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**Testimony of Sarita Subramanian**  
**Assistant Director, New York City Independent Budget Office**  
**To the New York City Council Committee on Education**  
**Regarding Oversight of NYC Department of Education's Spending of Federal Covid-19 Relief Funds**  
**November 16, 2022**

Good afternoon, Chair Joseph and members of the Committee on Education. My name is Sarita Subramanian and I am the assistant director for education at the New York City Independent Budget Office. Thank you for the opportunity to testify at this oversight hearing on the Department of Education's (DOE's) spending of federal Covid relief funds. In my testimony today, I will provide an update on how much federal Covid aid the DOE has spent in 2021 and 2022 (unless otherwise specified all years are city fiscal years) and what funds remain for 2023 through 2025. I will also provide details on IBO's estimate of how much funding the city may require to continue programs that have been paid for with Covid relief that are expected to remain past the expiration of the funds. Lastly, I will discuss the need for increased transparency around the budgeting of the federal Covid aid.

Total federal Covid relief currently allocated to DOE is almost \$7.7 billion. The majority—almost \$7 billion—is aid that is restricted specifically for educational uses from the Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSAA, \$2.1 billion) and the American Rescue Plan Act of 2021 (ARPA, \$4.8 billion). In addition, the city has allocated \$607 million to the DOE from its \$5.9 billion in unrestricted State and Local Fiscal Relief Funds also from ARPA (ARPA-SLFRF). Finally, ARPA also authorized spending to enhance remote learning technology through the Emergency Connectivity Fund (ECF), for which DOE received \$125 million in 2022.

**Spending in 2021 and 2022.** A total of \$3.5 billion was spent on education across all sources of federal relief in 2021 and 2022, as reported in IBO's [Federal Covid Relief Spending Dashboard](#). The DOE spent about \$2.9 billion from restricted education aid sources (85 percent of funds spent), \$400 million in ARPA-SLFRF, and \$125 million in ECF funding. Overall, the city has spent 68 percent of its total CRRSAA allocation in 2021 and 2022, which under federal rules must be used by September 2023 and about 31 percent of its total ARPA education funds, which are available for an additional year (through September 2024).

The largest programmatic use of the federal education aid—\$724 million—has been to cover the entire budget for NYC School Support Services, the nonprofit that manages the hiring of custodial support staff in schools and the purchase of cleaning supplies. Another \$388 million has been used to fund the expansion of the city's 3-K program to all 32 school districts across the city (although not yet with universal access). The city has also spent \$1.1 billion in two large budget codes "ARPA for schools" or

“CRRSAA for schools.” This spending covers many different programs, but because all of the spending comes out of these broad codes there is currently no way to identify which programs are funded, an issue I will address in a moment.

Notably, ARPA specifies that at least 20 percent of restricted education funds (a total of \$960 million) must be spent to “address learning loss through the implementation of evidence-based interventions” such as after-school or summer programming. ARPA’s learning loss spending requirement also directs districts to ensure that these interventions serve students’ academic, social, and emotional needs, and address the disproportionate impact of the pandemic on student subgroups, such as students experiencing homelessness. Through the end of fiscal year 2022, \$526 million has been identified as spending for learning loss, including funds to pay for: academic recovery, additional school-based social workers and other mental health staff, Summer Rising (the city’s summer school program), special education services, and early literacy support.

**Plans for Federal Covid Aid for 2023 through 2025.** As IBO [testified](#) last week, as of the end of fiscal year 2022, DOE had claimed \$2.9 billion of its \$6.9 billion allocation from education-restricted funding sources. Of the unspent funds restricted for education use, \$3.7 billion has been budgeted for 2023 through 2025, as of the 2023 Adopted Budget, leaving about \$280 million in unbudgeted funds that must be used by DOE. The city released the November update of its financial plan yesterday afternoon, however this testimony does not yet reflect those revisions as details of the update are not yet available. As of this week, \$1.6 billion has already been spent in 2023.

**Federal Covid Aid to Support School Budgets.** The DOE has allocated over \$800 million in federal Covid aid from 2021 through 2024 to restore planned reductions in school budgets, to fully fund schools based on the city’s Fair Student Funding allocations—which distributes funds to schools based on individual student characteristics—and to maintain school budgets despite enrollment declines. The latter accounts for \$400 million, \$200 million of which was just announced last week for this school year. Please note that the \$200 million reallocation has not yet been reflected in the November Plan.

**Additional Funds in 2026 and Beyond.** As of the adopted budget, IBO estimated \$1.1 billion could be required in 2026 and each year thereafter to fund programs that are intended to continue past the expiration of relief funds. Of the \$1.1 billion, \$393 million was projected for the continued 3-K expansion to universal access. The Adams administration has indicated it may not continue this expansion and has reduced the 3-K budget in its recently released November Plan. We do not yet have the full plan details to determine how the federal relief was impacted. Excluding 3-K, based on prior plans about \$800 million would be required annually for Summer Rising, expanding preschool special education programs, providing additional social workers and other mental health staff, expanding career pathways and opportunities for apprenticeships for high schoolers, and maintaining community schools, among many other programs.

**Need for Increased Transparency.** I would like to end with a recommendation for increased transparency around the budgeting and spending of these federal stimulus funds, specifically for DOE to

use discrete budget codes for more (if not all) of the initiatives funded through these federal relief programs. Having dedicated stimulus budget codes has been helpful to closely track the Covid aid. Several initiatives already have their own budget codes, making it easy to analyze spending. For example, 3-K expansion, special education pre-K funding, funding for District 75 programs (the citywide administrative district for schools only serving students with disabilities), and NYC School Support Services all have their own dedicated budget codes, often one per revenue source (ARPA vs. CRRSAA). However, other budget codes contain many initiatives under generic titles that make tracking programmatic spending impossible. Including actual expenditures for 2021 and 2022 and budgeted amounts for 2023 through 2025, \$2.4 billion has been allocated for either “ARPA for Schools” or “CRRSAA for Schools.” This is a large amount—about 34 percent of total education federal Covid relief aid—and lacking a breakdown of those funds within the contours of the city budget makes it impossible to track what initiatives receive funding.

Thank you for the opportunity to testify and I am happy to answer any questions.