

CFE Analysis Of New York City's

Contract For Excellence

Projected Allocations 2008-09

The Campaign for Fiscal Equity, Inc.
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The Campaign for Fiscal Equity, Inc. (CFE) is a leading non-profit organization working to protect and promote the constitutional right to a sound basic education—defined as a meaningful high school education-- for every public school child in the State of New York. CFE was founded in 1993 by a coalition of concerned parents and education advocates who filed the landmark case *CFE v. State of New York*, which established this right. To make this right a reality, CFE works to ensure that the neediest students in low performing schools make academic progress, graduate high school and become active civic participants who can compete in the global economy. CFE works to educate and engage the public and policy makers to ensure that the historic school budget increases, accountability reform and meaningful public participation that resulted from the landmark CFE court decision and law reform are fully implemented.

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Overview

In 2006, after 13 years of Campaign for Fiscal Equity litigation, the New York State Court of Appeals established the state constitutional right to a sound basic education and the requirement that the state provide the necessary resources to fund that right in New York City (NYC). In 2007, the governor and state legislature enacted statewide education finance and accountability reform and established the Contract for Excellence, an agreement between the city, the state and the public regarding investment of these classroom dollars in best practices that predominately serves the neediest students and schools. State regulations further defined this requirement by providing that 75% of these funds must be spent on the 50% schools and students with the greatest need, dubbed by the state as the 75/50 rule. Further, the Education Budget and Reform Act of 2007-2008 (Act), made clear that these hard-won monies are to supplement not supplant existing dollars.

The Act provided for \$2.35 billion in new foundation aid based on need subject to the Contract for NYC in increasing increments over four years. NYC was also required to add \$2.2 billion of its own dollars over the four year period.

This year, the 2008-2009 state budget provided NYC with \$622 million in new foundation aid. State law allows NYC to deduct 3% for inflation (\$166,226,074 in 2008) and charter school tuition costs (\$70 million in 2008.). This means that NYC must develop a Contract with the State and the public covering \$386 million. Of this, roughly 75% or \$289.3 million must be spent to predominately serve the neediest students and schools.

NYC Department of Education (NYCDOE) is required to put their proposed Contract out for public comment, and provide specific information on how all these monies are allocated to schools and programs. The current proposal violates these rules, and provides only a partial look at the investments. This analysis is based on the NYCDOE proposal that provides information on only \$231 million in school allocations. According to NYC DOE's own numbers, they once again appear to violate the 75/50 rule by allocating 41% of these hard-won dollars to low need higher performing schools. Further, NYCDOE has held back \$63 million for purposes of "supplanting", or filling the holes of their own budget cuts, thereby undermining the fundamental purpose of CFE in adding new dollars to close the achievement gap for low performing schools and students. The remaining dollars are allocated to a variety of purposes, general in description, some of which are inconsistent with the Contract law and regulations.

The Analysis

The State Regulations of the Commissioner specify that districts must allocate funding to schools with the largest percentages of (1) students with limited English proficiency or English language learners, (2) students in poverty; (3) students with disabilities; and (4) student with low academic achievement. Students with low academic achievement means students who are not performing at least at Level 3 on the following accountability measures: (a) elementary/middle-level English language arts; (b) elementary/middle-level math; (c) secondary-level English language arts; and (d) secondary-level math; and/or did not graduate within four years of first entry into the ninth grade, as determined for the latest school year.

The Regulations of the Commissioner also specify that “For school districts in cities with a population of one hundred twenty-five thousand or more, at least 75 percent of the contract amount shall be distributed to benefit students having the greatest educational needs who are enrolled in the top 50 percent of schools within the district ranked in order of greatest to least relative incidence, as measured against total school enrollment, of poverty, disability, limited English proficiency and low school performance; provide that all schools within the district that are in improvement status shall received at least their pro rata share of contract funds based on their share of total district need,” the 75/50 rule.

In 2008, NYC is obligated to develop a Contract in the amount of \$385,796,487. Of this amount, roughly 75% or \$289,347,365 must be directed to the targeted needy population described above. The balance -- \$96,449,122 may be spent on students and schools that do not meet the median.

In order to create a meaningful index in reviewing the distribution of the proposed allocations – CFE’s analyses separated the elementary and middle schools which use the ELA and Math assessments as the performance measures from the high schools which use graduation rates. Of the \$231,091,326, \$173,331,849 should be allocated to high need low performing schools. Performance data is only available on 1,256 schools receiving \$211,977,604 in allocations. Thus our analysis covers only those where ELA data or high school graduation rates are available. Of the total, DOE allocated \$167,586,670 to 1,056 schools with ELA data-- \$125,690,002 or 75%, must go to the target schools. The balance -- \$41,896,667 may be used to support schools with lower needs. Additionally, \$44,509,390 was allocated to high schools with graduation data. \$33,382,042 or 75%, must go to the target schools. The balance -- \$11,127,347 may be used to support schools with lower needs.

In this analysis, CFE developed indices to test two questions:

- Were Contract dollars allocated to schools in a manner that is consistent with Commissioner’s Regulations?
- Were Contract dollars focused primarily on those schools which serve the largest percentages of students with demographic risk indicators and/or whose performance is below the City average?

CFE’s analyses found:

- The Elementary/Middle School Eligibility Indices 1 and 2 indicate that, on each index, 39 percent of Contract dollars were allocated to schools in the lowest-eligibility category. If elementary/middle schools above that level were limited to the 25 percent rule, the funding to schools with greater need would increase by over \$23 million or at least 22 percent.
- The High School Eligibility Indices 1 and 2 indicate that at least 51 percent of Contract dollars were allocated to schools in the lowest-eligibility category. Limiting these schools to the 25 percent rule would increase funds to needier schools by almost \$12 million or over 50 percent.

CFE Analysis of New York City's Projected Allocations of Contract \$\$ in 2008-09

The analyses were based on projected enrollments and Contract for Excellence allocations for the 2008-09 school year provided by the New York City Department of Education (DOE) on June 3, 2008. Because neither projected 2008-09 demographic data nor 2007-08 performance data were provided at that time, the determination of eligibility for funding was based on a CFE data base used for analyzing Contract for Excellence allocations in the 2007-08 school year. Similarly, comparisons among schools based on English language arts (ELA) and mathematics assessment performance and graduation rate were based on data previously provided by New York City and the State.

The DOE data base included 1,439 schools; it included only schools that had been allocated Contract dollars for 2008-09. To this data base, CFE added 63 schools from the 2007-08 data base that were not known to be closed in 2008-09. The total number of schools on the CFE data base and the number of those schools receiving Contract dollars in 2007 and/or 2008 is shown in the table below. Note that 56 of the schools that did not appear on the DOE data base were District 75 schools. No District 75 schools were included in DOE's projected allocations for 2008-09.

All Schools	1,502
# with Contract \$\$ both years	990
# with Contract \$\$ in 2007-08 only	59
# with Contract \$\$ in 2008-09 only	449
# with No Contract \$\$ in 2007-08 or 2008-09	4

The DOE data base provided Contract dollar allocations in three categories: Preliminary FY09 Discretionary Allocations (as of 5/22/08); Collaborative Team Teaching (CTT) Classrooms - FY09 Program Costs Funded by C4E (preliminary) - exclusive of fringe; and Autism Spectrum Disorder (ASD) Classrooms FY09 Program Costs Funded by C4E (preliminary). CFE analyzed the allocation of total Contract dollars (the sum of the three categories). An appendix provides an analysis of CTT dollars and ASD dollar allocations.

Were Contract Dollars Allocated to Schools with the Greatest Educational Need? If Not, How Might They Be Better Allocated?

CFE examined this question by comparing Contract allocations to schools deemed to have the greatest education need with allocations to those with lesser need using two different indices of need at the elementary/middle school level and at the high school level. We also analyzed the effect of redistributing Contract dollars on allocations to high-need schools. Clearly, the status of some schools on these indicators will change from 2007-08 to 2008-09.

One index at each level was computed based on categories established in CFE's analysis of the 2007-08 approved Contract allocations to New York City schools. In the 2008-09 analyses, schools were divided into four categories based on each of four indicators:

- Percentage of enrollment in poverty in the 2005-06 school year:
 1. at least 85.0 percent
 2. between 75.0 percent and 84.9 percent
 3. between 60.0 percent and 74.9 percent
 4. less than 60.0 percent.
- Percentage of enrollment who were English language learners (ELL) in the 2005-06 school year:
 1. At least 19.6 percent
 2. between 9.7 percent and 19.5 percent
 3. between 4.3 percent and 9.6 percent
 4. less than 4.3 percent.
- Percentage of tested grades 3-8 students who met or exceeded the State ELA Learning Standard by scoring at Level 3 or 4 on the 2006-07 grades 3-8 ELA assessment:
 1. less than 36.0 percent
 2. between 36.0 percent and 50.7 percent (citywide percentage was 50.8 percent);
 3. between 50.8 percent and 63.3 percent
 4. at least 63.4 percent (the statewide percentage).
- High School Graduation Rate for the 2002 Cohort after four years:
 1. less than 40 percent
 2. between 40 percent to 54 percent (55 percent is the State standard)
 3. between 55 percent to 66 percent
 4. at least 67 percent (the statewide graduation rate).

Redistribution Model for Elementary/Middle Schools

These analyses examine two eligibility indices and a redistribution model for schools with 2006-07 English language arts (ELA) data. The Contract dollars allocated to these schools in New York City's preliminary plan were included in these analyses. CFE did not consider whether DOE's apportionment of Contract dollars among elementary/middle schools, high schools, and schools without data for previous years was appropriate. The number of schools, their total enrollment, and the Contract dollars currently allocated to these elementary/middle schools are shown below:

Schools with ELA Data	1,056
Total Contract \$\$	\$167,468,214
Total Enrollment	654,111
Contract \$\$ per student	\$256
Maximum Contract \$\$ per student	\$3,796
Minimum Contract \$\$ per student (funded schools only)	\$28

In CFE’s proposed redistribution, 25 percent of Contract dollars, as provided by Commissioner’s Regulations, would be allocated to schools with Index values indicating the lowest educational need. CFE proposes that these dollars be allocated to schools in this group in improvement status or with other special needs rather than be evenly distributed among such schools. In this model, seventy (70) percent of the redistributed funds would be allocated to schools with the greatest need, schools with Index values below 7 for Index 1 and above 421 for Index 2.

Elementary/Middle School Eligibility Index 1

The Elementary/Middle School Eligibility Index 1 was created by summing the category membership designations, from 1 to 4, of each school with ELA assessment performance data. (The graduation rate category was not included.) In this model the Percent Poverty Category designation was multiplied by two before summing. Percent Poverty was weighted greater than Percent ELL because of each indicator’s different requirements for placement in the highest-need categories. Fewer than 10 percent of enrollment is required to be ELL for a school to fall in the two highest-need ELL categories, while 75 percent of students must be economically disadvantaged for a school to fall in the two highest-need poverty categories. Because most schools enroll fewer ELL students than economically disadvantaged students, schools need fewer Contract dollars to provide programs for ELLs with equal funding per student to those for economically disadvantaged students.

The maximum score on the Elementary/Middle School Eligibility Index 1 was 16, achieved by schools whose data placed them in the least needy category (4) on each indicator: ELA assessment performance, Percent Poverty, and Percent ELL. The lowest possible index for a school with data on all three indicators was 4, assigned to schools in the highest-need category on all three indicators. (Some schools did not have Poverty Percent and/or Percent ELL.) The distribution of schools on Index 1 was as follows:

Index 1	# of schools	Cumulative # of schools	Cumulative % of schools
1	8	8	0.8%
2	7	15	1.4%
3	12	27	2.6%
4	65	92	8.7%
5	102	194	18.4%
6	81	275	26.0%
7	106	381	36.0%
8	86	467	44.2%
9	91	558	52.8%
10	80	638	60.4%
11	88	726	68.7%
12	61	787	74.5%
13	47	834	78.9%
14	69	903	85.5%
15	68	971	92.0%
16	85	1,056	100.0%

The median index value was 9. Consistent with Commissioner’s Regulations, schools with index values greater than 9 were considered to be less eligible to receive Contract dollars than schools with index values of 9 or lower. The model also provides that schools with the lowest Index values, below 7, should receive more funds per student than schools with higher values.

Commissioner’s Regulations stipulate that 75 percent of Contract dollars should go to the 50 percent of schools with the greatest need. CFE’s proposed model, therefore, limits schools whose index value places them in the lowest-eligibility group to 25 percent of the \$167,468,214 Contract dollars (\$41,867,054) that DOE allocated to elementary/middle schools. This limitation, if implemented, would increase the dollars available to higher-need schools by over \$23 million or 22 percent. This redistribution would increase the Contract dollars available to schools in the highest-eligibility category from \$51,016,113 to \$67,164,353 and increases the dollars per student from \$321 to \$423. Similarly, schools in the middle-eligibility category would benefit: Contract dollars allocated to this group increase from \$51,516,133 to \$58,436,807 and dollars per students from \$309 to \$351. The effect of redistributing Contract dollars using Elementary/Middle School Eligibility Index 1 and the redistribution model described above is shown in the table below.

Redistribution Based on Elementary/Middle School Eligibility Index 1

	NYC Distribution		Redistribution	
			\$23,068,915	
Greater than 9				
Number and Percent of Schools	498	47%	498	47%
Number and Percent of Contract \$\$	\$64,935,968	39%	\$41,867,054	25%
Number and Percent of Enrollment	328,810	50%	328,810	50%
Contract \$\$ per student	\$197		\$127	
7 through 9				
Number and Percent of Schools	283	27%	283	27%
Number and Percent of Contract \$\$	\$51,516,133	31%	\$58,436,807	35%
Number and Percent of Enrollment	166,502	25%	166,502	25%
Contract \$\$ per student	\$309		\$351	
Lower than 7				
Number and Percent of Schools	275	26%	275	26%
Number and Percent of Contract \$\$	\$51,016,113	30%	\$67,164,353	40%
Number and Percent of Enrollment	158,799	24%	158,799	24%
Contract \$\$ per student	\$321		\$423	

Elementary/Middle School Eligibility Index 2

This index differs from the previous index in that the actual percentages from the 2007-08 CFE data base were used in determining eligibility. The following indicators were used:

- Percentage of enrollment in poverty in the 2005-06 school year;
- Percentage of enrollment who were English language learners (ELL) in the 2005-06 school year;
- Percentage of tested grades 3-8 students who *did not* meet or exceed the State ELA Learning Standard by scoring at Level 3 or 4 on the 2006-07 grades 3-8 ELA assessment; and
- Percentage of tested grades 3-8 students who *did not* meet or exceed the State mathematics Learning Standard by scoring at Level 3 or 4 on the 2006-07 grades 3-8 mathematics assessment.

Elementary/Middle School Eligibility Index 2 was created by first generating a projected count of students believed to be at risk on each indicator for each school with ELA assessment performance data. These counts were calculated by multiplying each percentage by the projected

enrollment for 2008-09, as provided by DOE. If DOE has not provided projected 2008-09 enrollment data, as in the case of District 75 schools, 2006-07 enrollment data were used. The second step was to sum the projected counts, weighting the Poverty and ELL counts by three. This sum was then divided by the school's projected enrollment to create the index.

Poverty and ELL counts were weighted more heavily than performance counts to focus Contract dollars on schools with the largest percentages of such students in order to provide continuing programs to meet their on-going needs. Consistent with Commissioner's Regulations, CFE proposal allocates some Contract dollars to assist schools in meeting the needs of low-performing students. Such funding would be reduced as performance improves while basic funding to meet the needs of economically disadvantaged students and ELLs would continue.

The maximum score was 731 and the minimum, 16. Unlike Index 1, higher values represent higher levels of student need. The distribution of schools on Index 2 was as follows:

Median	342
Maximum	731
Minimum	16
Mode	132
Mean	320
80th percentile	421

The median index value was 342. Consistent with Commissioner's Regulations, schools with index values lower than 342 were considered to be less eligible to receive Contract dollars than schools with index values of 342 or greater. The model also provides that schools with the highest Index values, above 421 (the 80th percentile), would receive more funds per student than schools with lower values.

As with Index 1, the 212 schools in the highest-eligibility category would receive 70 percent of the redistributed Contract dollars. The remaining 30 percent would go to the 315 schools in the middle eligibility category.

The effect of limiting Contract dollars allocated to schools in the lowest eligibility category to 25 percent is to increase dollars available to higher-need schools by 23 percent. The redistribution based on the Elementary/Middle School Eligibility Index 2 would increase the Contract dollars available to schools in the highest-need category from \$41,961,240 to \$58,167,025 and would increase the dollars per student from \$324 to \$450. Similarly, schools in the middle eligibility group could benefit: Contract dollars allocated to this group would increase from \$60,488,799 to \$67,434,135 and dollars per students from \$305 to \$340. The results based on Index 2 are shown in the table below.

Redistribution Based on Elementary/Middle School Eligibility Index 2

	NYC Distribution		Redistribution	
				\$23,151,122
Less than 342				
Number and Percent of Schools	529	50%	529	50%
Number and Percent of Contract \$\$	\$65,018,175	39%	\$41,867,054	25%
Number and Percent of Enrollment	326,374	50%	326,374	50%
Contract \$\$ per student	\$199		\$128	
342 through 421				
Number and Percent of Schools	315	30%	315	30%
Number and Percent of Contract \$\$	\$60,488,799	36%	\$67,434,135	40%
Number and Percent of Enrollment	198,347	30%	198,347	30%
Contract \$\$ per student	\$305		\$340	
Greater than 421				
Number and Percent of Schools	212	20%	212	20%
Number and Percent of Contract \$\$	\$41,961,240	25%	\$58,167,025	35%
Number and Percent of Enrollment	129,390	20%	129,390	20%
Contract \$\$ per student	\$324		\$450	

Redistribution Models for High Schools

These analyses examine two eligibility indices and a redistribution model for schools with 2005-06 graduation data for the 2002 cohort that were not included in the elementary/middle level analysis above. The Contract dollars allocated to these schools in New York City's preliminary plan were included in these analyses. The number of schools, their total enrollment, and the Contract dollars currently allocated to these schools are shown below:

Schools with Graduation Data	184
Total Contract \$\$	\$44,509,390
Total Enrollment	227,487
Contract \$\$ per student	\$196
Maximum Contract \$\$ per Student	\$1,435
Minimum Contract \$\$ per Student (funded schools only)	\$23

In CFE's proposed redistribution, 25 percent of Contract dollars, as provided by Commissioner's Regulations, would be allocated to schools with Index values indicating the lowest educational need. If accepted, the model would limit the allocation to high schools in the lowest-need group to \$11,614,219 (25 percent of \$44,509,390). CFE believes that the dollars should not be evenly distributed among such schools but instead should be allocated to schools in this group in improvement status or schools with other special needs. Using High School Eligibility Index 1, 70 percent of the redistributed funds would be allocated to schools with the greatest need, schools with Index values below 9. On Index 2, 60 percent of the redistributed funds would be allocated to schools above 357.

High School Eligibility Index 1

The High School Eligibility Index 1 was created by summing the category membership designations, from 1 to 4, of each school with graduation data. (The ELA Performance category was not included.) The Percent Poverty Category designation was multiplied by two before summing. Percent Poverty was weighted greater than Percent ELL because less than 10 percent of enrollment is required to be ELL for a school to fall in the two highest-need ELL categories, while 75 percent of students must be economically disadvantaged for a school to fall in the two highest-need poverty categories. Because most schools enroll fewer ELL students than economically disadvantaged students, schools need fewer Contract dollars to provide programs for ELLs with equal funding per student to those for economically disadvantaged students.

The maximum score on High School Eligibility Index 1 was 16, achieved by schools whose data placed them in the least needy category (4) on each measure: High School Four-Year Graduation Rate, Percent Poverty, and Percent ELL. The lowest possible index for a school with data on all three indicators was 4. (Some schools did not have Poverty Percent and/or Percent ELL.) The distribution of schools on the index was as follows:

Index 1	# of schools	Cumulative # of schools	Cumulative % of schools
1	3	3	1.6%
2	1	4	2.2%
3	0	4	2.2%
4	1	5	2.7%
5	5	10	5.4%
6	10	20	10.9%
7	10	30	16.3%
8	12	42	22.8%
9	11	53	28.8%
10	16	69	37.5%
11	21	90	48.9%
12	26	116	63.0%
13	18	134	72.8%
14	16	150	81.5%
15	12	162	88.0%
16	22	184	100.0%

The median index value was 12.0. Consistent with Commissioner’s Regulations, schools with index values greater than 11 were considered to be less eligible to receive Contract dollars than schools with index values of 11 or lower. The model also provides that schools with the lowest Index values, below 9, would receive more funds per student than schools with higher values.

In the proposed redistribution, the 30 schools in the highest-need category received 70 percent of the redistributed Contract dollars. The remaining 30 percent went to the 60 schools in the middle-eligibility category. As in each of the preceding models, allocations to schools with the lowest eligibility (schools with less educational need) were limited to 25 percent of Contract dollars. This limitation would increase the funding available to higher-need schools by almost \$12 million or 53 percent. This redistribution would increase the Contract dollars available to schools in the highest-need category from \$9,838,455 to \$17,968,408 and increases the dollars per student from \$271 to \$495. Similarly, schools in the middle group would benefit: Contract dollars allocated to this group would increase from \$11,929,369 to \$15,413,635 and dollars per students from \$239 to \$309. The effect of redistributing Contract dollars using High School Eligibility Index 1 and the redistribution model described above is shown in the table on the following page.

Redistribution Based on High School Eligibility Index 1

	NYC Distribution		Redistribution	
				\$11,614,219
Greater than 11				
Number and Percent of Schools	94	51%	94	51%
Number and Percent of Contract \$\$	\$22,741,566	51%	\$11,127,348	25%
Number and Percent of Enrollment	141,348	62%	141,348	62%
Contract \$\$ per student	\$161		\$79	
9 through 11				
Number and Percent of Schools	60	33%	60	33%
Number and Percent of Contract \$\$	\$11,929,369	27%	\$15,413,635	35%
Number and Percent of Enrollment	49,839	22%	49,839	22%
Contract \$\$ per student	\$239		\$309	
Lower than 9				
Number and Percent of Schools	30	16%	30	16%
Number and Percent of Contract \$\$	\$9,838,455	22%	\$17,968,408	40%
Number and Percent of Enrollment	36,300	16%	36,300	16%
Contract \$\$ per student	\$271		\$495	

High School Eligibility Index 2

This model differs from the previous model in that the actual percentages from the 2007-08 CFE data base were used in determining eligibility. The following indicators were used:

- Percentage of enrollment in poverty in the 2005-06 school year;
- Percentage of enrollment who were English language learners (ELL) in the 2005-06 school year;
- Percentage of 2002 Cohort members who did not graduate; and
- Percentage of 2002 Cohort members who were still enrolled after the end of the fourth year of high school.

High School Eligibility Index 2 was created by first generating a projected count of students believed to be at risk on each indicator for each school with graduation data. These counts were calculated by multiplying Poverty Percent and ELL Percent by the projected enrollment for 2008-09. The percentages of cohort members who did not graduate and who remained enrolled after the fourth year of high school were multiplied by the number of 2002 Cohort members. The second step was to sum the projected counts, weighting the Poverty and

ELL counts by three and the cohort counts by four. (Each cohort represents only one of the four high school classes, grades 9-12.) This sum was then divided by the school’s projected enrollment to create the index.

Poverty and ELL counts were weighted more heavily than performance counts to focus Contract dollars on schools with the largest percentages of such students to provide continuing programs to meet their on-going needs. Consistent with Commissioner’s Regulations, Contract dollars would be allowed also to assist schools in meeting the needs of low-performing students. Such funding would be reduced as performance improves while basic funding to meet the needs of economically disadvantaged students and ELLs would continue. Funds were allocated for students enrolled after four years of high school to provide programs to ensure that these students achieve the graduation requirements.

The maximum score was 731 and the minimum, 16. Unlike High School Eligibility Index 1, higher values represent higher levels of student need. The distribution of schools on Index 2 was as follows:

Median	281
Maximum	1172
Minimum	17
Mode	
Mean	287
75th percentile	357

The median index value was 281. Consistent with Commissioner’s Regulations, schools with index values lower than 281 were considered to be less eligible to receive Contract dollars than schools with index values of 281 or greater. The model also provides that schools with the highest Index values, above 357 (the 75th percentile), would receive more funds per student than schools with lower values.

This proposed redistribution model was modified so that the 46 schools in the highest-need category received 60 percent—rather than 70 percent of the redistributed Contract dollars. The modification was necessary to compensate for the relatively small percentage of students enrolled in the 46 highest-need schools; this group represented only 17 percent of enrollment. The remaining 40 percent went to the 46 schools in the middle category, which represented 30 percent of enrollment.

The proposed redistribution limited schools in the lowest-eligibility category to 25 percent of Contract dollars. This limitation would increase the Contract dollars available to schools with high need by almost \$12 million or 56 percent. Schools in the highest-need category would increase from \$10,632,825 to \$17,820,378 in total and from \$268 to \$448 per student. Similarly, schools in the middle group would benefit: Contract dollars allocated to this group would increase from \$10,769,962 to \$15,561,664 and dollars per student from \$248 to \$359. The effect of redistributing Contract dollars using High School Eligibility Index 2 is shown in the table below.

Redistribution Based on High School Eligibility Index 2

	NYC Distribution		Redistribution	
			\$11,979,256	
Less than 281				
Number and Percent of Schools	92	50%	92	50%
Number and Percent of Contract \$\$	\$23,106,603	52%	\$11,127,348	25%
Number and Percent of Enrollment	144,352	63%	144,352	63%
Contract \$\$ per student	\$160		\$77	
281 through 357				
Number and Percent of Schools	46	25%	46	25%
Number and Percent of Contract \$\$	\$10,769,962	24%	\$15,561,664	35%
Number and Percent of Enrollment	43,396	19%	43,396	19%
Contract \$\$ per student	\$248		\$359	
Greater than 357				
Number and Percent of Schools	46	25%	46	25%
Number and Percent of Contract \$\$	\$10,632,825	24%	\$17,820,378	40%
Number and Percent of Enrollment	39,739	17%	39,739	17%
Contract \$\$ per student	\$268		\$448	

Conclusion

These analyses and redistribution models attempt to determine the following about DOE's preliminary allocations of Contract dollars for the 2008-09 school year:

- Were Contract dollars allocated to schools in a manner that is consistent with Commissioner's Regulations?
- Were Contract dollars focused primarily on those schools which serve the largest percentages of students with demographic risk indicators and/or whose performance is below the City average?

Neither the State nor DOE have provided formulas for allocating Contract dollars. If such formulas were available, they could be assessed directly for fairness and consistency with regulations.

Lacking formulas, CFE devised a variety of indices for assessing educational need at the elementary/middle school level and the high school level. Analysis of the relationship between each index and preliminary allocations indicates that DOE allocated more than 25 percent of Contract dollars to schools with less educational need than the median New York City school. Two indices at each level are described in this report.

Specifically, Elementary/Middle School Eligibility Indices 1 and 2 indicate that, on each index, 39 percent of Contract dollars were allocated to schools in the lowest-eligibility category. If elementary/middle level schools above that level were limited to 25 percent of Contract dollars, the funding to schools with greater need would increase by over \$23 million or at least 22 percent. Similarly, High School Eligibility Indices 1 and 2 indicate that at least 51 percent of Contract dollars were allocated to schools in the lowest-eligibility category. Limiting these schools to 25 percent of Contract dollars would increase funds to needier schools by almost \$12 million or over 50 percent.

The State has allocated the New York City DOE \$386 million under the Contract for Excellence for the 2008-09 school year. The Contract for Excellence permits a maximum of one-quarter of Contract dollars (\$96.5 million) to be spent on schools with less than median need. DOE's preliminary allocations (as of May 22, 2008) cover \$231,091,326. CFE's analyses included \$211,977,604 Contract dollars preliminarily allocated to 1,241 schools with 2006-07 assessment or graduation data. The remaining \$19,113,722 was allocated to schools that will be new in the 2008-09 school year or that DOE did not include in its 2007-08 Contract for Excellence data base. By CFE's calculation, a minimum of \$87,677,534 (over 41 percent) of the \$211,977,604 in analyzed funds had been allocated to schools that appear to have less than median need. To ensure that allocations to schools with less than median need do not exceed 96.5 million, DOE can allocate no more than \$8.8 million additional Contract dollars to such schools.

DOE's May 22 allocations did not include \$154,705,161 in Contract dollars. Before DOE allocates all \$386 million Contract dollars, it should use projected poverty and ELL data and any existing performance data to determine the eligibility status of 261 schools whose status could not be determined by CFE. Without changes to current allocations, it appears that at most

\$8.8 million of the \$154,705,161 in unallocated Contract dollars can be allocated to schools with less than median need.

CFE's analyses of the relationship between these indices and Contract dollars per student did show that DOE allocated more Contract dollars per student to schools with the greatest need. At the elementary/middle school level, the neediest schools received over \$320 per student, while the 50 percent of schools with less than median need received about \$200 per student. At the high school level, the comparable figures were \$270 versus \$160. CFE believes that even larger portions of Contract dollars should be allocated to schools with the greatest educational need. This will ensure that those schools can provide the necessary programs to ensure that students meet the State Learning Standards.

These indices do not represent a method for actually allocating dollars. The redistribution models are intended as a guide to how Contract dollars could be apportioned to groups of schools based on need. The analyses are not intended to imply that every school within a group should receive the same number of Contract dollars per student. The actual allocations should be made using the latest and cleanest data and should consider each school's unique circumstances and school improvement plan. Further, in allocating Contract dollars, a distinction could be drawn between students scoring at Levels 1 and 2 on the State assessments, because of the dramatically different predications these scores make about the likelihood of a student completing the high school graduation requirements.

APPENDIX

Collaborative Team Teaching (CTT) Distribution

The Department of Education allocated \$47,095,611 to 381 schools for CTT. CFE analyzed the distribution of these funds to the 317 elementary/middle level schools; that is, schools with 2006-07 grades 3-8 ELA assessment data. Allocations to these schools accounted for 80 percent of allocations for CTT.

Elementary/Middle Schools with CTT	
Funding	317
Total CTT \$\$	\$37,616,385
Total Enrollment	218,369
Contract \$\$ per student	\$172
Maximum CTT \$\$ per student	\$2,468
Minimum CTT \$\$ per student	\$44

CTT allocations were analyzed using the same two indices used to analyze total Contract dollar allocations to elementary/middle schools.—Elementary/Middle Eligibility Indices 1 and 2. First, we considered the total allocation to all schools in each eligibility category and the mean CTT allocation to total enrollment in those schools. Second, we considered only schools in each category that received CTT allocations.

Using Elementary/Middle School Eligibility Index 1, schools in the highest eligibility category, Lower than 7, were most likely to receive CTT dollars; 33 percent received funds. Funded schools in the middle eligibility category, 7 through 9, received the largest allocation per student (\$208). These results are shown in the table on the next page.

Distribution of CTT Dollars Based on Elementary/Middle School Eligibility Index 1

	NYC Distribution to All Elementary/Middle Schools		NYC Distribution to Elementary/Middle Schools with CTT Funding	
Greater than 9				
Number and Percent of Schools	498	47%	144	45%
Number and Percent of CTT \$\$	\$16,312,098	43%	\$16,312,098	43%
Number and Percent of Enrollment	328,810	50%	107,434	49%
CTT \$\$ per student	\$7		\$152	
7 through 9				
Number and Percent of Schools	283	27%	82	26%
Number and Percent of CTT \$\$	\$10,888,524	29%	\$10,888,524	29%
Number and Percent of Enrollment	166,502	25%	52,415	24%
CTT \$\$ per student	\$65		\$208	
Lower than 7				
Number and Percent of Schools	275	26%	91	29%
Number and Percent of CTT \$\$	\$10,415,763	28%	\$10,415,763	28%
Number and Percent of Enrollment	158,799	24%	58,520	27%
CTT \$\$ per student	\$66		\$178	

Eligibility Index 2 yielded the same results: schools in the highest eligibility category, Greater than 421, were most likely to receive CTT dollars; funded schools in the middle eligibility category, 342 through 421, received the largest allocation per student.

Distribution of CTT Dollars Based on Elementary/Middle School Eligibility Index 2

	NYC Distribution to All Elementary/Middle Schools		NYC distribution to Elementary/Middle Schools with CTT Funding	
Lower than 342				
Number and Percent of Schools	529	50%	156	49%
Number and Percent of CTT \$\$	\$17,809,935	47%	\$17,809,935	47%
Number and Percent of Enrollment	326,374	50%	110,097	50%
CTT \$\$ per student	\$55		\$162	
342 through 421				
Number and Percent of Schools	315	30%	88	28%
Number and Percent of CTT \$\$	\$11,662,671	31%	\$11,662,671	31%
Number and Percent of Enrollment	198,347	30%	58,009	27%
CTT \$\$ per student	\$59		\$201	
Greater than 421				
Number and Percent of Schools	212	20%	73	23%
Number and Percent of CTT \$\$	\$8,143,779	22%	\$8,143,779	22%
Number and Percent of Enrollment	129,390	20%	50,263	23%
CTT \$\$ per student	\$63		\$162	

Austism Spectrum Disorder (ASD) Allocations

The Department of Education allocated \$4,799,557 to 19 schools to support programs for students with ASD. Seventeen of these schools were elementary/middle level schools. While the funding is intended to serve students with ASD, CFE does not have data showing the number of such students in recipient schools. Therefore, ASD dollars per student are based on the total projected enrollment for each school. The actual allocation per student with ASD would be significantly higher.

Schools with ASD Funding	17
Total ASD \$\$	\$4,454,174
Total Enrollment	9,744
ASD \$\$ per student	\$457
Maximum ASD \$\$ per student	\$2,272
Minimum ASD \$\$ per student	\$44

CFE performed the same analyses on these 17 elementary/middle level schools that we performed on the schools that received CTT allocations. Analyses using both eligibility indices indicate that the majority of funds went to schools in the lowest eligibility category. Only two schools with high eligibility were funded. CFE agrees that placing the programs in schools with fewer students at-risk from other demographic and performance indicators is reasonable. Although CFE acknowledges the critical importance of these programs, we question whether Contract dollars are the most appropriate source of funding.

Distribution of ASD Dollars Based on Elementary/Middle Eligibility Index 1

	NYC Distribution to All Elementary/Middle Schools		NYC distribution to Elementary/Middle Schools with ASD Funding	
Greater than 9				
Number and Percent of Schools	498	47%	10	59%
Number and Percent of ASD \$\$	\$2,426,387	54%	\$2,426,387	54%
Number and Percent of Enrollment	328,810	50%	6,948	71%
ASD \$\$ per student	\$7		\$349	
7 through 9				
Number and Percent of Schools	283	27%	5	29%
Number and Percent of ASD \$\$	\$1,475,423	33%	\$1,475,423	33%
Number and Percent of Enrollment	166,502	25%	2,138	22%
ASD \$\$ per student	\$9		\$690	
Lower than 7				
Number and Percent of Schools	275	26%	2	12%
Number and Percent of ASD \$\$	\$552,364	12%	\$552,364	12%
Number and Percent of Enrollment	158,799	24%	658	7%
ASD \$\$ per student	\$3		\$839	

Distribution of ASD Dollars Based on Elementary/Middle Eligibility Index 2

	NYC Distribution to All Elementary/Middle Schools		NYC distribution to Elementary/Middle Schools with ASD Funding	
Lower than 342				
Number and Percent of Schools	529	50%	11	65%
Number and Percent of ASD \$\$	\$2,691,900	60%	\$2,691,900	60%
Number and Percent of Enrollment	326,374	50%	7,572	78%
ASD \$\$ per student	\$8		\$356	
342 through 421				
Number and Percent of Schools	315	30%	5	29%
Number and Percent of ASD \$\$	\$1,313,197	29%	\$1,313,197	29%
Number and Percent of Enrollment	198,347	30%	1,437	15%
ASD \$\$ per student	\$7		\$914	
Greater than 421				
Number and Percent of Schools	212	20%	1	6%
Number and Percent of ASD \$\$	\$449,077	10%	\$449,077	10%
Number and Percent of Enrollment	129,390	20%	735	8%
ASD \$\$ per student	\$3		\$611	