

August 2014

From CSDs to CFNs:

As the System for Providing Support Services to Schools Changed, Funding Levels Changed Too

Summary

After the state Legislature granted then-Mayor Michael Bloomberg control of the city's schools in 2002, a number of structural changes in the way the school system operates soon followed. One of these structural changes involved the provision of support services to local schools—services that range from help in recruiting and training principals and teachers to assistance in using data and technology to aid in implementing special education reforms.

For years, support services to local schools were organized geographically and flowed primarily from the 32 community school district offices and 6 high school district offices. With the advent of mayoral control the system for providing schools with support services changed three times, first in school year 2003-2004 with the creation of Regional Superintendencies and Regional Operation Centers. School year 2006-2007 saw the implementation of a new system comprised of School Support Organizations. These were in turn replaced in school year 2009-2010 with the current system of Children First Networks, a highly decentralized way to provide schools with support services.

Change may be coming again. Mayor Bill de Blasio has indicated that he intends to revamp the way the city's education department makes support services available to schools.

In this report, IBO examines how spending on school support services changed over time as the system for providing services changed—we make no observations about the relative strengths or weaknesses of the different approaches. Among our findings:

- Spending on school support services declined by 22 percent from school years 2002-2003 through 2011-2012, after adjusting for inflation.
- In school year 2011-2012, spending on school support services totaled \$293.1 million, \$83.8 million less (in 2012 dollars) than in school year 2002-2003, the year before the first of the three successive changes in how support services are delivered.
- On a per student basis, school support spending fell from \$345 in school year 2002-2003 to \$281 in school year 2011-2012 (again, in inflation adjusted dollars).

In addition, the report notes that how school support services are reflected in city budget documents has also changed over time. The fundamental components of the city budget are known as units of appropriation. In the past, units of appropriation 415 and 416 in the Department of Education contained most of the funding for school support services; they now make up less than half of the funding for these services with much of the rest recorded in the very large units of appropriation more commonly associated with classroom instruction and school leadership (401 and 402).



New York City
Independent Budget Office
Ronnie Lowenstein, Director

110 William St., 14th floor
New York, NY 10038
Tel. (212) 442-0632

Fax (212) 442-0350
iboenews@ibo.nyc.ny.us
www.ibo.nyc.ny.us



Reorganizations of School Support Since 2002

The overall structure of the New York City school system has changed dramatically since the start of mayoral control in calendar year 2002. These changes greatly impacted the system's structure of school support, which is responsible for helping schools with their operational and instructional needs. Although the structure of school support has changed over time, the types of services provided to schools have been more stable. On the operational side, these services include human resources, payroll, information technology, and facilities. On the instructional side, the school support structure provides supervision and oversight as well as training so that teachers and principals can implement academic policy uniformly citywide.

Prior to mayoral control, schools were organized geographically into 32 community elementary and middle school districts, 6 high school districts, and a citywide district for self-contained special education programs. Each of these 39 districts had a superintendent and district staff that provided instructional and organizational support. With the advent of mayoral control, the system of school support was reorganized three times.

For fiscal year 2004 (which basically corresponds to school year 2003-2004), the Department of Education (DOE) centralized the structure of school support, moving from the system of 38 community and high school district superintendents with local district offices to a condensed structure with 10 superintendents at Regional Support Centers and six Regional Operations Centers (ROCs). The citywide special education district was left intact and remains in place today. Although the new regional superintendents retained many duties related to supervision and instructional leadership, which the former local superintendents performed, responsibility for day-to-day operations shifted to the ROCs, which covered budgeting, payroll, transportation, and food services.¹ This reorganization was aimed at streamlining services and cutting bureaucracy.

The next change occurred in 2007, when a new model was introduced, decentralizing the delivery of school support services as the Department of Education ushered in a new era of principal autonomy. The DOE set up a system of 11 School Support Organizations (SSOs) run by former regional superintendents or private nonprofits to provide instructional support.

Administration of operational support services which were formerly provided by the six ROCs was transferred to one

main Integrated Service Center (ISC) with a branch in each borough. This shift coincided with a new level of principal control over school budgets and was couched in terms of increased principal autonomy and a desire to devolve decision making to the school level. This reorganization also introduced the concept of schools choosing the SSO that they would affiliate with, breaking the bond between geography and support organization.

The most recent change occurred in 2010 when the DOE disbanded the SSOs and the ISC in order to bring the delivery of school support services, operational and instructional, back together through roughly 60 Children First Networks (CFNs) that supplanted the SSOs. As with the SSOs, schools choose their CFN.

Throughout these years, the state education law maintained a role for the original 32 community-based districts and their superintendents, but the DOE took different approaches to implementing that section of the law alongside its preferred organizational approach. Prior to the renewal of mayoral control in August 2009, the DOE routinely assigned staff members to serve as superintendents to schools located outside of the community district where their main job responsibilities placed them; being superintendent was an "add-on" to their other assignments.² From fiscal years 2004 through 2007, there are no allocations for community and high school superintendents in detailed central office budget data. The fiscal year 2008 budget data contain about \$10 million in funds for superintendents (in 2012 dollars), an amount that remained relatively stable through the next four years. (By comparison, in fiscal year 2003, the year before the transition from community school districts to regions, the administrative budget for the 32 community school district offices was almost \$22 million in 2012 dollars.)

In August 2009, the enactment of state legislation renewing mayoral control specified that community district superintendents:

Shall establish a central office within the district and hire and supervise sufficient staff to directly interact with parents, respond to information requests, receive input and comments, assist the community superintendent in resolving complaints in a timely manner, and work to develop a cooperative relationship with parents and the school community.

—*New York State Education Law, Title 2, Article 52A, Section 2590-f (2)*

In this report, IBO discusses the financial implications of each structural change as well as the organization of funding for school support throughout the years. How have the costs associated with the system of school support changed over time? Is the current structure more or less

expensive than that in place before mayoral control? This report focuses strictly on costs; we make no observations about the relative strengths or weaknesses of the different structures. We begin by identifying the types of services provided by school support organizations and discuss the data sources we used to track the spending. We then examine the change in spending for these services over time, moving in reverse chronological order.

Identifying School Support Services

In order to analyze how the budget for school support has changed over time, we first identify the types of services involved in supporting schools during fiscal year 2012. That system of school support, which remains in place, provides services primarily through Children First Networks and superintendents, but also through various staff located at the DOE's central administrative office (referred to as the central office). Specifically, on the instructional side, CFNs "offer training and coaching for principals and teachers, share instructional resources," and foster cross-network collaboration.³ As far as operational support, CFNs help schools "recruit and hire teachers, spend their budgets effectively, conduct all daily operations, use data and technology, and...deliver effective services to students with disabilities and English language learners."⁴ The Office of School Support, a division of the DOE's central office, oversees the work of the CFNs and supports their efforts on performance and academic policy, special education reforms, instructional support, support for struggling schools, school budgets and grants, human resources and payroll, facilities, operations and information technology, student data systems, and enrollment.⁵ Additionally, school support includes superintendents who assist schools with issues related to "principal selection and evaluation, teacher tenure decisions, community engagement" and conflict resolution.⁶

The DOE implemented the CFN system of school support in fiscal year 2010 in part to streamline the delivery of instructional and operational services to schools, bundling into one layer what previously existed in multiple layers. Before then, various central offices, local community school districts, or other components of the school system provided the services listed above. As a result, services which may not have been explicitly defined as school support in the past are part of the framework today. In order to allow comparisons over time, IBO's analysis of school support in the years preceding the CFNs includes all of the current set of services outlined above.

Methodological Considerations and Data Sources

To see how spending has changed with changes in structure, we needed to first consider the types of services that constitute school support and then track total allocations for these same services over all years of the analysis. We work backwards, using the services that made up school support in fiscal year 2012 as a baseline and then trace the cost of those same services back through the years to prepare consistent, apples-to-apples comparisons. For the majority of the analysis, IBO used central office budget data, comprehensive monthly reports listing detailed budgets for each department in the central office.⁷ The data are disaggregated and provide information on funding for various programs. Each of the departments is referred to as a central office "district," has a corresponding title and number, and is funded through different units of appropriation (U/As), the units used by the city's financial accounting system to subdivide and organize an agency's expense budget.

In most cases, U/As alone are too broad to see how much money is allocated to specific programs within the DOE. By using central office budget data that provide greater detail of allocations within U/As, IBO is able to construct a more accurate and detailed picture of the total budget for school support services than is available to the general public and the city's elected officials.

As the structure of the school system changed over the years, so too did the financial accounting used to support DOE operations. For example, when the Board of Education became the Department of Education, existing units of appropriation were replaced with new ones. Additionally, central office departments have changed names and switched functions over time. To develop an understanding of how funding for specific programs is intended to be organized into various units of appropriation and how the structure of the DOE's budget has changed, we use annual financial plan documents that make up the city's adopted budget. For our analysis of fiscal year 2003, when funding for the entire school system was organized very differently than after mayoral control, certain portions of the school support services budget did not flow through the central office budget. Therefore, some of the available data for fiscal year 2003 are less detailed. For that year, we use not only the central office data but also the Comptroller's Comprehensive Annual Financial Report, which reports the budget by unit of appropriation at the close of the fiscal year.

Table 1. 2012 School Support Budget, by Units of Appropriation

Unit of Appropriation	Description	Nominal Dollars <i>in millions</i>	Percent of Total	Per Student Nominal Dollars
415 416	School Support Organization	\$143.7	49.0%	\$138
401 402	General Education Instruction & School Leadership	101.7	34.7%	\$98
481 482	Categorical Programs	37.7	12.9%	\$36
453 454	Central Administration	10.0	3.4%	\$10
Total		\$293.1	100.0%	\$281

SOURCE: IBO analysis of Financial Management System data
NOTE: Enrollment=1,041,437

New York City Independent Budget Office

Our approach to this analysis is built around the changes in the data sources that occurred over the years of the study. As we worked backward chronologically, our objective in all years was to identify and include the same types of services considered to be school support in fiscal year 2012.

The Budget for School Support

The fiscal year 2012 budget for school support services listed by various units of appropriation is shown in table 1 on this page. The total budget was about \$293 million, or \$281 per student.⁸ During that year, schools were operating under the Children First Networks, as they were in the 2013-2014 school year. In order to identify the budget for CFNs and other school support-related services in fiscal year 2012, IBO used the central office budget data described above. The 2012 city financial plan documents indicate that units of appropriation 415|416 were responsible for funding what is broadly considered “school support.” Because IBO was able to search specific budget lines of all central office districts, we do not limit our search to only this U/A pair and instead included the funding in any central district involved in providing school support services.⁹

Central office data show that in 2012, U/As 415|416 funded about \$144 million of the 2012 school support services budget. However, the data show that this is only 49 percent of the total budget for these services. Three other units of appropriation also funded school support services in that year. Almost 35 percent of the total budget, or about \$102 million, was funded through U/As 401|402, which financial plan documents define as general education instruction and school leadership. Half of that amount, about \$51 million, ended up in principals’ budgets to pay for the services of their preferred Children First Network. Units of appropriation 481|482, made up of funds for federal and state categorical programs, comprised almost 13 percent of the budget, or \$38 million. The remaining \$10 million of the total budget for school support services was contained within U/As 453|454, intended for central office administration.

The fiscal year 2009 budget for school support services is shown in table 2 on page 4, listed by the units of appropriation which provide funding for these functions. The total budget was about \$299 million, or \$290 per student (all dollar figures from here on are reported in inflation-adjusted 2012 dollars unless otherwise

Table 2. 2009 School Support Budget, by Units of Appropriation

Unit of Appropriation	Description	Nominal Dollars <i>in millions</i>	Percent of Total	Per Student Nominal Dollars	2012 Dollars <i>in millions</i>	Per Student 2012 Dollars
415 416	School Support Organization/ Integrated Service Centers	\$226.3	81.9%	\$220	\$244.7	\$238
453 454	Central Administration	20.5	7.4%	20	22.2	\$22
401 402	General Education Instruction & School Leadership	15.5	5.6%	15	16.7	\$16
481 482	Categorical Programs	14.0	5.1%	14	15.1	\$15
Total		\$276.3	100%	\$268	\$298.7	\$290

SOURCE: IBO analysis of Financial Management System data
NOTE: Enrollment= 1,029,459

New York City Independent Budget Office

Table 3. 2006 School Support Budget, by Units of Appropriation

Unit of Appropriation	Description	Nominal Dollars <i>in millions</i>	Percent of Total	Per Student Nominal Dollars	2012 Dollars <i>in millions</i>	Per Student 2012 Dollars
415 416	Regional & Citywide Instructional & Operational Administration	\$234.0	94.6%	\$222	\$288.2	\$273
453 454	Central Administration	11.9	4.8%	11	\$14.7	14
481 482	Categorical Programs	\$1.5	0.6%	1	\$1.9	1
TOTAL		\$247.4	100%	\$234	\$304.8	\$288

SOURCE: IBO analysis of Financial Management System data
NOTE: Enrollment=1,055,986.

New York City Independent Budget Office

specified). At that time, instructional support was provided by 11 School Support Organizations and one main Integrated Service Center provided operational support. IBO again used the central office budget data to identify the specific budget lines, from multiple central office districts and units of appropriations, for school support services in fiscal year 2009.

City financial plan documents for 2009 indicate that units of appropriation 415|416 were intended to fund the SSO/ISC structure and other school support services. At \$245 million, about 82 percent of school support-related services that year were funded through this pair of U/As. Almost 20 percent of that amount was intended for principals to

purchase the services of the School Support Organization of their choice.¹⁰ Central office budget data show that the remaining \$54 million of the total budget for these services came through three other U/A pairs. About \$22 million was funded by units of appropriation 453|454, which include funds for the administration of the central office and nearly \$17 million comes through U/As 401|402, intended for general education instruction and school leadership funding. The remaining \$15 million was made up of funding for categorical programs through U/As 481|482.

During fiscal year 2006, as seen in table 3 on page 5, the budget for school support services totaled nearly \$305 million, or \$288 per student. We again used the detailed

Table 4. 2003 School Support Budget, by Units of Appropriation

Unit of Appropriation	Description	Nominal Dollars, <i>in millions</i>	Percent of Total	Per Student Nominal Dollars	2012, <i>Dollars in millions</i>	Per Student 2012 Dollars
315 316	HS Operations/Administration	\$144.0	53.5%	\$132	\$201.4	\$185
305 306	District Operations/Administration	80.3	29.8%	\$74	112.4	\$103
327 328	Special Education Operations/Administration (HS, CSD)	13.6	5.0%	\$12	19.0	\$17
381 382	Categorical Programs	10.9	4.0%	\$10	15.3	\$14
313 314	High School Special Education Instructional Services	9.3	3.5%	\$9	13.0	\$12
325 326	Special Education Administration	8.3	3.1%	\$8	11.6	\$11
323 324	Special Education Direct Services	1.7	0.6%	\$2	2.3	\$2
353 354	Central Administration	1.3	0.5%	\$1	1.9	\$1
TOTAL		\$269.4	100%	\$247	\$376.9	\$345

SOURCE: IBO analysis of Financial Management System data
NOTE: Enrollment=1,091,717

New York City Independent Budget Office

central office budget data to identify the specific budget lines, from multiple central office districts and units of appropriation, that constitute the total budget for school support services in fiscal year 2006. In that year, schools were operating under a structure of 10 Regional Support Centers and 6 Regional Operations Centers. City financial plans indicate that 2006 funding for school support services was located in units of appropriation 415 | 416. IBO found that almost the entire school support services budget was funded through those U/As, but 5 percent, or almost \$17 million, came through 453 | 454 (central office administration) and 481 | 482 (categorical programs).

The budget for fiscal year 2003 school support services by the units of appropriation that provide funding for support services totaled nearly \$377 million, or \$345 per student as seen in table 4 on page 5. That was the last year in which the 32 Community School Districts played a significant support role. After mayoral control was in place and the school system reorganized, funding for the system—support services included—was organized very differently. Before mayoral control, school support services were much more decentralized, as were the budgets for those services. However, our examination of school support budgets for 2003 still uses the same approach: include all types of services defined as school support in 2012.

City financial plan documents indicate that three U/A pairs were responsible for funding school support services at that time. First, funding for school support services for the high school districts was contained in units of appropriation 315 | 316, high school operations and administration. At \$201 million, or \$185 per student, these centrally controlled funds for operations of the high school districts represent the largest share of funds for school support services in 2003, almost 54 percent of the total budget for school support.

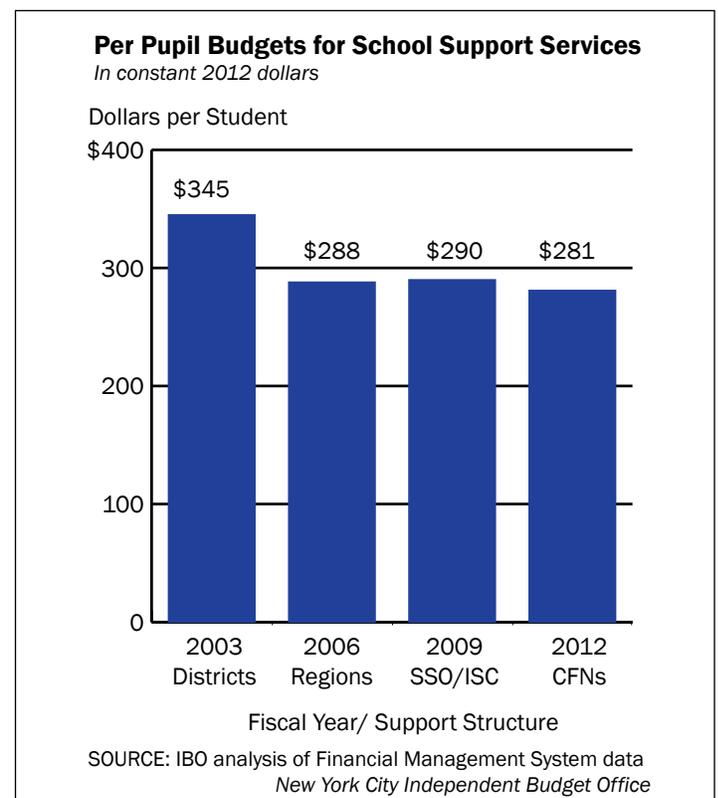
As outlined in financial plan documents, a second source of funds for school support were units of appropriation 305 | 306, which were used to fund school support at the community school district level. These funds for school support provided by the 32 Community School Districts were controlled from district offices, and therefore do not appear in central office budget data. Instead, IBO relied on the 2003 Comptroller’s Comprehensive Annual Financial Report to obtain the end of year budget condition for U/As 305 | 306. At \$112 million, or \$103 per student, this funding represents nearly 30 percent of the total budget for school support.

Third, 2003 financial plan documents specify that special education operations and administration budgets for community districts and high schools, funds controlled by the central office, were organized in units of appropriation 327 | 328. IBO identified \$19 million allocated to fund school support services through U/As 327 | 328 in the detailed central office budget data. In 2003, more than 88 percent of total school support services were funded through those three U/A pairs, 315 | 316, 305 | 306, and 327 | 328.

The remainder of the budget for support services in 2003 came from five other U/A pairs, each responsible for a small portion of the total budget, 4 percent or less. These include U/As: 381 | 382, categorical programs (\$15 million); 313 | 314, high school special education instructional services (\$13 million); 325 | 326, special education operations and administration (\$12 million); 323 | 324, special education instructional support services (\$2 million), and 353 | 354, central administration (\$2 million).

Findings

Measured in inflation-adjusted 2012 dollars, both the total budget and per pupil budget for school support services were higher in 2003 than they were in 2012, as seen in the chart on page 6 and table 5 on this page. Each change in structure since 2003 has reduced the total amount budgeted for school support, with the biggest declines



associated with the switch from community school districts to regions. The reorganization of school support into a regional system in fiscal year 2006 resulted in a \$72 million decrease in the inflation-adjusted budget for these services compared with fiscal year 2003, a 19 percent decline. From fiscal years 2003 through 2009, the school support budget decreased by over \$78 million, or almost 21 percent. Overall, school support services has decreased by about \$83.8 million in real dollars, or about 22 percent since fiscal year 2003.

Although total budgets for school support services consistently declined over each year of the analysis, when spread across the number of enrolled students in each of the four years we studied, a slightly different picture is seen. From 2003 through 2006, a few years after the first shift from Community School Districts to a smaller number of regional centers, there was a dip in funding for school support services of \$57 on a per pupil basis, about 17 percent over the three years. However, there was little change in the per pupil budget from fiscal years 2006 through 2009, increasing by about \$2 per student in real terms as the regional structure gave way to school support organizations. After the switch to Children First Networks, the budget per pupil for school support services decreased another \$9, bringing the total decline since fiscal year 2003 to \$64 per pupil, or about 19 percent.

Aside from these changes in the budget for school support, the units of appropriation used to fund this budget has also changed since fiscal year 2003. The share of the total budget for school support allocated through units of appropriation 415 | 416 has been declining since fiscal year 2006 even though city budget documents describe these as the primary U/As to fund these services. While in 2006 almost 94 percent of the total budget for school support was comprised of funds flowing through these

units of appropriation, the share had dropped to 49 percent by 2012. In contrast, in fiscal year 2012 almost 35 percent of the school support budget was flowing through U/As 401 | 402, although in fiscal year 2003 no funds were allocated through 301 | 302 (the equivalent of U/As 401 | 402 before mayoral control). Units of appropriation 401 | 402 are the main U/As city financial plan documents designate to fund general education instruction and school leadership, the bulk of school-level expenses. The share of school support budgeted in U/As 481 | 482 has also increased over time, rising from 4 percent of the equivalent U/As in 2003 to 13 percent in 2012. These are the units of appropriation typically used to fund state and federal categorical programs. In short, those interested in the budget for school support services need to understand that U/As 415 | 416 now make up less than half of the total budget for these services.

Report prepared by Gretchen Johnson

Endnotes

¹Hemphill, C. and Nauer K., *Managing by the Numbers: Empowerment and Accountability in New York City's Schools*, Center for New York City Affairs, The New School, June 16, 2010.

²"Principals: Give us our superintendents back!," <http://gothamschools.org/2009/02/17/principals-give-us-our-superintendents-back/>.

³"Our Structure for Supporting Schools," <http://schools.nycenet.edu/DSS/SSOselection/SchoolSupport20111212.pdf>.

⁴Ibid.

⁵"Office of School Support," <http://schools.nyc.gov/AboutUs/schools/support/OSS.htm>.

⁶"Our Structure for Supporting Schools."

⁷The DOE provides IBO with monthly updates of these central office budgets. The latest file for a fiscal year comes at the end of June which is before the official fiscal year close in September. Therefore figures reported throughout reflect the current modified budget condition at the end of June rather than actual expenditures.

⁸All enrollment data come from DOE Audited Registers from the year referenced.

⁹Generally, each city agency's expense budget is divided into pairs of units of appropriation. An odd numbered unit for personal service (the salaries and fringe benefits of city employees) and an even numbered unit for other than personal service (the expenses other than salaries including supplies, equipment, and contractual services).

¹⁰School Allocation Memo No. 45 Fiscal Year 2009.

Table 5. Summary of School Support Budgets

Fiscal Year	Nominal Dollars, in millions	Per Student Nominal Dollars	2012 Dollars in millions	Per Student 2012 Dollars	Percent of Department Budget
2003	\$269.4	\$247	\$376.9	\$345	2.1%
2006	247.4	234	304.8	288	1.7%
2009	276.3	268	298.7	290	1.5%
2012	293.1	281	293.1	281	1.6%

SOURCE: IBO analysis of Financial Management System data
New York City Independent Budget Office

Share on



Receive notification of IBO's free reports by
[e-mail](#) [Facebook](#) [Twitter](#) [RSS](#)