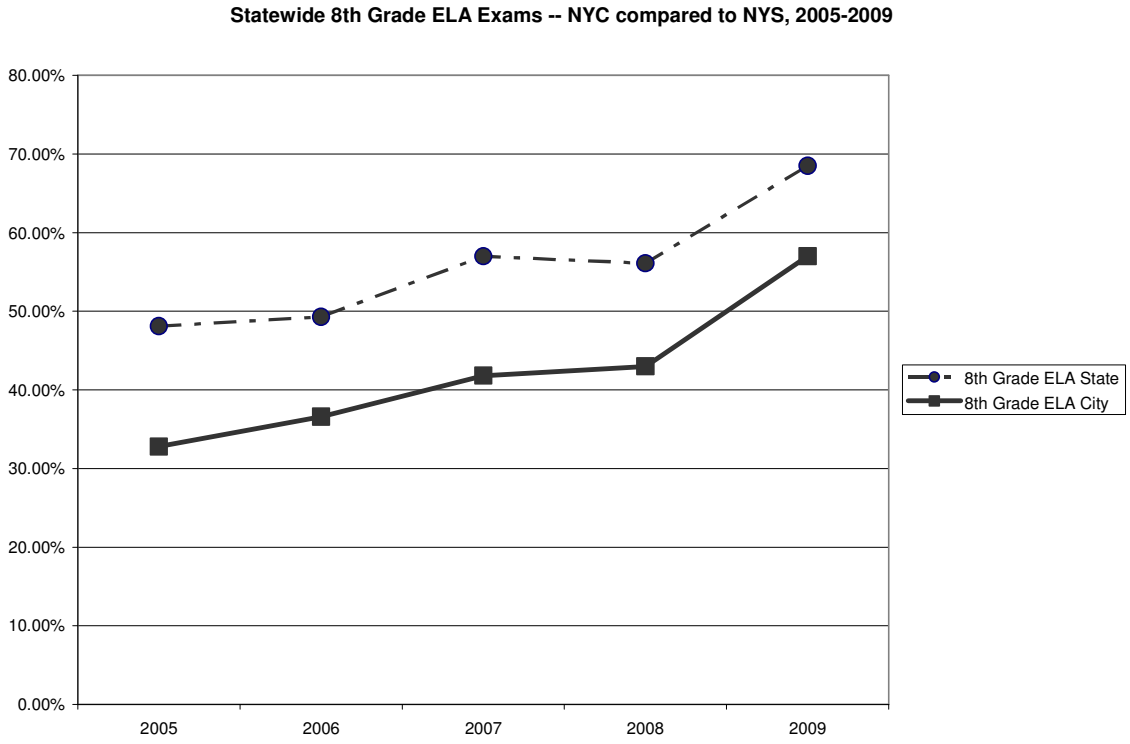


Table: Percent of Students Earning a Regents Diploma by Poverty Group, 2005-2007			
	2005	2006	2007
Highest Poverty	23.7%	24.3%	28.0%
Fourth Quintile	29.9%	32.1%	32.3%
Middle Quintile	41.1%	42.4%	47.0%
Second Quintile	49.3%	50.3%	51.3%
Lowest Poverty	65.6%	65.8%	67.3%
Gap in Regents Diplomas	**41.9%**	**41.5%**	**39.3%**

Graph and table shown are located on page 42 of this report.

New York City compared to New York State performance

- While New York City's Department of Education has run a well-orchestrated public relations effort promoting the idea that New York City schools have outperformed schools around the state, New York City's performance actually mirrors New York State trends on ELA and Math tests administered across the State from 2005-2009.



	8th Grade ELA New York State	8th Grade ELA New York City	Difference between NYS and NYC performance
2005	48.1%	32.8%	15.3%
2006	49.3%	36.6%	12.7%
2007	57.0%	41.8%	15.2%
2008	56.1%	43.0%	13.1%
2009	68.5%	57.0%	11.5%

Graph and table are located on page 36 of this report.

Transparency and Independent Data Analysis

- Obtaining adequate data from DOE to conduct research and evaluation on how funds are used and what educational resources are purchased and supplied to improve educational quality is extremely difficult. Inadequate data are publicly available to conduct comprehensive analysis. Public access to all data on funding, educational resources and associated outcomes should be readily available and independent and objective analysis should be provided in order to give the public adequate information on the impact of educational policies. Under school governance reforms adopted in 2009 the Independent Budget Office will have access to DOE data and responsibility for performing analysis and evaluation. This measure is expected to create considerably more transparency regarding New York City schools.

Introduction

This report sought to evaluate recent funding trends and performance data within New York City schools. One of the most difficult aspects of obtaining financial data was getting the allocations to schools – the New York City Department of Education did not release uniform allocations during the years surveyed in this report. The Fiscal Policy Institute collected data from the New York City Department of Education in order to analyze New York City school allocations for FY 06, 08 and 09; FY 07 was not available. FPI arranged the schools by percent of students in poverty in order to compare funding and academic outcomes between schools with the greatest and least poverty. FPI used datasets from DOE as well as New York State Education Department to analyze student performance.

The financial data sets that were obtained were the available allocations of City and State dollars to all New York City schools. This report analyzed the City's Fair Student Funding Formula and Contract for Excellence dollars. Because both the Fair Student Funding formula and the state Foundation Aid formula tied to the Contracts for Excellence were enacted in 2007-08, the public and policy makers need to know if these formulas are having their intended effects and if not where there is room for improvement.

Section I: Funding and Equity in New York City Schools 2006-2009

Major Findings: Funding

- The funding gap in New York City's schools has grown since 2005-06. The per pupil funding gap between schools with the highest and lowest concentrations of poverty has increased from $375 in 2005-06 to $570 in 2008-09. During the same time period the funding gap has also increased for English Language Learners.

- Schools with the highest concentration of poverty have seen their share of the New York City's school funding pie shrink slightly since 2005-06, while schools with less poverty have seen their share grow.

- State law and regulations requiring that New York State's Contract for Excellence funding prioritize high need students and schools has resulted in these funds helping to close the funding gap by $280 per pupil over the past two school years.

- New York City's Fair Student Funding Formula, as implemented in 2008-09, has contributed to a growing funding gap.

The Funding Gap

This report models its analysis of the funding gap after The Education Trust, a highly regarded national education organization that monitors funding disparities between school districts in each state. However, rather than examining the funding gap between districts, this report examines the funding gap between schools in New York City. Like The Education Trust, this report first adjusts funding for student need based on student poverty, then calculates the funding gap between schools with the *most* student poverty and those with the *least* student poverty. Weighting for student need reflects the broad-based consensus among policy makers and education experts that it costs more to provide these students equivalent educational opportunity.[2] The New York State Board of Regents has documented a close correlation in New York State between student performance by school district and concentration of student poverty. To address this educational inequity, the Regents have recommended spending $2.00 per child in poverty for every $1.00 spent on another child.[3] The same ratio was used in this report. Weightings are used to determine funding distribution in federal aid formulas, New York State formulas[4] and New York City formulas to account for student need factors including poverty, English Language proficiency, students with disabilities and other factors.

Examining the funding gap helps to evaluate the success of reforms implemented through New York City's Fair Student Funding Formula and the Contract for Excellence funds in delivering equitable educational opportunities. Despite court-ordered and political directives to add local and state funds into New York City's education system to close the resource and performance gaps, there are outstanding questions on whether funds are being equitably distributed. In addition to the question of funding, there are questions

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[2] Weighting for student need is a common practice in federal, state and local policies to promote equity and ensure all students have equivalent learning opportunities. The foundation formula proposed by the Governor and adopted into law by both houses of the state legislature in 2007 in effect allocates $2.30 for students in poverty compared with $1.00 for other students.[2] In addition, the foundation aid formula allots $2.40 for students with disabilities compared with $1.00 for general education students, and $1.50 for English Language Learners compared with $1.00 for students proficient in English. The allocation is accomplished based upon the calculation of a weighted student enrollment—for instance each English Language Learner is counted as 1.5 students. New York City's Fair Student Funding Formula for example uses a system of weightings based upon a variety of factors including students' grade level, poverty, disabilities, limited English proficiency, how students have performed on state exams, and enrollment at portfolio high schools. These weightings serve as multipliers to provide additional resources with the intention of delivering equivalent opportunities to students.

[3] NY Fiscal Analysis and Research Unit. "Towards an Understanding of the Relationships among Student Need, Expenditures and Academic Performance." 2003. http://www.oms.nysed.gov/faru/articles.html See also William H. Clune "The Shift from Equity to Adequacy In School Finance" June 1993, and William Duncombe. CPR Working Paper Series No. 44: Estimating the Cost of an Adequate Education in New York." Syracuse, New York. Feb 2002. http://www.cpr-maxwell.syr.edu

[4] New York's Foundation Aid formula utilizes two measures of student poverty, adding an additional 65 cents on the dollar for each student receiving free and reduced priced lunch and another 65 cents on the dollar for every student in poverty as identified through the US Census. In essence this amounts to counting each student in poverty as 2.3 students or allocating $2.30 for every $1.00 that is allotted for a student who is not poor.

about the extent of quality education and the distribution of equivalent educational opportunities for poor children in New York City public schools. Table 1 demonstrates the poverty ranges between schools in New York City. Table 2 shows funding per pupil once student need has been factored into account.

Table 1: New York City Schools in Quintiles by Percent of Students in Poverty

Quintile	Range of Poverty Rate	Average poverty rate
First Quintile – Least Poverty	3.7 % - 50.3 %	28.9%
Second Quintile	50.5% - 69.6%	61.8%
Middle Poverty Quintile	69.7% - 79.4%	74.6%
Fourth Quintile	79.5% - 88.2%	83.9%
Fifth Quintile – Most Poverty	88.3% - 100%	92.9%

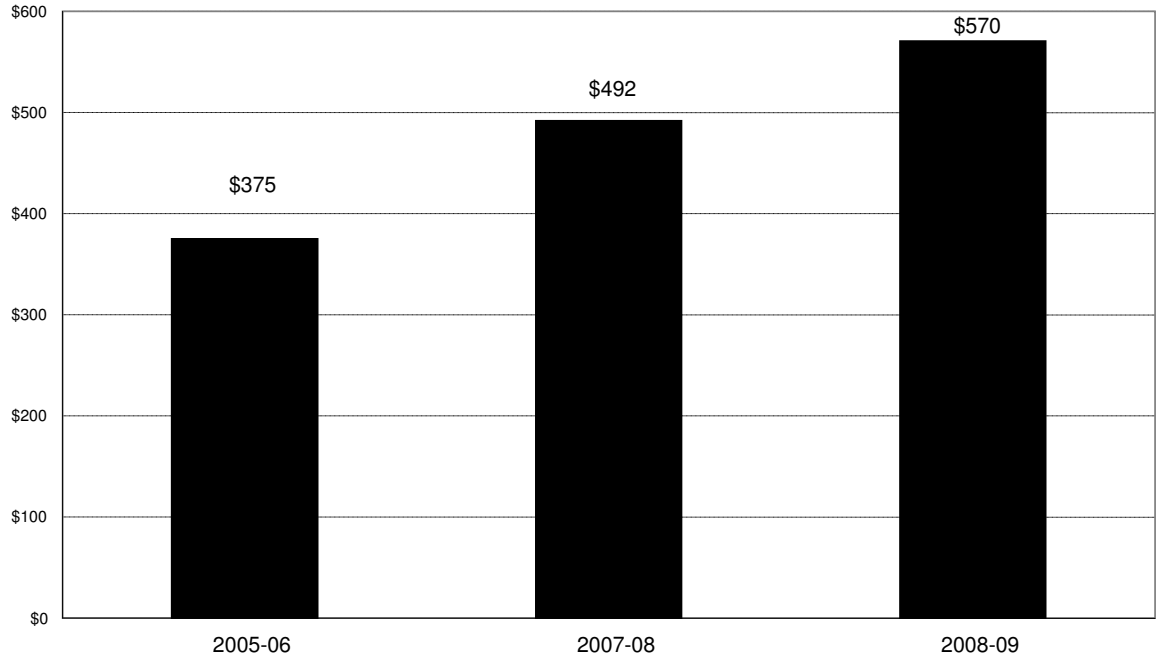
Table 2: Weighted Spending per Pupil

	Spending per Pupil (weighted) 2005-2006	Spending per Pupil (weighted) 2007-08	Spending per Pupil (weighted) 2008-09
Highest Poverty	$ 3,982	$ 4,595	$ 4,399
Fourth Quintile	$ 4,053	$ 4,707	$ 4,513
Middle Poverty	$ 3,937	$ 4,546	$ 4,382
Second Quintile	$ 4,054	$ 4,685	$ 4,525
Lowest Poverty	$ 4,357	$ 5,087	$ 4,969
Funding Gap	**$ 375**	**$ 492**	**$ 570**

The growing funding gap is one example of inequitable funding when adjusted for student need levels. Graph 1 shows the funding gap has grown over time from $375 in FY 2006 to $492 in FY 2008 to $570 in FY 2009.

Graph 1: The Growing Funding Gap

The Difference Between the Amount Spent in the NYC Schools in the Highest Poverty Quintile Minus Amount Spent in NYC Schools in the Lowest Poverty Quintile (weighted for student need)



Share of Total Spending Decreasing for High Poverty, Increasing for Low Poverty

After evaluating the increase in the funding gap, this report looked at the total funds allocated to schools in order to calculate how much each group of schools received over time. The poorest quintiles received a greater portion of the total funding in 2005-06 before the City and State's funding reform efforts. After New York City and New York State reformed their funding, schools with the poorest students saw their share of the total funding pie decrease while schools with the least student poverty saw their share increase.

Graph 2: Shares of Total Spending by Poverty Quintile: 2005-06 to 2008-09

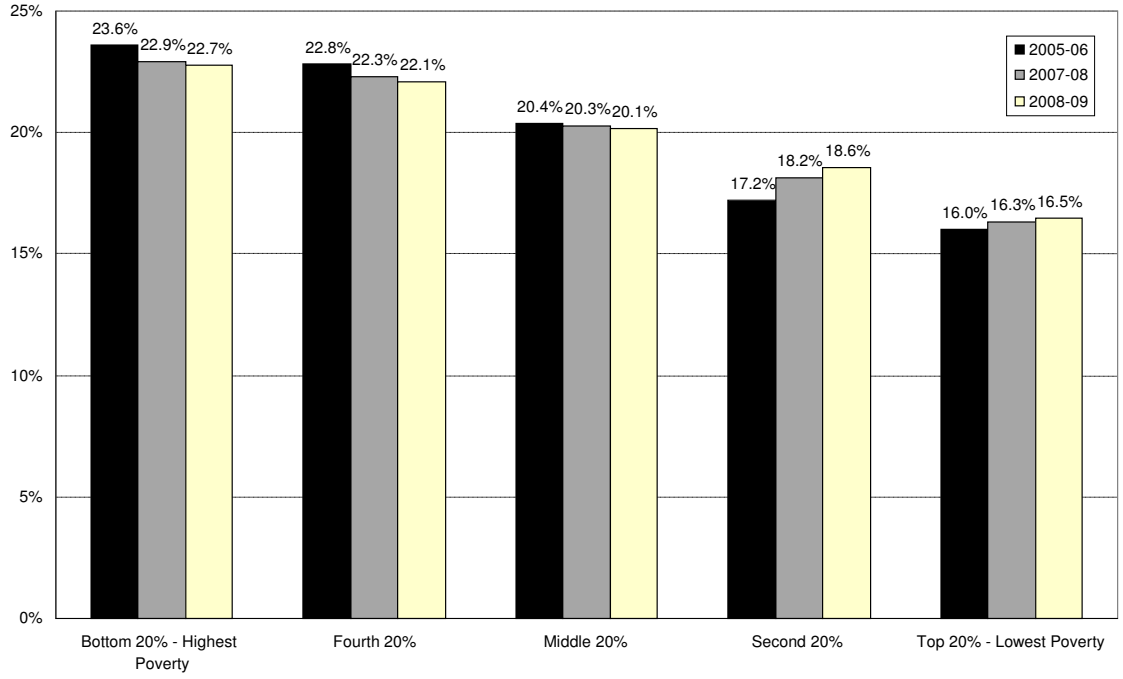


Table 3: Part of Total budget FY 2006 – FY 2009

Poverty Quintile	FY06 Budget Allocations	Percent of FY 06 Total	FY 08 Preliminary Budget	Percent of FY 08 Total	FY 09 Full Allocation	Percent of FY 09 Total
Poorest Quintile	1,427,765,977	23.6%	1,570,042,917	22.9%	1,482,807,301	22.7%
Fourth Poorest Quintile	1,378,710,146	22.8%	1,525,953,046	22.3%	1,439,155,609	22.1%
Middle Quintile	1,232,528,296	20.4%	1,388,946,564	20.3%	1,313,314,425	20.1%
Second Quintile	1,041,835,815	17.2%	1,243,050,075	18.2%	1,210,298,506	18.6%
Least Poor Quintile	966,947,118	16.0%	1,116,396,717	16.3%	1,072,389,373	16.5%
Year Total	6,047,787,352	100%	6,844,389,320	100%	6,517,965,214	100%

For New York City's poorest students, this trend is heading in the wrong direction. The funding allocations in this graph are not adjusted for poverty; they show the share of total dollars as distributed by quintile.

Contract for Excellence Funds

The Contract for Excellence requires accountability for a portion of new *Foundation Aid* in order to ensure funding is targeted to the neediest schools and to best educational practices. The Contracts for Excellence represent the only accountability system in the state tied to specific dollars that uses new funding to implement best practices for the neediest students. In school year 2007-08, $258 million in Contract for Excellence money went to New York City schools. In school year 2008-09, an additional $359 million dollars for New York City fell under the Contracts for Excellence and went to schools, with another $20 million going to the central district for programs to recruit and retain "highly-qualified teachers."

The Contract for Excellence money must be distributed to schools based upon the concentration of student need. The State Education Department has determined that at least 75% of the money under the Contract for Excellence should benefit the 50% of schools which have the greatest proportions of students in poverty, students with disabilities, English Language learners, and students with low academic achievement or at risk of not graduating on time.[5] The State Education Department refers to this as the "75/50 rule". These standards ensure that Contract for Excellence funds are targeted to the schools with the highest concentration of student need.

Graph 3 shows how the Contract for Excellence money is distributed after adjusting for the percent of students in poverty. Even after adjusting for student need, the poorest group of students gets more Contract for Excellence money than students in less needy schools.

[5] NYSED FAQsMay 2008. http://www.emsc.nysed.gov/mgtserv/C4E/FAQs/C4EFAQs.htm

Graph 3: 2007-08 Contract for Excellence Funds, Weighted Per Pupil by Poverty

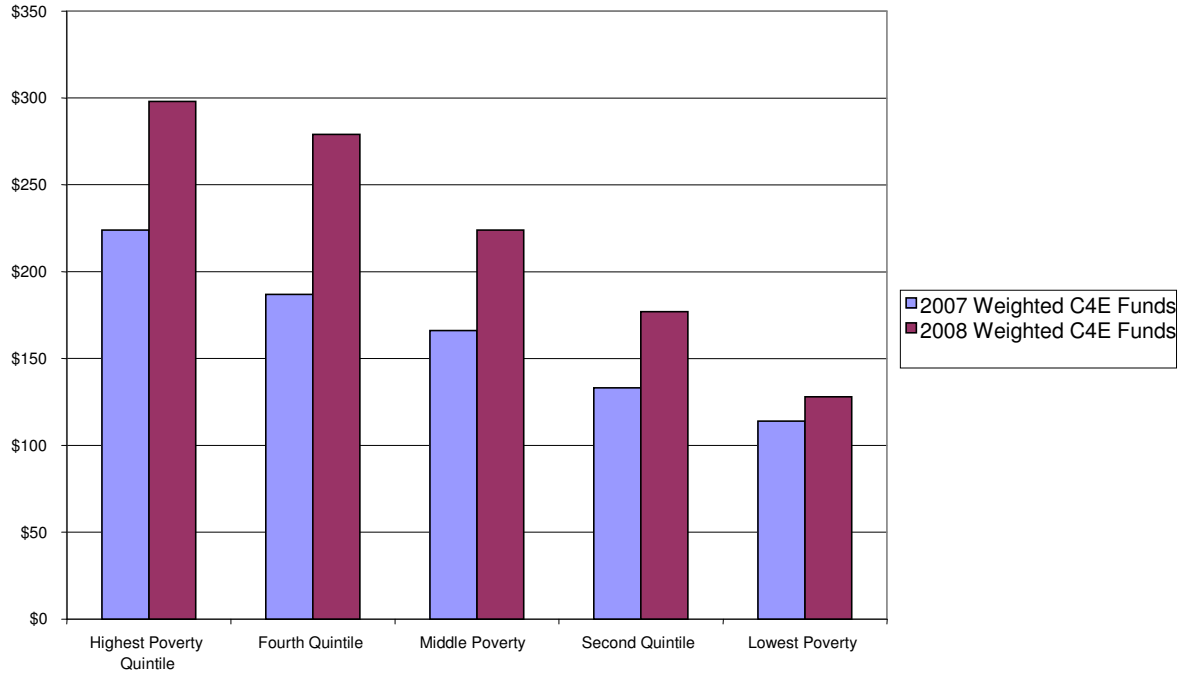


Table 4: 2007-08 Contract for Excellence Funds, Weighted per Pupil

	2007 Weighted	2008 Weighted	2 Year Weighted Gap Closing Amount
Highest Poverty Quintile	$224	$298	$522
Fourth Quintile	$187	$279	$466
Middle Poverty	$166	$224	$390
Second Quintile	$133	$177	$310
Lowest Poverty	$114	$128	$242

After taking student need into account, the Contract for Excellence funding stream puts more money into schools with higher percents of students in poverty. Additionally the Contracts for Excellence funds have closed the gap by $280 over a two-year period. This is a policy triumph and clearly demonstrates that the Contract for Excellence funding is being allocated to high-needs students. State law and regulations result in the Contract for Excellence money being directed in a way that promotes equity.

New York City's Fair Student Funding Formula

The Fair Student Funding formula was created in 2007 by the New York City Department of Education in an attempt to address the different needs of each school's student population. The Fair Student Funding formula begins with a *base allocation per school* of $225,000 with additional amounts *based on student need and grade*. The student weightings are intended to cover the cost of educating students based on their need levels. In addition to grade level, students with disabilities, English Language Learners, students who score below proficient on their exams, and certain high-schools have additional weightings.

Fair Student Funding Adjusted for Student Need

When adjusted for poverty, money allocated under the Fair Student Funding formula is not being distributed equitably and is not promoting equity. From 2007-08 to 2008-09, the FSF funding did not close the funding gap in comparison to student need based upon poverty. From 2008 to 2009, inequity in the Fair Student Funding allocations between schools with the most and least poverty increased. Graph 4 shows the distribution of Fair Student Funding per pupil after weighting the student population by poverty. Graph 5 shows the growth in the funding gap.

Graph 4: Fair Student Funding (FSF) Spending per Pupil: 2007-08 and 2008-09 (Weighted)

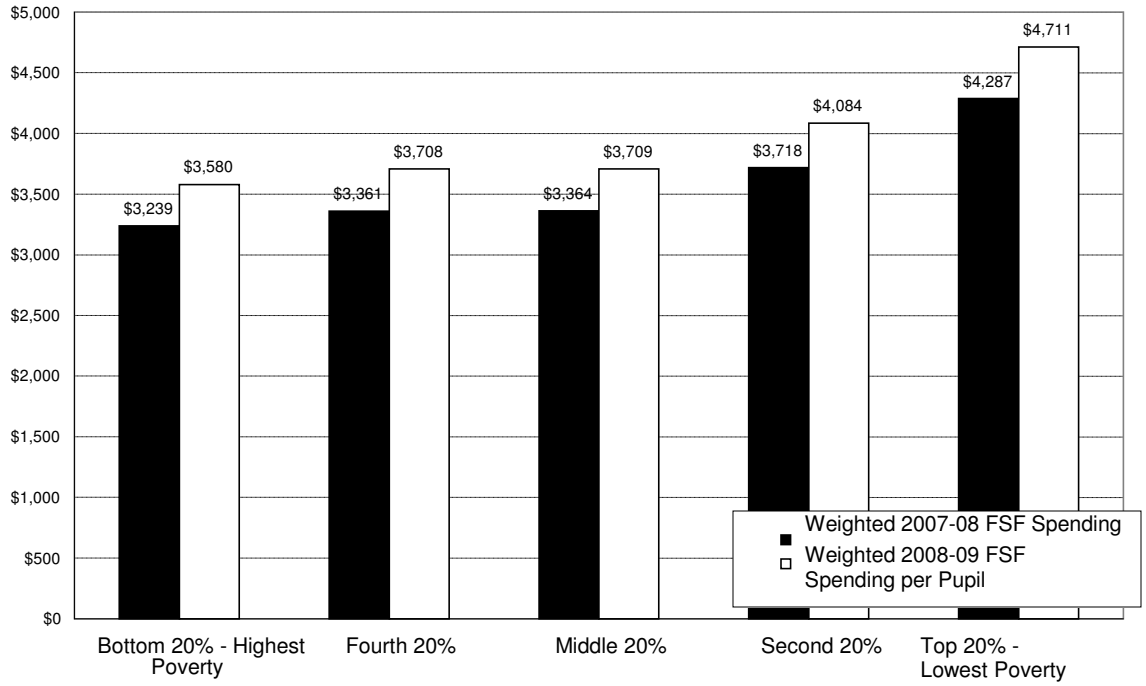
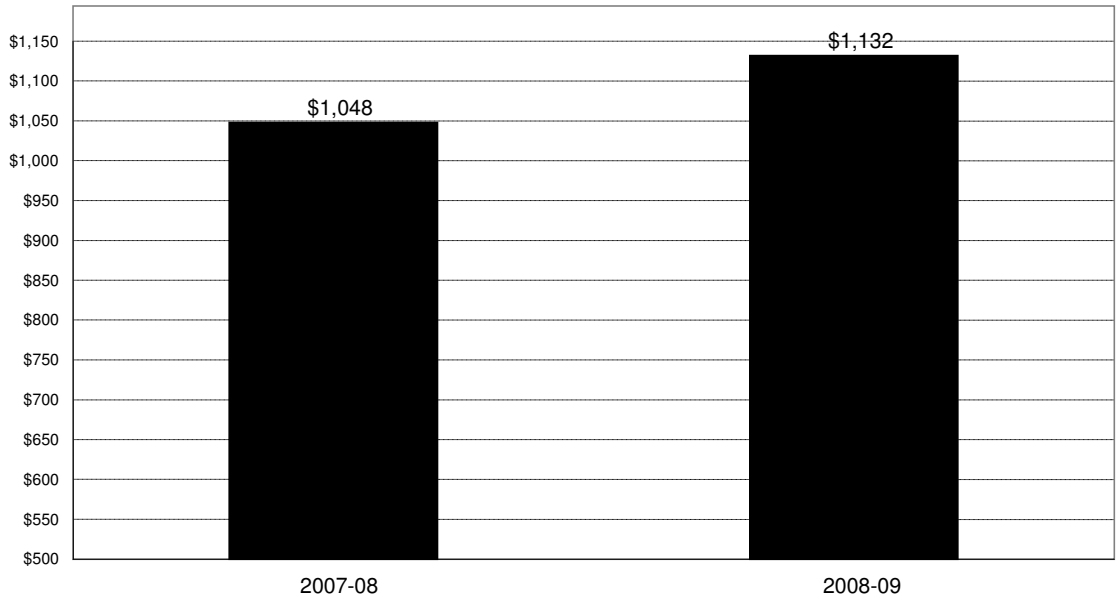


Table 5: Fair Student Funding per pupil adjusted for need, FY 08 and FY 09

	Highest Poverty	Fourth Poverty	Middle Poverty	Second Poverty	Lowest Poverty	High to Low Gap
FY 08	$3,239	$3,361	$3,364	$3,718	$4,287	$1,048
FY 09	$3,580	$3,708	$3,709	$4,084	$4,711	$1,132

Graph 5: Fair Student Funding Gap (Weighted)
The Difference Between the FSF Allocation to NYC Schools in the Highest Poverty Quintile Minus Amount Allocated to NYC Schools in the Lowest Poverty Quintile



New York City School Funding Analysis by Percent of English Language Learners

There is a relationship between concentrations of English Language Learners and poverty. In New York City English Language Learners make up 14.1% of the total student body.[6] Table 6 shows the range of students who are English Language Learners.

Table 6: New York City Schools in Quintiles by Percent of Students, ELL

Quintile	Range of ELL Percent	Average ELL percent
First Quintile – Fewest ELLs	0 % - 3 %	2 %
Second Quintile	4% - 7%	5 %
Third Quintile	7% - 12%	10 %
Fourth Quintile	13% - 22%	18 %
Fifth Quintile – Most ELLs	23% - 98%	34 %

Table 6 shows that from 2005-06 to 2008-09 the spending gap between the top and bottom quintiles by ELL students increased until 2007-08 and then shrank in 2008-09. Relative to student need, schools with the highest concentration of ELLs have the least funding per pupil. This is problematic because ELL students are most at risk of dropping out of school. The importance of investing resources in ELL students and programs is underscored by the fact that these students are more likely to graduate than their peers

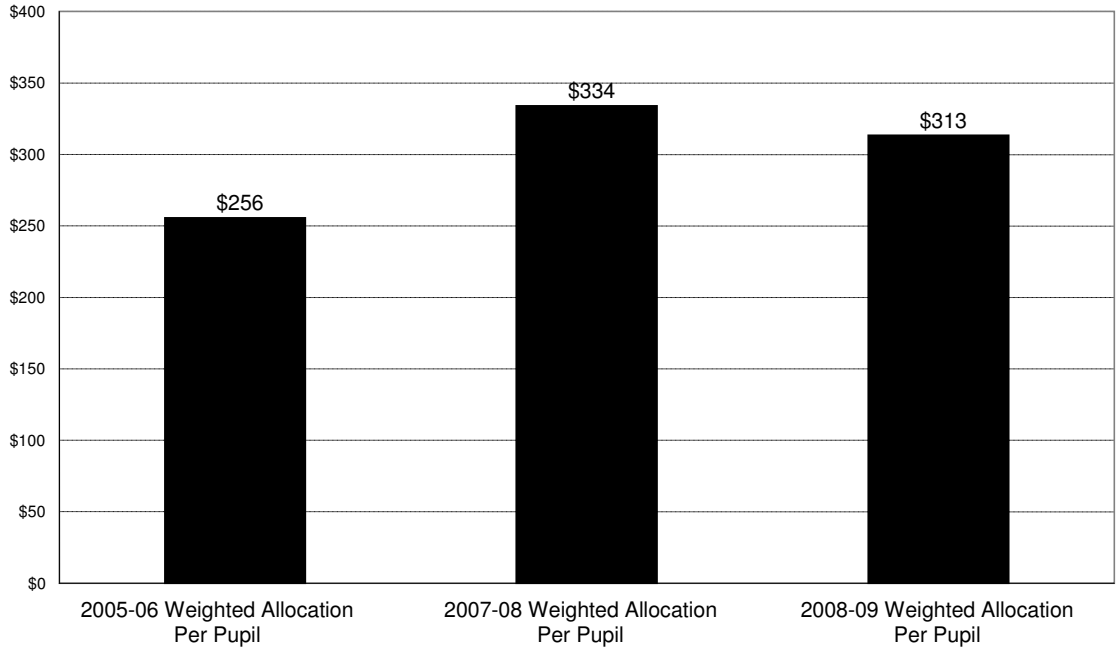
[6] New York City Department of Education, Office of English Language Learners. Summer 2008. "New York City's English Language Learners: Demographics." http://schools.nyc.gov/NR/rdonlyres/3B377E6B-5E22-4E63-A4DA-2B7FD14E5D62/42968/2008_DemoReportFINAL.pdf

once they are no longer designated as ELL students.[7] Graph 6 demonstrates the funding gap between the quintiles with the lowest and highest percent of ELL students.

Table 7: Adjusted spending for ELL students

	2005-06 Adjusted Allocations per Pupil	2007-08 Adjusted Allocations per Pupil	2008-09 Adjusted Allocations per Pupil
Bottom 20% - Highest ELL	$ 3,921	$ 4,537	$ 4,382
Fourth 20%	$ 4,031	$ 4,633	$ 4,466
Middle 20%	$ 4,065	$ 4,731	$ 4,541
Second 20%	$ 4,138	$ 4,773	$ 4,602
Top 20% - Lowest ELL	$ 4,176	$ 4,871	$ 4,696
Gap	**$ 256**	**$ 334**	**$ 313**

Graph 6: Per Pupil Spending Gap: Difference in Per Pupil Spending Between Quintiles with Highest and Lowest percent of English Language Learners



[7] New York City Department of Education, The Class of 2000 Final Longitudinal Report A Three-Year Follow-Up Study. March, 2004. Assessment and Accountability.

Are New Funding Formulas Equalizing for ELL students?

New York City's Fair Student Funding directs money to English Language Learners with a weighting of between 40-50% which translates to $1,574 - $1,974 depending on student grade level. There is evidence of a growing funding gap – from $566 in 2007-08 to $596 in 2008-09.

Graph 7: FSF Spending 2007-08 and 2008-09 by Quintile - ELL

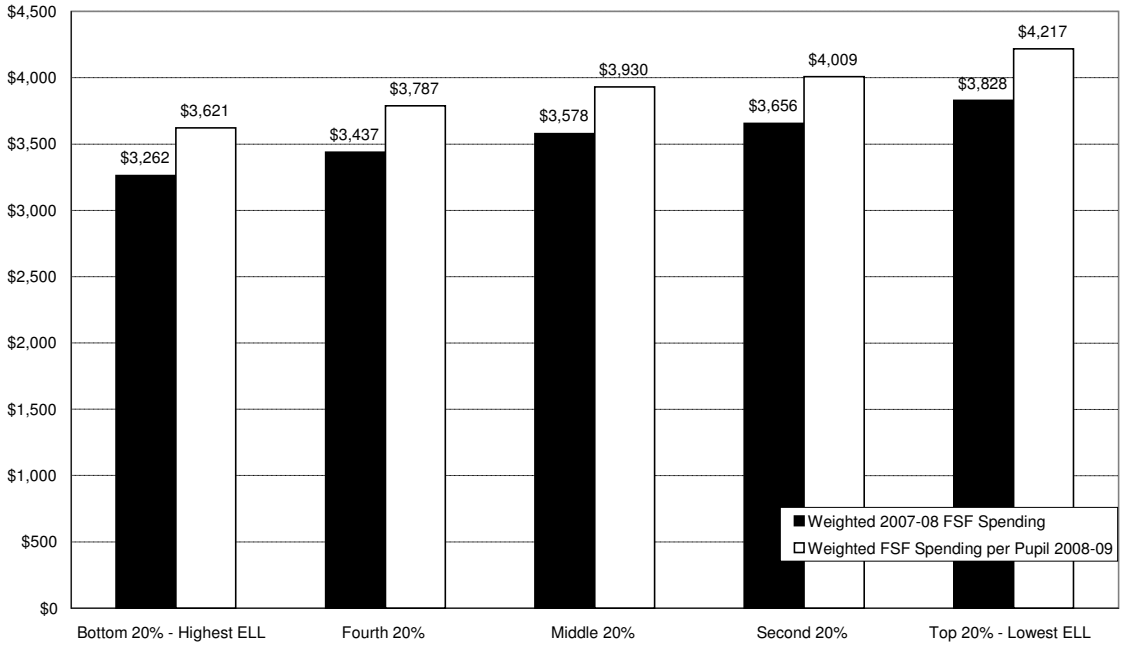


Table 8: FSF Spending 2007-08 and 2008-09 by ELL Quintile

	2007-08	2008-09
Highest ELL	$3,262	$3,621
Fourth Quintile	$3,437	$3,787
Middle ELL	$3,578	$3,930
Second Quintile	$3,656	$4,009
Lowest ELL	$3,828	$4,217
Gap between High and Low	$566	$596

Contract for Excellence Funds

As a portion of money going to New York City, the Contracts for Excellence are better aimed at students in need. For the 2007-08 Contract for Excellence money, there was $257 per pupil in the high ELL group compared to $87 per pupil in the low ELL group. Of the 2008-09 Contract for Excellence funds, there were $312 dollars for each student in the highest ELL quintile and $142 dollars available for students in the lowest ELL quintile. This money is allocated according to student need, and in fact money from the Contracts for Excellence can expressly be directed towards programs for English Language Learners.

Graph 8: 2007-08 Contract for Excellence Funds, Weighted for ELL Students

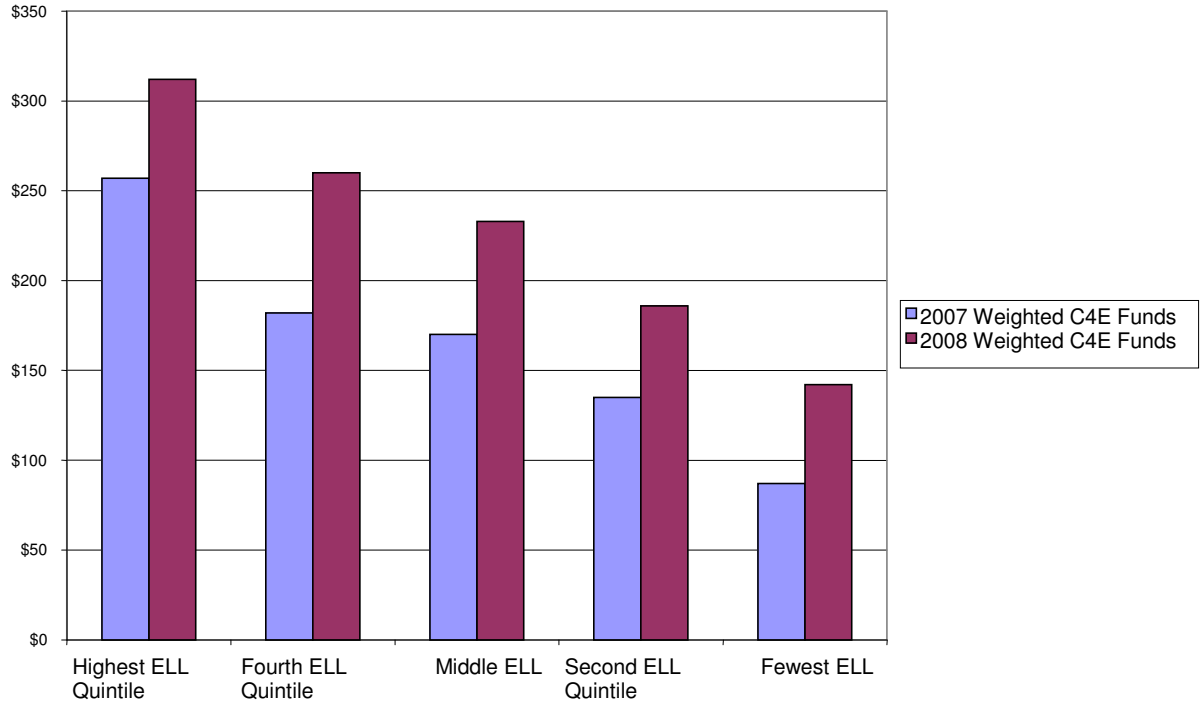


Table 9: 2007-2008 Contract for Excellence Funds, Weighted per ELL Pupil

	2007 Weighted	2008 Weighted	2 Year total Weighted Gap Closing Amount
Highest ELL Quintile	$257	$312	$569
Fourth ELL Quintile	$182	$260	$442
Middle ELL Quintile	$170	$233	$403
Second ELL Quintile	$135	$186	$321
Fewest ELL Quintile	$87	$142	$229

From 2007-09 the Contract for Excellence funds helped close the gap for ELL students by $340. More money was allocated to schools with higher concentrations of ELL students. The Contract for Excellence funding stream appears to be equalizing for ELL students by distributing more to students who have higher levels of needs. This pattern of funds is one which should be apparent in a funding system which distributes money based on need-level. However, the delivery of these funds to these schools does not

necessarily mean the dollars are being spent on programs to address ELL student needs. When ELL was added in 2008 as a category for allowable programs under the Contract for Excellence, New York City allocated $13.7 million in total Contract for Excellence funds; thus only 3.6% of the total Contract for Excellence funds were utilized for programs to specifically address the needs of ELL students.

Section II: New York City School Budget 2008-2009

Major Findings: NYC School Budget 2008-2009

- The gains in closing the funding gap made under the Contract for Excellence have been undermined by the DOE's distribution of city funds in a way that has expanded the funding gap.

- Evidence suggests that DOE has used Contract for Excellence funds to supplant other dollars. Supplanting is not allowed under state law. If the NYS Commissioner of Education does not enforce the supplanting rules, then it is unreasonable to expect that the CFE funding will close the funding and achievement gaps for students with the greatest needs.

- In 2008-09 New York City Council restored $129 million to the DOE budget. DOE allocated $120 million of these funds to schools in a manner that increased the per pupil funding gap.

New York City's Education Budget has been subject to several cuts in funding during the past two fiscal years. Due to the current fiscal climate it is likely that education will continue to be eyed as a place where cuts could be made to balance the budget. Cuts of this sort would likely continue to disproportionately hurt the neediest students. Under state law New York City is obliged to increase its contributions to education funding by $2.2 billion dollars from 2007-2011. This contribution has not been met according to the schedule that was set forth in New York City's 2007 financial plans; in fact cuts are being implemented by the Bloomberg administration.

Mid-Year $100 million Budget Cuts

January to June 2008 saw a hotly contested public debate around school funding in NYC. On January 24, 2008 Mayor Bloomberg proposed an across the board midyear cut of 1.75% to each schools budget, resulting in an overall reduction of $100 million dollars.[8] While Chancellor Klein presented an even cut to all schools as "fair" or an even way to "spread the pain," this description does not acknowledge the fact that it costs more to educate students in poverty and schools with high-needs student populations. Table 10 shows that in actual dollars more money was cut per pupil from high-poverty schools.

[8] NYC DOE School Allocation Memorandum, #81.
http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocationmemo/fy07_08/fy08_pdf/sam81.pdf

Table 10: $100 million mid-year Cuts per pupil by poverty quintile, unweighted

Highest Poverty	$114
Fourth Quintile	$112
Middle Quintile	$105
Second Quintile	$104
Lowest Poverty	$96

This budget cut was taken out of the Fair Student Funding formula, and occurred in the middle of the fiscal year. Mid-year budget cuts are especially problematic because they occur after salaries have been set, teachers have been hired, and supplemental programs have been put into place for students. Beyond the larger dollar cut for poorer students, this budget cut impacted school budgets going into the next fiscal year.

Fair Student Funding Allocations in Fiscal Year 2009

After the 1.75% midyear cut was made, the new fiscal year started early with a second reduction in all school budgets by the Department of Education. These budget cuts were publicly announced in May 2008 as a 7-8% percent reduction in each school's budget totaling $428 million that was to be removed from the schools' Fair Student Funding formula.[9] After this money was removed from school budgets, the New York City Council worked to minimize this damage, and restored $129 million in funding, preventing some of the most dramatic cuts to schools. This section outlines what the impact was for schools with high concentrations of students in poverty and shows how the Department of Education's restoration of funds increased funding inequity in NYC schools.

Table 11 shows how the City's Fair Student Funding money was allocated per student in each quintile under the Mayor's proposed budget. Although poorer schools have more money, after adjusting for their levels of student need, the schools with the highest concentration of student poverty have the least money per student.

Table 11: Fair Student Funding allocations in Mayor Bloomberg's proposed budget

Quintiles	FSF, allocations adjusted for need	FSF, allocations unweighted
Highest Poverty	$3,140	$6,027
Fourth Quintile	$3,250	$5,901
Middle Quintile	$3,244	$5,528
Second Quintile	$3,574	$5,429
Lowest Poverty	$4,130	$5,070

Under Mayor Bloomberg's proposed budget the highest poverty students would have received $6,027 per pupil and the lowest poverty group would have received $5,070. However, once adjusted for their need the highest poverty group received $3,140 per pupil compared to the lowest poverty group's $4,130 per pupil.

[9] All $428 million was reduced from individual schools' Fair Student Funding Formulas – see School Allocation Memorandum #4 FY 09 Budget Reductions for individual listing. http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocationmemo/fy08_09/FY09_PDF/sam4.html

Implementation of Mid-Year Cuts and Partial Restoration

The $428 million dollars in city cuts that were proposed by Mayor Bloomberg were distributed to schools as 7-8% cuts across the board.[10] However when Chancellor Klein briefed the media on May 22, 2008 he showed higher need schools receiving much smaller cuts than lower need schools.[11] The New York Times released a list of 74 schools with cuts greater than 5% to their budgets.[12] Since every school received a 7-8% cut, how did the Chancellor present the low-poverty schools as receiving a larger percentage of their budget cuts than the high-poverty schools?

Before briefing the media on the proposed school level cuts for the 2008-09 school year, the Chancellor and the DOE first *added a portion of the state's Contract for Excellence funding*. The amount they added totaled $179 million in state money that was a result of the Campaign for Fiscal Equity lawsuit resolution. This money, according to state law, is targeted toward the neediest students to improve their educational outcomes. This stream of funds is explicitly disallowed from being used to supplant existing funds.

The chart below shows a sample of how these cuts were distributed—with slightly higher per pupil percentage cuts going to the lower need schools—and it shows how the Chancellor presented the cuts. The range of cuts for each school ranged from 7-8%, on top of the 1.75% previous cut, and the money was removed from the City's Fair Student Funding formula.[13] Table 12 represents the figures that went into the Chancellor's presentation: Column 1 shows the schools, Column 3 shows the initial Fair Student Funding money allocated, Column 6 shows the Contract for Excellence money which was implicitly included by the Chancellor, and Column 7 showed the Chancellor's presentation of the cuts after adding the New York State Contract for Excellence dollars.

[10] Diane Cardwell and Jennifer Medina. "Bloomberg Proposes Lean Budget" New York Times. May 2, 2008. http://www.nytimes.com/2008/05/02/nyregion/02budget.html

[11] Elissa Gootman, Robert Gebeloff and Colin Moynihan. "74 City Schools Told to Expect 5% Budget Cut." New York Times. May 23, 2008. http://query.nytimes.com/gst/fullpage.html?res=9D04EFD9133BF930A15756C0A96E9C8B63&sec=&spon=&pagewanted=all

[12] Largest Cuts in School Budgets. New York Times Graphic, May 22, 2008. http://graphics8.nytimes.com/packages/pdf/nyregion/0522Schools.pdf

[13] NYC Department of Education, Division of Budget Operations and Review. FY 09 Net Change in FSF, C4E and Teacher Legacy Funding. See explanation and excel spreadsheet. http://schools.nyc.gov/offices/d_chanc_oper/budget/dbor/allocationmemo/fy08_09/FY09_PDF/sam4.html

Table 12: DOE Presentation of FSF school allocations and budget cuts

Column 1	Column 2	Column 3	Column 4	Column 5	Column 6	Column 7
School Name	Highest or Lowest Poverty Quintile	Original FSF Allocation	FSF Cut	FSF Cut %	C4E $ distributed	Chancellor's Presentation
P.S. 179	Highest	2,412,605	(179,534)	-7.4%	144,542	-1.5%
P.S. 031 William T. Davis	Highest	3,428,418	(263,046)	-7.7%	184,498	-2.3%
J.H.S. 162 The Willoughby	Highest	4,533,843	(332,779)	-7.3%	339,167	0.1%
Alfred E. Smith Career and Technical H.S.	Highest	7,815,436	(585,666)	-7.5%	402,832	-2.3%
High School for Law and Public Service	Highest	4,280,141	(332,205)	-7.8%	295,284	-0.9%
Midwood High School	Lowest	17,971,851	(1,380,629)	-7.7%	189,037	-6.6%
P.S. 101 School in the Gardens	Lowest	3,655,424	(285,049)	-7.8%	26,949	-7.1%
East Side Middle School	Lowest	1,905,445	(149,759)	-7.9%	13,463	-7.2%
P.S. 098 The Douglaston School	Lowest	1,507,741	(117,735)	-7.8%	16,279	-6.7%
Staten Island Technical H.S.	Lowest	5,980,083	(462,452)	-7.7%	22,673	-7.4%

In the media briefing in May 2008, the Chancellor showed columns 1, 3 and 7, but not 4, 5 or 6. The state's Contract for Excellence money had been distributed and was being counted against the cuts. Distributing the state's money in this fashion masked the actual cuts at higher need schools. When the city added the Contracts for Excellence funds, they were expressly added to *give an illusion of different sized cuts to schools.* The Contract for Excellence money was intended by the state to be used to address the historic inequities in education, but Chancellor Klein used the Contract for Excellence money to give the appearance that the lowest poverty schools took a bigger percentage cut compared to the highest poverty schools. While the Legislature's and Board of Regents' intention is clearly that the Contract for Excellence funds be used to close the funding gap, the impact of the Chancellor's proposal would be to counteract any funding gap closure by demanding additional funds for schools that have less student need.

Using the Contract for Excellence Money to Replace City Funds Appears to Violate State Law

The Contract for Excellence funding was designed to provide the additional resources needed for improvements in schools in which significant numbers of students are not receiving their constitutional rights to a "sound basic education." According to state law this funding "shall be used to support new programs and new activities or redesign or expand the use of programs and activities demonstrated to improve student achievement"

and to "supplement, and not supplant funds."[14] However, if in fact such funds were used to replace City budget cuts at high need schools this would constitute supplanting; and the City would be hard pressed to show that these funds actually produced improvements in these schools. As explained below subsequent restorations by the City Council were distributed by the DOE in the reverse manner as the Contract for Excellence funds in order to replace budget cuts in the less needy schools. It would appear that the DOE used Contract for Excellence funds to supplant City funds in high need schools. Under state law it is the responsibility of the New York City Comptroller to audit the City schools and make a determination as to whether or not supplanting did occur as a result of the Mayor's cuts to DOE. It appears supplanting has occurred, as of yet the state Commissioner of Education and the NYS Board of Regents have taken no enforcement actions to address the issue. If they do not, then the expectation that new Contract for Excellence funds will improve New York City schools will go unfulfilled.

$129 million in City Council Money Restored

On June 29, 2008 the City Council passed the City budget which restored $129 million of the Mayor's $428 million in budget cuts. The New York City Council deserves accolades for their response to public pressure to restore funds to education after cuts were made by Mayor Bloomberg. The City Council, in conjunction with the DOE created matching grant initiatives focusing on Middle Grades and English Language Learners.

Of the $129 million in City Council funds, $120 million was allocated to schools. Graph 10 shows that these funds were disproportionately distributed by the Department of Education to the lowest poverty schools even though the original cuts in city funds were made across the board to all schools. Students in the highest poverty schools received $42 per pupil, while students in the lowest poverty schools received $215 per pupil from this restoration.

The following graphs reflect the actual (unweighted) reductions per pupil of the $428 million in cuts, the $120 million restored to schools by City Council, and the ultimate reductions per pupil in the enacted budget.

Table 13: Data of Per Pupil impact of cuts and restoration

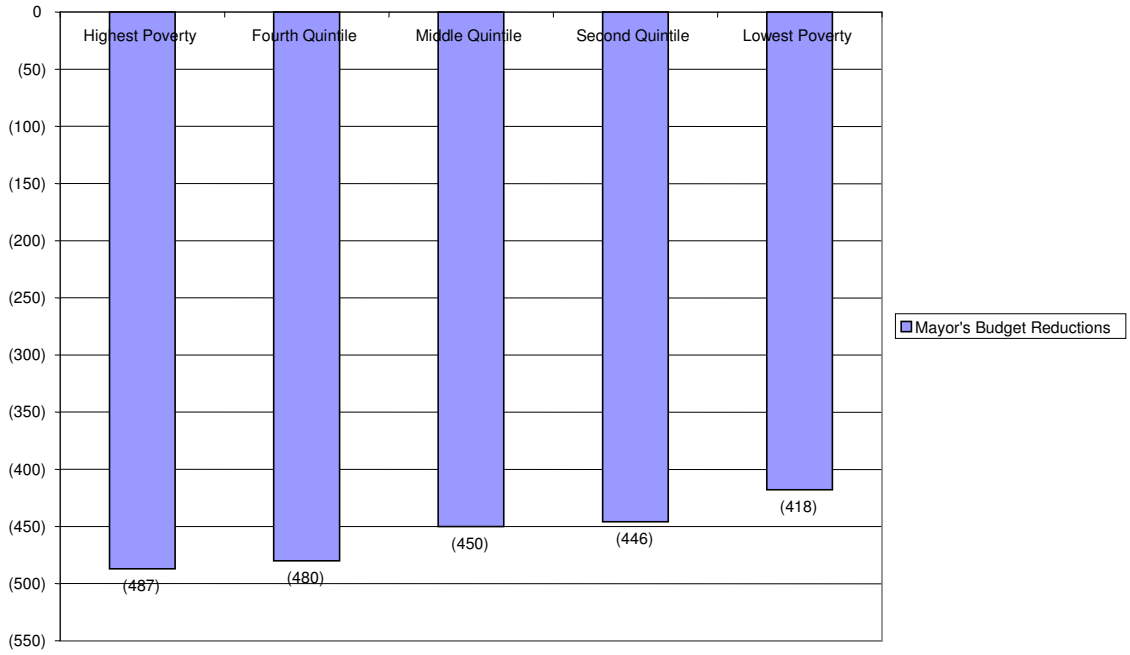
	Mayor's Proposed Budget Reductions Per Pupil	DOE Distribution of City Council Restoration	Reductions in Enacted Budget Funding
Highest Poverty	-$487	$42	-$444
Fourth Quintile	-$480	$71	-$408
Middle Quintile	-$450	$111	-$340
Second Quintile	-$446	$172	-$273
Lowest Poverty	-$418	$215	-$203

[14]New York State Education Law. § 211-d. Contracts for Excellence.
http://public.leginfo.state.ny.us/menugetf.cgi?COMMONQUERY=LAWS

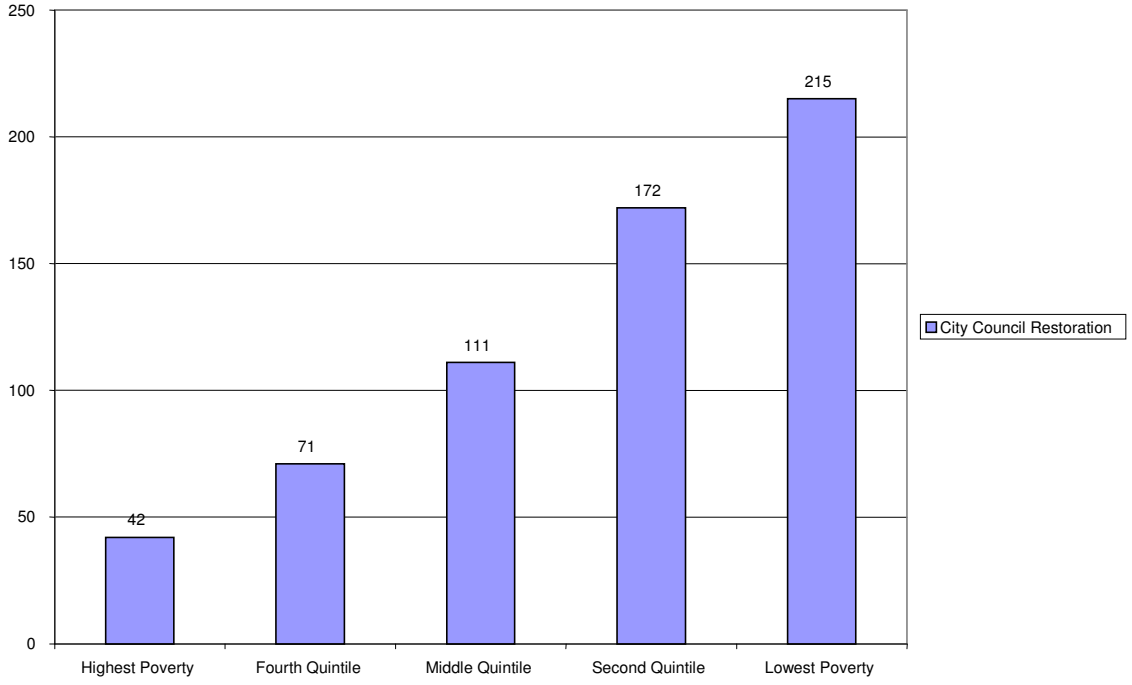
The graphs below outline a three step process:

- Graph 9 shows the impact of Mayor Bloomberg's proposed budget cuts of $428 million,
- Graph 10 shows the impact of DOE's distribution of City Council's $129 million in funding, and
- Graph 11 shows the ultimate reductions per pupil in the enacted budget after the $129 million in restorations.

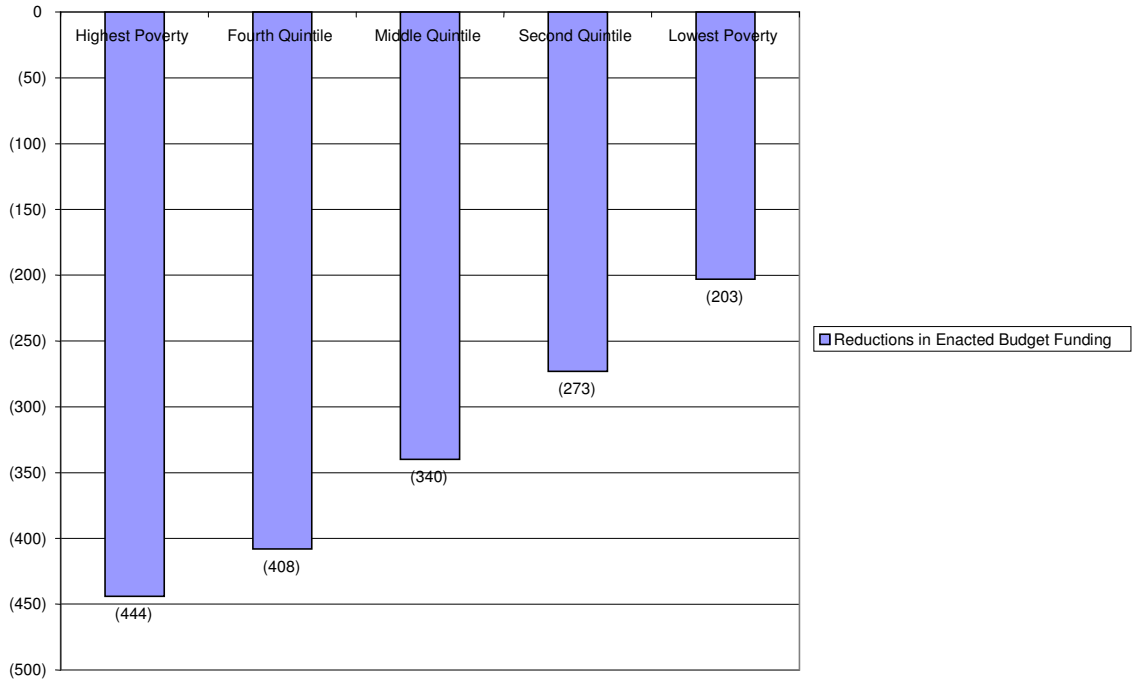
Graph 9: Mayor's Proposed Budget Reductions -- $428 Million in Cuts Per Pupil, by Student Poverty Group



Graph 10: DOE's Restoration of City Council Appropriations per Pupil, by Student Poverty



Graph 11: Enacted Budget -- Reductions Per Pupil, by Student Poverty



Section III: Student Performance based on Poverty Rates

Major Findings: Student Outcomes by Poverty

- The gaps in student performance as measured by passage rates on state exams between high and low poverty schools are large and have shown little evidence of shrinking. The proficiency gaps range from 13.3% in 4th grade Math to 38.6% in 8th grade English Language Arts in 2009, and have changed little in the past five years.

- The proficiency gap in 8th grade in both Math and English Language Arts is roughly 10% larger than the proficiency gap in 4th grade indicating that not enough is being done in the intervening years to address the needs of higher need students.

- New York City's educational progress as measured on state exams mirrors progress made by students across New York State. Results on the National Assessment of Educational Progress (NAEP) indicate that New York City has not made any statistically significant improvements on 4th and 8th grade Reading and Math from 2003 to 2007.

- There is a large gap in the graduation rate between higher and lower poverty high schools. While New York City and New York State have used different methods to calculate the graduation rate, under both measurements the graduation gap ranges between 24% and 28% and little progress in closing the gap has been made in recent years.

- The gap in Regents diploma rates has consistently hovered around 40% for the past three years, with only 28% of students in high poverty schools receiving the Regents diploma while almost 70% of students in low poverty schools do so.

- The 2009 phase out of the Local Diplomas awarded in New York State poses a policy challenge. Graduation rates could decrease if resources are not allocated to prioritize funding for high-need students.

The Proficiency Gap

For all state exams in New York City, as the percent of student *poverty increases*, student *performance decreases*. The proficiency gap is measured by calculating the difference in the number of students passing (scoring 3 or 4) in the highest poverty schools as compared to the lowest poverty schools. The proficiency gaps increased by an average of 4% from 2004-05 to 2006-07, and dropped by 4% from 2006-07 to 2007-08. From 2007-08 to 2008-09 the proficiency gap was reduced by 4.8% from 2007-08 to 2008-09. The proficiency gap fluctuates and shows no clear pattern of being erased over time. There was progress in 2008-09, though it remains to be seen whether that will be sustained.

Table 14: Proficiency Gap (between highest and lowest poverty)	4th Grade ELA Exam	8th Grade ELA Exam	4th Grade Math	8th Grade Math
School Year 2004-05	29.6%	35.8%	19.8%	31.4%
School Year 2005-06	30.8%	34.7%	25.8%	34.9%
School Year 2006-07	34.4%	39.4%	23.0%	36.2%
School Year 2007-08	28.8%	38.6%	18.9%	30.5%
School Year 2008-09	25.5%	34.9%	13.3%	23.9%

It is important not to just look at these trends in isolation. More needs to be done to reduce the gaps, because they increase as students advance through school. New York City's education system has dramatic problems in 8th grade English and Math results as poverty rises and students age. A gap of 25.5% in 4th grade ELA scores turns into a gap of 34.9% in 8th grade in 2008. These gaps demonstrate the need for additional academic support and intervention, and suggest that not enough is being done to close the gap particularly in middle school.

To avoid repetition this report highlights performance on 8th grade English Language Arts exams over time, however, an analysis was done regarding both Math and ELA exams at 4th and 8th grades and is available upon request.[15]

8th Grade ELA Exams

For 8th grade ELA scores, the proficiency rate in the highest poverty quintile is well below that in the lowest poverty quintile—although there appear to have been gains in the number of students scoring proficient on the exams across the board--particularly in 2008-09.

[15] 8th grade ELA was selected because it was representative of the performance outcomes that were sampled in this report and because of the importance of meeting state learning standards in English as a prerequisite to entering high school.

Graph 12: 8th Grade ELA Proficiency Rates by Poverty 2005-2009

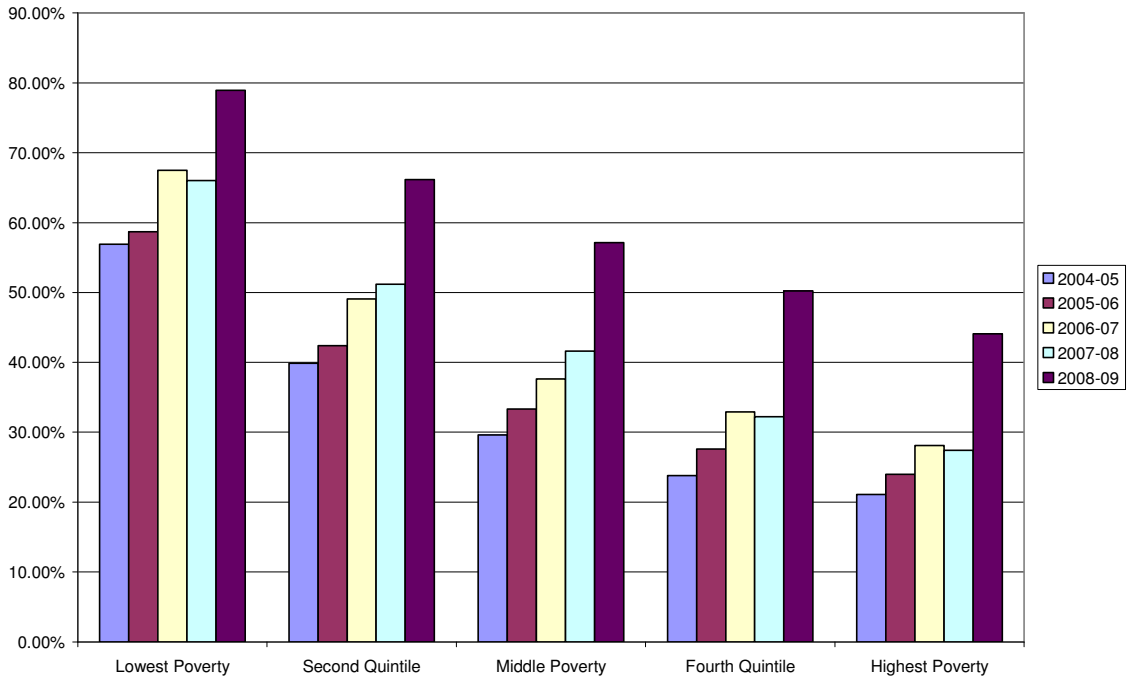


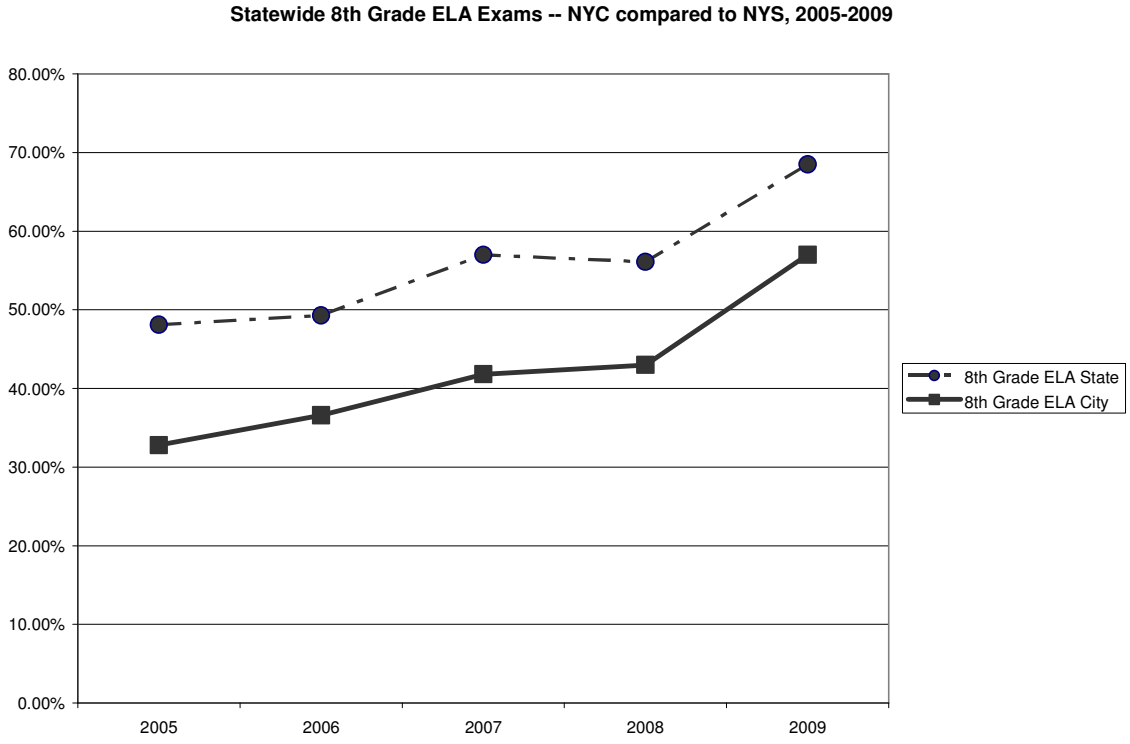
Table 15: Percent of Students Proficient in 8th Grade English Language Arts Exam by Poverty

School Year	Lowest Poverty	Second Quintile	Middle Poverty	Fourth Quintile	Highest Poverty	Proficiency Gap
2004-05	56.9%	39.9%	29.6%	23.8%	21.1%	35.8%
2005-06	58.7%	42.4%	33.3%	27.6%	24.0%	34.7%
2006-07	67.5%	49.1%	37.6%	32.9%	28.1%	39.4%
2007-08	66.0%	51.2%	41.6%	32.2%	27.4%	38.6%
2008-09	78.9%	66.2%	57.1%	50.2%	44.1%	34.8%

The *proficiency gap* in 8th Grade ELA between the schools with the most and least poverty in New York City *decreased* from 2004-05 to 2008-09 from 35.8% to 34.8%.

NYC Progress in Proficiency Mirrors NYS Performance

New York City's performance mirrors New York State's performance in terms of proficiency rates. While there remains a large gap in the percent of students who score proficient on state exams in New York City, the increases and decreases that occur generally mirror the change in the rest of the state. This year's 8th grade ELA results statewide increased 11.5% from 57% to 68.5% passing. By comparison, New York City's pass rate increased 14%, from 43% to 57% on 8th grade ELA exams.



	8th Grade ELA New York State	8th Grade ELA New York City	Difference between NYS and NYC performance
2005	48.1%	32.8%	15.3%
2006	49.3%	36.6%	12.7%
2007	57.0%	41.8%	15.2%
2008	56.1%	43.0%	13.1%
2009	68.5%	57.0%	11.5%

When Chancellor Klein and Mayor Bloomberg note the dramatic gains in student proficiency rates, they do not publicize that New York City's gains are similar to New York State's. While the Mayor and the Chancellor have publicly stressed the idea that New York City is greatly outpacing the rest of the state in gains in achievement, in reality analysis of the data shows a mixed picture. This underscores the need for greater transparency at DOE and for independent analysis as will now be conducted by the Independent Budget Office in order to provide the public with unfiltered evaluation of educational progress in New York City.

Moreover, testing trends are up across the state for the Big 5 school districts and for the state as a whole. Data below shows the percent of students proficient on 8th grade ELA exams for the entire state as well as each of the Big 5 school districts from 2005-2009.

Additionally, scale scores are considered by many researchers to be a more reliable indicator than the proficiency rates. This year, the State Education Department began publicizing information about students' scale scores. The scale score in 2009 for NYS

was 661 and for NYC was 653 for 8th grade ELA; a score of 650 is the cut off point between a 2 and 3. A rank of 3 and higher indicates the student is proficient in state learning standards, as measured by the state test.

Compared to the gains in proficiency in the other Big 5 cities New York City has out gained all but Rochester. When scale scores are examined New York City, Rochester, and Yonkers have all made comparable gains while being out performed by Syracuse and Buffalo. A more thorough analysis than that provided by the DOE is necessary.

Proficiency on NYS 8th Grade ELA Exams, Big 5 and NYS 2005-2009

	2005	2006	2007	2008	2009	Increase in Proficiency
BUFFALO	26.04%	20.9%	33.3%	28.0%	42.5%	16.46%
ROCHESTER	17.56%	26.3%	27.8%	31.1%	43.1%	25.5%
SYRACUSE	22.43%	21.3%	28.3%	30.8%	41.0%	18.57%
YONKERS	29.58%	31.8%	35.1%	37.7%	50.4%	20.8%
NYC	32.89%	36.6%	41.8%	43.0%	57.0%	24.1%
NYS	51.23%	49.3%	57.0%	56.1%	68.5%	17.27%

From 2006-2009 scale scores increased for each of the Big 5 and New York State as a whole. Using 8th Grade ELA as an example, in 2006 New York State students scored 650, in 2009 they scored 661 (an 11 point increase). During the same time period NYC increased from a 639 to 653 (a 14 point increase). Buffalo's score increased from 624 to 644 (a 20 point increase). Rochester went from 628 to 642 (a 14 point increase). Syracuse increased from 623 to 643 (a 20 point increase). Yonkers increased from 634 to 648 (a 14 point increase). Each of the Big Five cities has shown progress in raising students' scale scores, particularly Syracuse and Buffalo, which have seen a 20-point increase over four years. New York City's progress has been comparable to Rochester and Yonkers.

National Data Suggests No NYC Progress in Closing Performance Gap

Data from NAEP shows no statistically significant progress from 2003-2007 with respect to New York City closing performance gaps between student groups on reading and math. NAEP tested a sample of students in urban areas through the Trial Urban District Assessment (TUDA). There were slight changes up and down for 4th and 8th grade reading and math over time, however according to the federal government's National Center for Education Statistics the changes were not statistically significant.[16]

The trial urban district assessment report the average scale score on exams by region. This report shows both score and relative rank in 4th and 8th grade Math and Reading.

2003 4th Math Score & Rank

Charlotte	242	1
Houston	227	2
NYC	226	3
San Diego	226	3
Boston	220	5
Atlanta	216	6
LA	216	6
Cleveland	215	8
Chicago	214	9
DC	205	10

2005 4th Math Score & Rank

Charlotte	244	1
Austin	242	2
Houston	233	3
San Diego	232	4
NYC	231	5
Boston	229	6
Atlanta	221	7
Cleveland	220	8
LA	220	8
Chicago	216	10
DC	211	11

2007 4th Math Score & Rank

Charlotte	244	1
Austin	241	2
NYC	236	3
Houston	234	4
San Diego	234	4
Boston	233	6
Atlanta	224	7
LA	221	8
Chicago	220	9
Cleveland	215	10
DC	214	11

2003 4th Reading Score & Rank

Charlotte	219	1
NYC	210	2
San Diego	208	3
Houston	207	4
Boston	206	5
Chicago	198	6
Atlanta	197	7
Cleveland	195	8
LA	194	9
DC	188	10

2005 4th Reading Score & Rank

Charlotte	221	1
Austin	217	2
NYC	213	3
Houston	211	4
San Diego	208	5
Boston	207	6
Atlanta	201	7
Chicago	198	8
Cleveland	197	9
LA	196	10
DC	191	11

2007 4th Reading Score & Rank

Charlotte	222	1
Austin	218	2
NYC	213	3
Boston	210	4
San Diego	210	4
Atlanta	207	6
Houston	206	7
Chicago	201	8
Cleveland	198	9
DC	197	10
LA	196	11

[16] National Center for Education Statistics. The Nation's Report Card Reading 2007 Trial Urban District Snapshot Report. http://nces.ed.gov/nationsreportcard/pdf/dst2007/2008465XN8.pdf

2003 8th Math Scores & Rank

Charlotte	279	1
NYC	266	2
Houston	264	3
San Diego	264	3
Boston	262	5
Chicago	254	6
Cleveland	253	7
LA	245	8
Atlanta	244	9
DC	243	10

2005 8th Math Scores & Rank

Austin	281	1
Charlotte	281	1
Boston	270	3
San Diego	270	3
Houston	267	5
NYC	267	5
Chicago	258	7
LA	250	8
Cleveland	249	9
Atlanta	245	10
DC	245	10

2007 8th Math Scores & Rank

Austin	283	1
Charlotte	283	1
Boston	276	3
Houston	273	4
San Diego	272	5
NYC	270	6
Chicago	260	7
Cleveland	257	8
LA	257	8
Atlanta	256	10
DC	248	11

2003 8th Reading Score & Rank

Charlotte	262	1
Boston	252	2
NYC	252	2
San Diego	250	4
Chicago	248	5
Houston	246	6
Atlanta	240	7
Cleveland	240	7
DC	239	9
LA	234	10

2005 8th Reading Score & Rank

Charlotte	259	1
Austin	257	2
Boston	253	3
San Diego	253	3
NYC	251	5
Chicago	249	6
Houston	248	7
Atlanta	240	8
Cleveland	240	8
LA	239	10
DC	238	11

2007 8th Reading Score & Rank

Charlotte	260	1
Austin	257	2
Boston	254	3
Houston	252	4
Chicago	250	5
San Diego	250	5
NYC	249	7
Cleveland	246	8
Atlanta	245	9
DC	241	10
LA	240	11

The National Assessment of Educational Progress Trial Urban District Assessment offers a different picture of New York City's educational progress than that provided by DOE. New York City's NAEP scores are essentially flat which contrasts sharply against the rise in state exam scores. The NAEP scores raise questions about exactly how much progress New York City DOE has actually made. These scores highlight the need for more thorough, transparent, and independent evaluation of DOE performance.

Student Progress and Measuring the Racial Achievement Gaps

There is a great deal of contention around the measurement of student progress through test scores. The phrases "achievement gaps" and "proficiency gaps" have different meanings and implications for academics, policy makers and students. NYC DOE has, at times, used the terms interchangeably and inaccurately. Chancellor Klein and Mayor Bloomberg testified before the US House Committee on Education and Labor citing the gains since 2002 had resulted in "our African-American and Latino students have gained on their white and Asian peers. In fourth-grade math, for example, the gap separating our African-American and white students has narrowed by 16 points. In eighth-grade math, African-American students have closed the gap with white students by almost 5 points.

In fourth-grade reading, the gap between African-American and white students has narrowed by more than 6 points. In eighth-grade reading, the gap has closed by about 4 points." By focusing on increases in proficiency, the DOE has avoided addressing the persistent gaps in achievement *between* student demographic groups.

Researchers calculated the gaps between students based on race by looking at the average scale scores of 4th and 8th graders on the ELA and Math exams for White, African-American, Hispanic and Asian students. They measured the distance between those averages and found that the gaps grew in some cases and declined in others. The change in either direction has "either grown or declined by a meager amount." They found it inaccurate to say that the achievement gap has been cut by half when looking at the scale scores. According to Jennings and Dorn (2008) "The deceptive nature of proficiency rates becomes obvious when looking at gaps in New York City student scale scores—a continuous measure of student progress—on the state tests between 2003 and 2008. Though Chancellor Klein claimed a reduction in the achievement gap for all grade levels and subjects…for 4th grade math and reading tests, as well as 8th grade math tests, the achievement gap has either grown or declined by a meager amount. Where we observe declines, they are less than 0.05 standard deviations. There is a modest decline in gaps for 8th graders in language arts, with the greatest decline being the African American-Asian gap, from 0.66 standard deviations in 2003 to 0.52 standard deviations in 2008. Even in this case, this reduction falls considerably short of Bloomberg's claim that the achievement gap had been halved."

Table 23: Gaps in Racial Mean Scale Scores, NYS ELA and Math, 2003 and 2008

	African-American – White Gaps		Hispanic – White Gaps		African-American –Asian Gaps		Hispanic –Asian Gaps	
	2003	2008	2003	2008	2003	2008	2003	2008
Grade 4 ELA	0.64	0.71	0.70	0.74	0.68	0.69	0.76	0.73
Grade 8 ELA	0.68	0.60	0.73	0.71	0.66	0.52	0.71	0.62
Grade 4 Math	0.71	0.76	0.65	0.68	0.88	1.01	0.82	0.93
Grade 8 Math	0.75	0.78	0.73	0.69	0.89	1.14	0.87	1.05

Data from NYC DOE (2008) cited in Jennings, Dorn.[17]

[17] Jennifer Jennings and Sherman Dorn, September 8, 2008. "The Proficiency Trap: New York City's Achievement Gap Revisited."

Graduation Rates

In contrast to New York City's method of calculating the graduation rates, the State's method of calculating graduation rates includes only those students who earn a high school diploma within four years. The State's graduation data shows that the *graduation rate* is relatively flat and there is evidence of a *steady graduation rate gap.*

Graph 14: Graduation Rates 2005-07 by Poverty Quintile (State June)

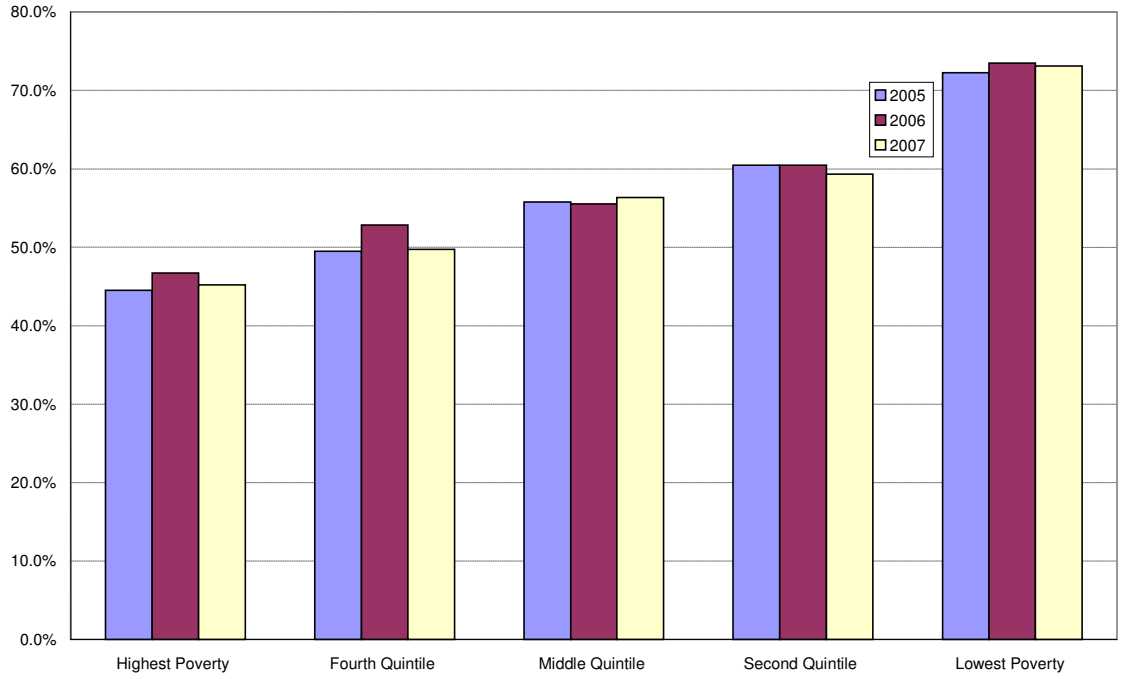


Table 16: Graduation Rate			
	2005	**2006**	**2007**
Highest Poverty	44.5%	46.7%	45.2%
Fourth Quintile	49.5%	52.8%	49.7%
Middle Quintile	55.8%	55.5%	56.3%
Second Quintile	60.5%	60.4%	59.3%
Lowest Poverty	72.2%	73.5%	73.1%
Gap between High and Low	**27.7%**	**26.8%**	**27.9%**

Little progress has been made at increasing the graduation rates or reducing the graduation gap. While the DOE methodology shows a slightly smaller graduation gap of 24%, little progress has been made in closing the gap using this methodology as well. Beginning with the class of 2008, New York City and New York State will both consider August graduates as part of the graduating class, but not include GEDs and IEPs. In 2008 the State Education Department announced the phase out of local diplomas effective with the class that enters high school in September 2009.[18] Because of the phase-out of the local diplomas, the graduation rates seem likely to decline.

[18]NYSED sheet "Diploma Requirements for Students Entering Grade 9." See September 2008 and 2009. Accessed November 3, 2008. http://www.emsc.nysed.gov/ciai/gradreq/GradReq3columnStyle7_1.pdf

The Regents Diploma Gap

A Regents Diploma is the key to entry into college for many students. Regents Diplomas reflect a more rigorous standard – in order to obtain a Regents Diploma, a student must complete their course work and pass five Regents exams. While there is a substantial gap in the graduation rate based upon poverty, the gap in students achieving Regents diplomas is an even more dramatic 40%. Mayor Bloomberg rightly recognized, "The graduation rate is a crucial indicator of whether our school system is fulfilling its core mission – giving our children the skills they need to become successful adults."[19] While the graduation rate is a crucial indicator, the distribution of Regents Diplomas is perhaps more critical. While Regents diploma rates have shown some increase, the gap has barely changed going from 41.9% in 2005 to 39.3% in 2007.

Graph 15: Graduation (Regents Only) 2005-07 by Poverty Quintile (NYC August)

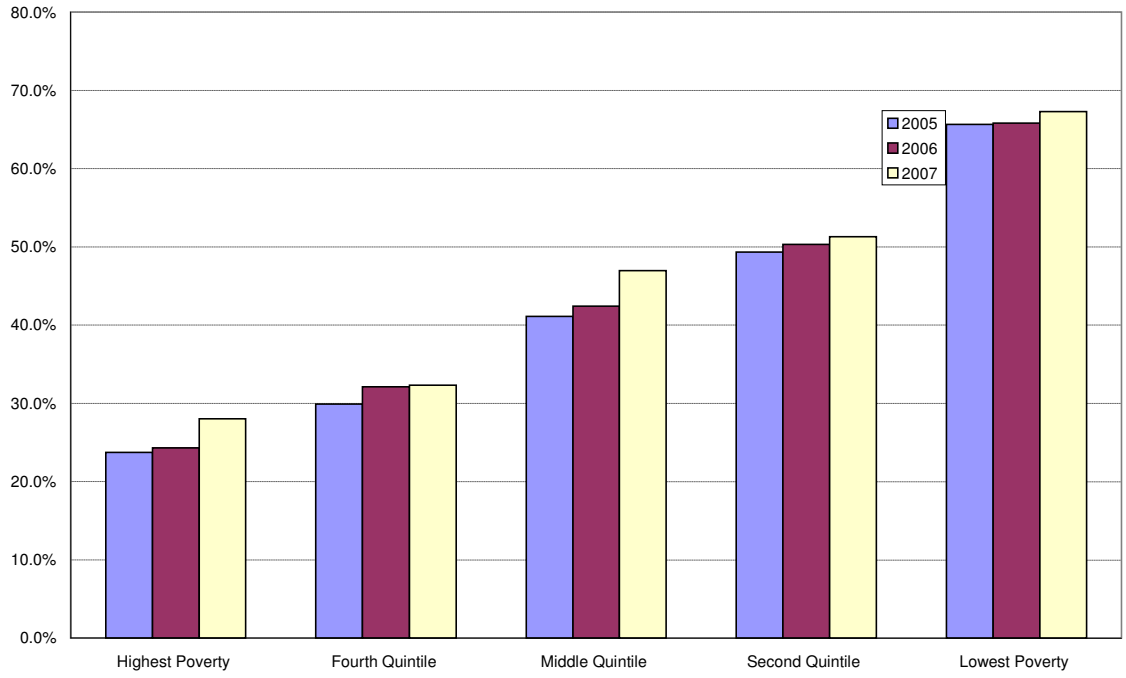


Table 17: Percent of Students Earning a Regents Diploma by Poverty Group, 2005-2007			
	2005	2006	2007
Highest Poverty	23.7%	24.3%	28.0%
Fourth Quintile	29.9%	32.1%	32.3%
Middle Quintile	41.1%	42.4%	47.0%
Second Quintile	49.3%	50.3%	51.3%
Lowest Poverty	65.6%	65.8%	67.3%
Gap in Regents Diplomas	**41.9%**	**41.5%**	**39.3%**

[19] NYC DOE Press Release. August 11, 2008. "Mayor, Chancellor Announce That Graduation Rate Rises Again to New High." http://schools.nyc.gov/Offices/mediarelations/NewsandSpeeches/2008-2009/20080811_grad_rate.htm

Section IV: Transparency and Objective Measurement of Educational Resources

Major Finding Transparency and Objective Measurement of Educational Resources

- Obtaining adequate data from DOE to conduct research and evaluation on how funds are used and what educational resources are purchased and supplied to improve educational quality is extremely difficult. Inadequate data are publicly available to conduct comprehensive analysis. Public access to all data on funding, educational resources and associated outcomes should be readily available and independent and objective analysis should be provided in order to give the public adequate information on the impact of educational policies. Under school governance reforms adopted in 2009 the Independent Budget Office will have access to DOE data and responsibility for performing analysis and evaluation. This measure is expected to create considerably more transparency regarding New York City schools.

The first two sections of this report found that when adjusted for need, schools with high concentrations of student poverty are not receiving equity; rather, the funding gap is expanding. The third section demonstrated the disparities in student performance and outcome measures by poverty. Increasing rates of student poverty are correlated with poorer student outcomes on standardized statewide exams and lower graduation rates. Based on the data in these three sections it seems apparent that more needs to be done to prioritize the highest need schools and students. These measures are not the only indicators of student learning or educational progress, nor do they indicate what resources are going to schools. Section IV highlights the need to evaluate both financial resources and programmatic/human resources provided by the school. Additionally this section argues for independent analysis and additional transparency from the Department of Education--such as will now be conducted by the Independent Budget Office.

Funding Data

There are two kinds of financial data that are useful: 1.) allocations and 2.) expenditure data. Allocations are helpful to know what money is being set aside for a school. Allocation data was used in this report, but as earlier noted the *type of allocation* was not consistently released year-to-year – this report includes total budget allocations for fiscal year 2006, a preliminary allocation for 2008, and the full allocation for 2009. No data was available for 2007. DOE's Division of Budget Operations and Review (DBOR) releases information on allocations through the School Allocation Memorandum which are publicly available and present in school by school format.

Beyond understanding what resources went into schools, it would be more helpful to know *how schools spent their money* – particularly in light of budget cuts which have been applied to all schools recently. According to DOE, in 2005-06, 79.8% of their

expenditures support direct services to schools.[20] For this reason, expenditure data, particularly school based expenditure information is essential. The public and policymakers may be interested in how expenditures have changed in light of new funding formulas. Obtaining an accurate picture of school spending by DOE is important because the public must know how their money is being spent. Disclosing financial data on investments in programs for high-needs students could also help the public and policymakers examine whether or not the needs of these students are being addressed.

School Based Expenditure Reports (SBERs) are extremely useful to researchers for the information they provide. SBERs contain information by school, by district, and for the entire system by expenditure, funding stream (City, State, Private, and Federal), type of student (general and full time special education), and by school level (elementary, middle, high school, Citywide Special Education, and all schools). By district they have the total dollars spent and the per capita allocations. Because this information is all potentially useful for independent researchers and the public, it must be made available on a more regular basis. DOE once was a leader in making expenditure data publicly available. However DOE currently has a significant delay in reporting on school expenditures. Currently, the SBER has a significant lag time – the most recent available data was from 2005-06 school year and did not become available until February 2009.[21] When released in a timely it is potentially a good resource for independent analysis. Outdated information is not nearly as useful for the public or public policy debates.

Financial Data Type	**Available Data/Degree of Availability from 2004-08**	**Potential use of the data**
Allocation Data (by school, source of funding, consistent allocation information – preliminary, intermediary, final, etc.)	• Limited availability by school • Inconsistent – preliminary for 2006, total for 2008, final for 2009. • Unavailable for FY 2007 • Data from 2008 indicates Tax Levy funds, no other data is specified for other years	• Demonstrating trends in funding by school • Analysis for per pupil budgeting • Cross-referencing funding with expenditures with demographic analysis
Expenditure Data (by school, source of funding, consistently released in timely fashion.)	• Not available beyond 2005-6. • Significant time delay prevents up to date analysis of expenditures.	• Expenditure analysis, e.g., per pupil expenditures • What percent of school budgets are dedicated, what the allocations fund. • Funding by source and program category. • Showing trends in types of funding. • Showing investments in school programs.

[20] DOE DBOR
https://www.nycenet.edu/offices/d_chanc_oper/budget/exp01/y2005_2006/function.asp?R=1
[21] New York City Department of Education. School Based Expenditure Reports.
http://www.nycenet.edu/offices/d_chanc_oper/budget/exp01/default.asp

Lack of Uniform Financial Data

This report sought to present the most accurate picture possible of money going into schools. One of the most difficult aspects of obtaining financial data was getting the allocations to schools – DOE did not release uniform allocations during the years surveyed in this report. Educational researchers and the public would be well-served by DOE releasing the *final allocations* to schools each year. DOE disclosed the *total budget* for FY 06, the *preliminary budget* for FY 08 and the *revised, final budget* for FY 09; *no data on financial allocations were available for FY 07*.

Regardless of how public data sets are presented, they need to be accessible in two ways: in a useable format for individual schools for people concerned with only one particular school, and in district and city aggregates. DOE's Galaxy program satisfies the first objective and allows people to look at individual schools. However, system wide calculations are not always available or consistently released.

Connecting Dollars to Resources

Other data—such as availability of after-school programming, availability of tutorial, library and science resources, technology and availability of electives—is of interest to the public, researchers and policy makers but generally not publicly available. DOE must release additional relevant data to improve transparency for the public and policymakers. Without publicly releasing information it is impossible to conduct independent analysis. Detailed analysis is essential to provide insight into educational resource allocations at schools, promoting public trust and transparency of the education system. Hopefully, the changes to the governance law concerning analysis to be conducted by the Indpendent Budget Office will remedy this situation; however, the effectiveness of IBO analysis will depend, in part, on the ready availability of data from the DOE.

It is valuable for the public and policymakers to be informed about the connection between funding, educational resources and student outcomes. Transparency should make it possible to follow the money trail at the school level from allocation to expenditure to specific educational programming purchased and ultimately, by tracking over time, to provide insight on the connections between funding increases or cuts and student outcomes. Data should be readily available and reliable so that researchers can independently evaluate the correlations. This level of transparency would be valuable to inform policy debates and promote accountability.

Ideally, the public would be able to link financial expenditure and allocation data to educational resources, then link resources to student outcomes. Below are a few examples of educational resources and possible indicators that would be useful to be available for the public in order to know what financial investments are being invested in at schools, and how effective those investments are at expanding student learning opportunities.

The chart given below looks at hypothetical educational investments through a Contract for Excellence. This same format could be applied to other educational funding streams. This type of transparency should not be limited to certain programs; the public should have access to information regarding investments in schools and whether or not programs are working for students. This is meant to serve as an example for the level of transparency that should be available to the public for any program invested in at the school level.

Educational Resources from Contracts for Excellence	**Examples of Measurable Student Outcomes**
Class Size Reduction	• Short term impact on grade performance • Short term impact on state and federal tests • Long term impact on graduation rates and college enrollment • Whether or not students receive more individual attention
Full-Day Pre-Kindergarten	• Short term impact on student literacy • Whether or not students read at grade level after enrolling in pre-K compared to students who do not • Short term impact on state and federal tests • Long term evaluation of graduation rates and college enrollment.
English Language Learner (ELL) programs	• Impact on English Language proficiency • Whether or not programs are impacting moving students from ELL to non-ELL status • Impact on NYSESLAT (New York State English as a Second Language Achievement Test) scores • Impact on graduation rates for ELL students
Time on Task Resources (Summer programs, after school programs, extended day programs, etc.)	• Students receiving additional credits for classes • Impact on state and federal tests by students who enroll in these programs • Whether or not there is impact on graduation rates
Teacher and Principal Quality Initiatives	• Whether teachers/principals who received additional staff development were able to improve student outcomes
Middle and High School Restructuring	• Whether student performance (test scores, graduation rates) improved at schools after restructuring took place • Whether student performance was better at restructured schools than comparable non-restructured schools

Methodology

Introduction – Poverty Analysis

This report used the Campaign for Fiscal Equity lawsuit and settlement as a framework for the report – to look at funding relative to student need, outcomes, and a timeframe with two years prior to the settlement as a baseline. This report sought to evaluate the relationship between student poverty, funding per pupil, and educational outcomes. To evaluate these relationships, we needed to utilize a common proxy for student poverty. By doing so we would implicitly be able to evaluate poverty density through analysis by schools. The result would allow us to compare schools based on the percentage of students in poverty. The percent of students in the free lunch program from 2005-06 as reported by the Department of Education – used by the DOE for funding – provided this requisite proxy, and was used for the analysis.

The percent of students in poverty served as the core focus of analysis for every aspect of funding and outcomes evaluated in this report. Where DOE did not report the percent of student poverty for the school, this report could not include the school in our analysis. Additionally, this report could not consistently report on schools that opened or closed from 2004-05 to 2007-08.

Data Sources

The wider data assembled for this analysis was derived from the New York City Department of Education which reported the total enrollment of the school (estimated October 31), the percent of students enrolled in Free and Reduced Priced Lunch (FRPL) programs, the percent of students with an individualized education program (IEP), and the percent of students with limited English proficiency (LEP). Enrollment figures and test results were more readily available than financial data, which was not uniformly disclosed year to year, particularly in 2006-07, when there was no reporting of school allocations.

Financial Data

Calculations for FY 2006 relied on the total budget allocations and the enrollment figures released by DOE.

Financial data for FY 2007 were not available through DOE, City Council, or the IBO. This information could not be included in the report.

Calculations for FY 2008 relied on the preliminary budget allocations and the enrollment figures released by DOE.

Calculations for FY 2009 used total allocations released through the NYC DOE School Allocation Memorandum (SAMs). The FY 2009 figures reflect the Mayor's $428 million

in FSF cuts, the $100 million in mid-year budget cuts, and the $120 million restored by City Council through DOE. Spending per pupil and spending per adjusted pupil were calculated in the same way as in FY 2006.

Performance

Performance data was also obtained through the NYC DOE and NYSED. Here, we obtained data sets on testing results by school and graduation rates by type of diploma. Testing data was obtained for four years to be consistent with the financial data sets: the 2004-05 SY to the 2007-08 SY. Graduation data was obtained for three years: the 2004-05 SY to the 2006-07 SY. Graduation rates for SY 2007-08 were not available for analysis.

Data Organization and Quintile Construction

The Fiscal Policy Institute organized an overview of New York City schools funding over time through a financial group – this financial quintile calculation used 2005-06 poverty rates and held the rates constant from 2005-06 to 2008-09. The quintile looked at actual enrollment – and thus was able to compare the 175,641 students in the poorest schools to the 175,817 students in the least poor schools. The slight discrepancy in students was because the quintiles did not divide enrollment within schools. Working with the given data, schools were listed in an Excel spreadsheet by their BEDS code, name, total enrollment figure, percent of school poverty and total preliminary budget. This financial quintile calculated the weighted and unweigthed funding for each pupil in their quintile over time from FY 2006 to FY 2009 (with the exception of FY 2007 when no financial data was available.)

After looking at the financial data in Section I and II, we composed a new set of quintiles for Section III when looking at performance to isolate for differences in funding between similar schools. This new set of quintiles let us compare testing quintiles to themselves (high poverty schools with a 4^{th} grade school compared to low poverty schools with a 4^{th} grade, etc.). We created four quintile sets consistent with the framework of our report: (1) Aggregate, (2) Grade 4, (3) Grade 8, and (4) Graduating. Organizing the schools according to these quintiles allowed us to isolate factors that are unique to elementary, middle and high schools. Further, while an aggregate quintile set would be revelatory for aggregate school district and financial analysis (funding by poverty), testing data – which focused on a specific grade of testing or graduation – would be best understood by making quintiles more specific to the schools providing such testing (performance by poverty).

The *aggregate quintile* set was based on 2008-09 school enrollments, to accurately reflect the most current data. This quintile set was used for the base fiscal analysis. We added the school characteristics to show the numbers of schools and 2008-09 poverty ranges for the students in the quintiles:

Table 1: Aggregate Quintile Distribution Summary					
School Characteristics			Quintile Characteristics		
School Type	Number of Schools	Percentage of Pupils in Aggregate Quintiles by School Type	Poverty Quintile	Percentage of Total Students in Quintile (Enrollment)	Poverty Ranges
Elementary	590	40.9%	Highest Poverty	20.0%	86.5% - 100%
Middle	222	16.4%	Fourth Quintile	20.0%	76.6% - 86.5%
Middle-High	67	5.1%	Middle Poverty	20.0%	63.9% - 76.5%
K-8	107	8.0%	Second Quintile	20.0%	35.3% - 63.8%
High	268	29.4%	Lowest Poverty	20.0%	3.7% - 35.2%

The *testing quintiles* were arranged differently. The quintiles for the student outcomes used the 2005-06 enrollment figures, and focused only on the schools which provided exams or graduated students in 2005-06. A construction of alternative quintiles based upon exams given, or other years of enrollment yielded similar results as the year–to-year changes were quite small, particularly due to the limited universe based upon 2005-06 FRPL rates. The identical nature of the schools providing ELA exams to the schools providing Math exams provided the necessary synchronicity to make overall 'Grade 4' and 'Grade 8' quintiles, rather than go by specific test:

Table 2: Grade 4 Testing Distribution Summary					
School Characteristics			Quintile Characteristics		
School type	Number of Schools in Category	Percentage of Pupils in Grade 4 Quintiles by School Type	Poverty Quintile	Percentage of Total Students in Quintile (Enrollment)	Poverty Ranges
Elementary	575	83.6%	Highest Poverty	20.1%	89.6% - 100%
Middle-High	2	0.3%	Fourth Quintile	19.7%	82.8% - 89.6%
Middle	2	0.3%	Middle Poverty	20.2%	74.0% - 82.7%
K-8	109	15.8%	Second Quintile	19.9%	57.6% - 73.9%
High	0	0.0%	Lowest Poverty	20.1%	6.2% - 57.4%

Table 3: Grade 8 Testing Distribution Summary					
School Characteristics			Quintile Characteristics		
School type	Number of Schools in Category	Percentage of Pupils in Grade 8 Quintiles by School Type	Poverty Quintile	Percentage of Total Students in Quintile (Enrollment)	Poverty Ranges
Elementary	0	0.0%	Highest Poverty	20.0%	86.0% - 100%
Middle-High	57	16.4%	Fourth Quintile	19.9%	78.2% - 86.0%
Middle	202	58.2%	Middle Poverty	20.0%	69.6% - 78.2%
K-8	88	25.4%	Second Quintile	19.7%	49.3% - 68.7%
High	0	0.0%	Lowest Poverty	20.3%	7.3% - 48.3%

Table 4: Graduating Distribution Summary					
School Characteristics			Quintile Characteristics		
Type of School	Number of Schools in Category	Percentage of Pupils in Graduating Quintiles by School Type	Poverty Quintile	Percentage of Total Students in Quintile	Poverty Ranges
Elementary	0	0.0%	Highest Poverty	19.8%	75.3% - 99.2%
Middle-High	37	16.3%	Fourth Quintile	20.1%	61.5% - 75.0%
Middle	2	0.9%	Middle Poverty	19.5%	34.9% - 61.2%
K-8	0	0.0%	Second Quintile	19.8%	23.2% - 34.4%
High	188	82.8%	Lowest Poverty	20.8%	3.7% - 23.1%

These quintiles provided the basic foundation for the analysis. If any new schools were opened, or if they had not been originally captured within these quintile sets, they could not be included in any subsequent analysis. We will see later in this section how our techniques understated any of our results as the excluded schools consistently underperformed the schools captured by this analysis.

Analysis by Poverty and School Funding

Table #5 below shows the annual break down of how many students were included or excluded based on the quintiles in this survey. This table is based on DOE enrollment data. From 2004 to 2008 student enrollment in this analysis shrank, consistent with NYC reports of declining enrollment over time.[22] The schools that were not open in all years were not included in our analysis, but were reserved to account for any discrepancies in data.

Table 5: School Funding Analysis: Pupils Included FY 2005-06 to FY 2008-09

School Year	2004-05	2005-06	2006-07	2007-08
Fiscal Year	FY 05-06	FY 06-07[23]	FY 07-08	FY 08-09
Student Enrollment Included	908,235		889,440	879,011
Number Students Excluded	38,628		55,831	59,033
Total (Percent Included)	946,863 (95.9%)		945,271 (94.1%)	938,044 (93.7%)

After evaluating how much money was allocated for the quintile of schools based on their poverty range, this report evaluated indicators such as total spending, what percent of total spending each quintile was receiving over time, and other factors, in order to get a common basis for evaluating movement between the groups with the least and most poverty at the schools over time.

[22] http://schools.nyc.gov/AboutUs/DOEData/Stats/Register/GraphbyBorough/default.htm
[23] There was no financial data available for FY 2007 so this report could not document spending per pupil.

In order to isolate the Fair Student Funding the allocations per school were identified through DOE for FY 2008 and FY 2009. We created a data set with each school's percent of student poverty, total enrollment, and Fair Student Funding allocation listed. Student enrollment was adjusted based on percent poverty, and the Fair Student Funding allocation for each school was calculated per student and then adjusted by poverty. This allowed allocations to be aligned with enrollment at each school for a particular year. Because there was inequity in this funding stream, the funding gap was calculated.

Similarly the funding per student was calculated for the Contracts for Excellence funding—listing out school enrollments, percent of poverty, and the Contract for Excellence allocations, then weighting the enrollment and evaluating how much students were receiving after adjusting for student need. Because this stream funding promoted equity, there was no need to examine the funding gap.

Analysis by Poverty and Educational Outcomes

The purpose of this section was to evaluate the extent of educational progress being made in New York City, particularly with respect to students in poverty. The time frame for this was 2004-05 to 2007-08. The data used was 4th and 8th grade state ELA and Math exams. Graduation rates were only available up to 2006-07.

The method of calculating percent proficient on student exams was done by utilizing the more detailed quintile sets, which focused on the specific tests, or graduating students. Tables 6-10 on the following pages show the subsequent group of schools and pupils selected, and were then analyzed in the report.

Testing in the Fourth and Eighth Grades

Testing data relied on test scores from NYSED. NYSED reported the number of students who were tested, and the percent of students at level 1, 2, 3, and 4. For fourth grade scores, the fourth grade quintile set was utilized as the basis to find the percentage of students by quintile who scored proficient (3 or 4) on the exam. The difference in proficiency rates between the schools with the highest concentration of students in poverty and the schools with the lowest concentration of students in poverty was determined to be the proficiency gap.

4th and 8th Grade ELA and Math Proficiency Rate Analysis

For each grade and exam we analyzed, a new set of quintiles had to be established to look at outcomes by grade level. Our sample of fourth grade test data came from the 688 schools that administered state standardized tests to 4th graders. This quintile sorted by poverty rates, divided the total enrollment by five and evaluated the student outcomes accordingly. A full methodology is explained in the appendix. These schools included 575 traditional elementary schools, 109 schools with up to 8th graders, and 4 other types

of schools such as K-12 schools. The data cross referenced student performance and poverty rates. Similarly 4th grade math results were included 664 total schools, with 557 K-5 schools, 104 K-8 schools, and 2 others.

For 8th grade two new analyses were run to isolate for math and ELA exams. For 8th grade math our quintile included 308-336 schools – the majority of them were 6-8th schools, with 75-85 K-8th schools, and 50-54 6-12th schools. The exact number of schools differed slightly each year sampled, as outlined in table 9. For 8th grade ELA, the quintile included 307-329 schools, with 182-901 being 6-8th schools, 75-88 K-8th, and between 50-53 6-12th schools. Again, the schools that are included are outlined in table 7. Breaking out the school performance by how students were tested allowed us to isolate the link between poverty and specific grade and school performance.

Table 6: ELA Grade 4 School and Student Summary

ELA 4 - School Summary					ELA 4 - Student Summary				
	2004-05	2005-06	2006-07	2007-08		2004-05	2005-06	2006-07	2007-08
# of Schools	744	696	754	701	# of Students Tested	66,460	63,752	69,109	68,637
# of Schools Included	654	654	654	654	# of Students Included	62,266	60,039	63,660	62,726
# of Schools Excluded	90	42	100	47	# of Students Excluded	4,194	3,713	5,449	5,911
K-5	554	554	554	554	K-5	54,677	52,870	56,329	55,752
Gr 6-8	1	1	1	1	Gr 6-8	96	-	96	96
Gr 9-12	-	-	-	-	Gr 9-12	-	-	-	-
Gr K-8	98	98	98	98	Gr K-8	7,459	7,169	7,196	6,841
Gr 6-12	1	1	1	1	Gr 6-12	34	-	39	37
Gr K-12	-	-	-	-	Gr K-12	-	-	-	-
Traditional	555	555	555	555	Traditional	54,773	52,870	56,425	55,848
Other	99	99	99	99	Other	7,493	7,169	7,235	6,878

Table 7: ELA Grade 8 School and Student Summary

ELA 8 - School Summary					ELA 8 - Student Summary				
	2004-05	2005-06	2006-07	2007-08		2004-05	2005-06	2006-07	2007-08
# of Schools	340	354	443	427	# of Students Tested	70,698	70,183	72,394	69,841
# of Schools Included	307	329	336	342	# of Students Included	59,589	60,184	64,015	66,252
# of Schools Excluded	33	25	107	85	# of Students Excluded	11,109	9,999	8,379	3,589
K-5	-	-	-	-	K-5	-	-	-	-
Gr 6-8	182	197	201	201	Gr 6-8	51,371	46,835	49,857	51,446
Gr 9-12	-	-	-	-	Gr 9-12	-	-	-	-
Gr K-8	75	82	83	88	Gr K-8	6,034	6,273	6,375	6,875
Gr 6-12	50	50	52	53	Gr 6-12	8,218	7,076	7,783	7,931
Gr K-12	-	-	-	-	Gr K-12	-	-	-	-
Traditional	182	197	201	201	Traditional	51,371	46,835	49,857	51,446
Other	125	132	135	141	Other	14,252	13,349	14,158	14,806

Table 8: Math Grade 4 School and Student Summary									
Math 4 - School Summary					**Math 4 - Student Summary**				
	2004-05	2005-06	2006-07	2007-08		2004-05	2005-06	2006-07	2007-08
# of Schools	744	696	753	702	# of Students Tested	74,180	71,571	70,377	69,649
# of Schools Included	664	664	664	664	# of Students Included	69,685	68,433	65,525	66,136
# of Schools Excluded	80	32	89	38	# of Students Excluded	4,495	3,138	4,852	3,513
K-5	557	557	557	557	K-5	61,302	60,190	57,791	58,333
Gr 6-8	1	1	1	1	Gr 6-8	96	92	96	96
Gr 9-12	-	-	-	-	Gr 9-12	-	-	-	-
Gr K-8	104	104	104	104	Gr K-8	8,241	8,097	7,600	7,670
Gr 6-12	2	2	2	2	Gr 6-12	46	54	38	37
Gr K-12	-	-	-	-	Gr K-12	-	-	-	-
Traditional	558	558	558	558	Traditional	61,398	60,282	57,887	58,429
Other	106	106	106	106	Other	8,287	8,151	7,638	7,707

Table 9: Math Grade 8 School and Student Summary									
Math 8 - School Summary					**Math 8 - Student Summary**				
	2004-05	2005-06	2006-07	2007-08		2004-05	2005-06	2006-07	2007-08
# of Schools	375	355	442	426	# of Students Tested	76,123	75,365	73,738	71,324
# of Schools Included	308	336	330	324	# of Students Included	69,486	71,065	65,220	61,252
# of Schools Excluded	67	19	112	102	# of Students Excluded	6,637	4,300	8,518	10,072
K-5	-	-	-	-	K-5	-	-	-	-
Gr 6-8	183	197	197	193	Gr 6-8	54,525	55,172	50,698	47,498
Gr 9-12	-	-	-	-	Gr 9-12	-	-	-	-
Gr K-8	75	85	80	80	Gr K-8	6,352	7,143	6,320	6,329
Gr 6-12	50	54	53	51	Gr 6-12	8,609	8,750	8,202	6,329
Gr K-12	-	-	-	-	Gr K-12	-	-	-	-
Traditional	183	197	197	193	Traditional	54,525	55,172	50,698	47,498
Other	125	139	133	131	Other	14,961	15,893	14,522	12,658

Table 10: Graduating School and Student Summary									
Graduation - School Summary					**Graduation - Student Summary**				
	2004-05	2005-06	2006-07	2007-08		2004-05	2005-06	2006-07	2007-08
# of Schools	235	253	292		# of Students in Cohort	65,497	63,921	70,122	
# of Schools Included	184	211	220		# of Students Included	51,415	55,705	58,751	
# of Schools Excluded	51	42	72		# of Students Excluded	14,082	8,216	11,371	
K-5	-	-	-		K-5	-	-	-	
Gr 6-8	-	-	1		Gr 6-8	-	-	58	
Gr 9-12	155	178	184		Gr 9-12	47,907	51,933	54,624	
Gr K-8	-	-	-		Gr K-8	-	-	-	
Gr 6-12	29	33	35		Gr 6-12	3,508	3,772	4,069	
Gr K-12	-	-	-		Gr K-12	-	-	-	
Traditional	155	178	185		Traditional	47,907	51,933	54,682	
Other	29	33	35		Other	3,508	3,772	4,069	

Graduation and Poverty

Graduation rates were available for 2005, 2006, and 2007. NYSED and NYCDOE each report different statistics for New York City's graduation rates. New York City's method of reporting data is on average 8-10% higher than the State's method of calculation. This report looked both data sets.

This report observed between 184 and 220 schools per year that graduated students and utilized the graduating quintile set. First, the report documented graduation rates by poverty according to DOE's data. DOE data includes the percent of students who earn a Regents Diploma, Local Diploma, Individualized Education Plan Diploma (IEP or Special Education Diploma), Graduation Equivalent Diploma (GED) and August Graduates. Using this method, the graduation rates were reported for each quintile and the gap was calculated by subtracting the results of the lowest poverty from the highest poverty group. The data set for each school disclosed the number of students in the cohort, the total number of graduates, the number of students, the percent of the cohort, and the percent of graduates earning a GED, Local Diploma, Regents Diploma and Special Education Diploma.

Next, the report evaluated NYSED graduation data by school. The schools were ranked by poverty. NYSED data disclosed by school the total number of students in the cohort each year, the percent of students still enrolled, the percent earning IEPs, GEDs, percent of students who dropped out, and the percent of students who graduated. Because each was reported as a percent, it was necessary to multiply the percent of students for each category (GED) against the total cohort to get a raw student count. This also allowed the percent of students who meet the state's graduation requirements to be isolated. Using this methodology showed that the graduation rate has been relatively flat and the gap between the highest and lowest concentrations of students in poverty have remained relatively large.

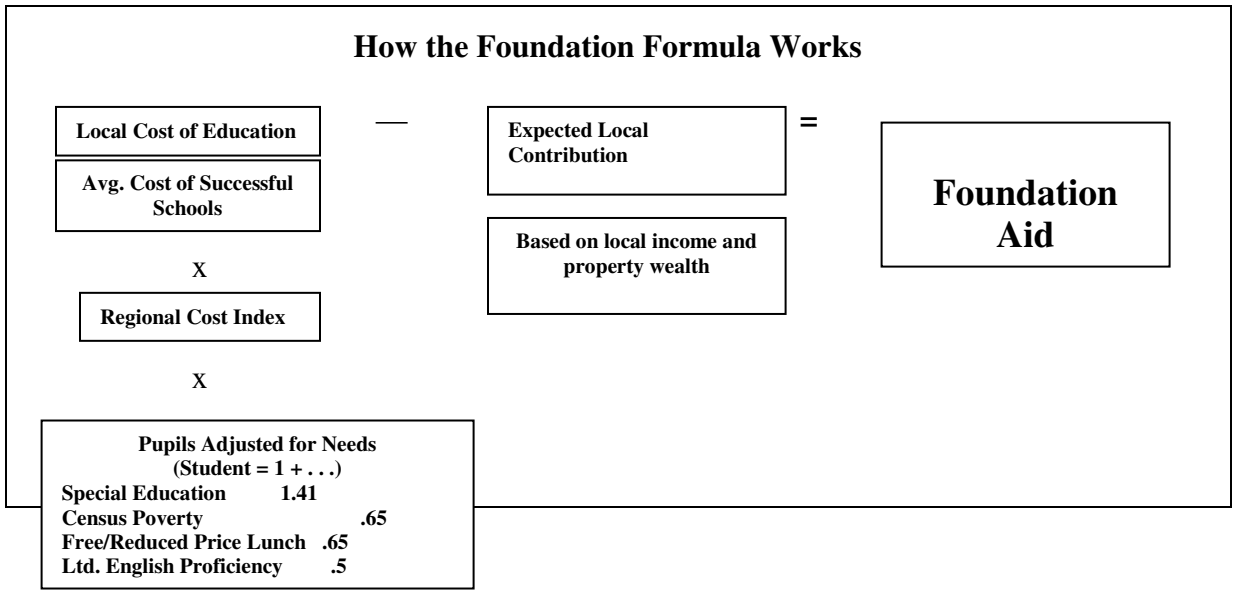
Next this report showed the percent of students who earned a Regents Diploma from 2005 to 2007. This data set relied on DOE data and includes all students who graduated with a Regents Diploma.

The graduation quintile set had a large number of schools with no data on student poverty—these schools were not included in the initial data analysis. However, the results for this group of students *excluded* from the final analysis are as follows: an overall 35% graduation rate with 10% receiving GEDs, 11% receiving Regents diplomas, and 14% receiving Local diplomas for the 2005-06 school year. This account is representative of the general results of this report, showing that our results, if anything, understate the funding and performance dilemma.

Appendix I: New York State Foundation Aid Formula

NYS Foundation Aid Formula

New York State distributes most of its funds to schools through Foundation Aid. As a result of policy changes in 2007, the Foundation includes additional weight for pupil need. How much a district receives from the state is dependent upon the local cost of education, average cost of successful school, a regional cost index, and the degree of student need. The state formula weights the Census poverty and a three-year average of Free and Reduced Priced Lunch enrollment at 65%. Thus the State's formula includes a poverty weighting which totals to 2.3 or 230%. This formula allows for a weighting of multiple need categories including Special Education and Limited English Proficiency.



The Foundation Aid formula intends to direct money to schools on an adjusted scale which factors in student need, the district's ability to pay, how expensive the cost of education is, and the average cost of successful schools. Foundation Aid accounts for the largest category of state aid that goes to New York City.

Appendix II: New York City's Fair Student Funding Formula

The City's Fair Student Funding formula is determined by taking a base allocation per school of $225,000 and then adding an amount based on student enrollment according to the table below for 2008. The base dollar figure adjusts slightly each year to account for inflation.

The weighting system works to add money based on a student's need level and the cost of educating them. There is an 8% difference between the amounts given to provide for the general costs of education for elementary school students compared to middle school students, because there middle school is an area where performance typically drops off.

Fair Student Funding Formula Weights and Dollar Amounts

	K–5	**6–8**	**9–12**
Grade Level	1.00/$3,946	1.08/$4,262	1.03/$4,064
Academic Intervention	K–5	6–8	**9–12**
Poverty	0.24 / $947	—	—
Achievement—well below standards	—	0.50 / $1,974	0.40 / $1,578
Achievement -- below standards		0.35 / $1,381	0.25 / $986
ELL	0.40 / $1,578	0.50 / $1,974	0.50 / $1,974
Special Education			
Less than 20%	0.56 / $2,210	0.56 / $2,210	0.56 / $2,210
20–60%	0.68 / $2,684	0.68 / $ 2,684	0.68 / $2,684
Greater than 60% (self-contained)	1.23 / $4,853	1.23 / $ 4,853	0.73 / $2,881
Greater than 60% (integrated)	2.28 / $8,997	2.28 / $8,997	2.52 / $9,944
Portfolio Weights	K-5	6-8	9-12
Specialized Audition schools	—	—	0.35 / $1,381
Specialized Selective schools	—	—	0.25 / $986
CTE schools	—	—	0.05–0.25/ $197–$1,026
Transfer schools	—	—	0.40 / $1,578

If an Elementary school had 1000 students in Kindergarten – 3rd Grade, with 100 of those students in poverty, 50 students in special education classes less than 20% of the time, and 20 students in self-contained special education classes then the total for that school is: $225,000 for the school + $3,946,000 for general students + $94,700 to offset for poverty + $110,500 for the special education + $97,060 for the special education students who are in self-contained classes. Thus the total for the school from the Fair Student Funding formula if it were fully funded would be $4,473,260 absent any reductions.

Appendix III: Payment Schedule for Campaign for Fiscal Equity Lawsuit according to New York State Law and New York City Financial Plan

Timeline on the State and City education funding reform for NYC public schools
Payment to NYC Expected according to NYC (w/ $1.93 billion adjusted for inflation).

State's Payment Schedule according to the state as enacted in 2007

	FY 2008	**FY 2009**	**FY 2010**	**FY 2011**	**Total**
Additional State Payment	$1.1 billion	$1.25 billion	$1.5 billion	$1.65 billion	$5.5 billion
Percent of Total	20%	22.5%	27.5%	30%	100%

New York City's obligation remains at $2.2 billion during this time

City's Payment Schedule according to the city

	FY 2008	**FY 2009**	**FY 2010**	**FY 2011**	**Total**
Additional City Funding Obligation	$532 million	$595 million	$534 million	$562 million	$2.22 billion

http://www.nyc.gov/html/omb/pdf/sum1_07.pdf