



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

TO: The Honorable the Members of the Board of Regents

FROM: Valerie Grey *Valerie Grey*

SUBJECT: State Education Department September 2011 Fiscal Report

DATE: October 7, 2011

AUTHORIZATION(S):

Executive Summary

Issues for Approval

The September Fiscal Report is presented for your review, discussion and acceptance. Also attached is a plan adjustment report which shows the receipt, allocation and projected spending of July to June 2011-12 federal grant awards. The Office of Higher Education has an overall decrease in its federal July to June grant award allocations and spending due to the elimination of the Learn and Serve America and Troops to Teachers awards. The Office of ACCES has an overall decrease in its federal July to June grant award allocations and spending due to a decrease in its Workforce Education grant award. The plan adjustment report also reflects an increase in spending in the Workers' Compensation account from the unanticipated payment of prior year bills.

Lastly, the Office of P-12 Education has an overall increase in its federal July to June grant award allocations and spending, which consists of an increase in the projected Race to the Top grant award spending and a decrease in other NCLB awards (including Title I, Title VI and ARRA grants).

Reason(s) for Consideration

Update.

Proposed Handling

Review, discussion and acceptance.

Procedural History

The September Fiscal Report reflects actual expenditures through September 30, 2011 and projected expenditures through the lapse period ending June 30, 2012.

General Update

In response to the rejection of the proposed five-year collective bargaining contract by PEF members on September 27, 2011, the Governor announced that 3,496 PEF employees will be laid off. The new five-year contract would have included a number of changes to reduce overall workforce costs (unpaid furloughs, higher employee health insurance costs, etc). On Friday, October 7, SED gave layoff notices to 13 employees and anticipates another 6 layoffs will be necessary. By law, employees must be given 21 days advance notice of the effective date of layoffs. The layoffs are being structured in a way that avoids the bumping of CSEA employees, who received assurances against layoffs when they ratified their contract in August.

Account Update

The following accounts continue to have funding shortfalls:

- Tenured Teacher Hearing account - the program is now projected to have a cumulative deficit of \$9.0 million to \$9.5 million on March 31, 2012.
- Assessment account - \$8.0 million deficit being resolved through a number of actions including eliminating and postponing exams and various cost containment actions.
- Cultural Education Account – progress has been made; however, the account continues to carry a large accumulated deficit due to declining revenue.

Our Budget Coordination staff and I will continue to closely monitor the Department's accounts and ensure that required spending reductions are achieved.

Recommendation

I recommend that the Board of Regents accept the September 2011 State Education Department Fiscal Report as presented.

Timetable for Implementation

N/A

STATE EDUCATION DEPARTMENT GRAND TOTALS
FINANCIAL STATUS AS OF September 30, 2011
For State Fiscal Year 2011-12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
	Available Funds on 4/1/11	2011-2012 Projected Revenue	Cumulative Projected Revenue 2011-2012	Actual Expenditures Through 9/30/11	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2011-2012 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/12	Cumulative Projected Balance at Program Period End	
GENERAL FUND										
Personal Service	0	22,735,606	22,735,606	9,319,011	13,416,596	22,735,606	0	0	0	
Nonpersonal Service	0	21,805,394	21,805,394	2,754,306	28,051,088	30,805,394	(9,000,000) (a)	(9,000,000)	(9,000,000)	
Other Retirement Systems	0	1,468,000	1,468,000	630,398	837,602	1,468,000	0	0	0	
Subtotal	0	46,009,000	46,009,000	12,703,715	42,305,286	55,009,000	(9,000,000) (a)	(9,000,000)	(9,000,000)	
SPECIAL REVENUE										
All Accounts	Subtotal	8,591,221	163,208,937	171,800,158	56,083,922	105,477,889	161,561,811	1,647,126 (b)	8,761,725	10,238,347
FEDERAL FUNDS										
<i>October-September Programs</i>										
Personal Service	N/A	N/A	50,686,432	17,902,235	32,784,197	50,686,432	N/A	N/A	N/A	
Nonpersonal Service	N/A	N/A	19,159,746	7,000,874	12,158,872	19,159,746	N/A	N/A	N/A	
Mandated Costs	N/A	N/A	40,882,750	7,630,826	33,251,924	40,882,750	N/A	N/A	N/A	
Subtotal	N/A	N/A	110,728,928	32,533,935	78,194,993	110,728,928	N/A	N/A	N/A	
<i>July-June Programs</i>										
Personal Service	N/A	N/A	36,436,807	2,520,488	33,916,319	36,436,807	N/A	N/A	N/A	
Nonpersonal Service	N/A	N/A	102,600,971	52	102,600,919	102,600,971	N/A	N/A	N/A	
Mandated Costs	N/A	N/A	24,034,717	0	24,034,717	24,034,717	N/A	N/A	N/A	
Subtotal	N/A	N/A	163,072,495	2,520,540	160,551,955	163,072,495	N/A	N/A	N/A	
GRAND TOTALS										
	N/A	N/A	491,610,581	103,842,112	386,530,122	490,372,234	N/A	N/A	N/A	

(a) This structural imbalance is the result of continued underfunding for the Tenured Teacher Hearing program.

(b) This imbalance is the result of normal cash flow and the use of prior year funds to meet current year one-time obligations.

**ADULT CAREER AND CONTINUING EDUCATION SERVICES
FINANCIAL STATUS AS OF September 30, 2011**

For State Fiscal Year 2011-12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/11	2011-2012 Projected Revenue	Cumulative Projected Revenue 2011-2012	Actual Expenditures Through 9/30/11	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2011-2012 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/12	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	886,700	886,700	404,992	481,708	886,700	0	0	0
Nonpersonal Service	0	1,973,300	1,973,300	5,576	1,967,724	1,973,300	0	0	0
Subtotal	0	2,860,000	2,860,000	410,568	2,449,432	2,860,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs (b)</i>									
Personal Service	N/A	N/A	45,000,000	13,810,963	31,189,037	45,000,000	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	14,000,000	3,756,049	10,243,951	14,000,000	N/A	N/A	N/A
Mandated Costs	N/A	N/A	37,100,000	6,709,743	30,390,257	37,100,000	N/A	N/A	N/A
Subtotal	N/A	N/A	96,100,000	24,276,755	71,823,245	96,100,000	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	1,444,742	316,325	1,128,417	1,444,742	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	1,830,259	0	1,830,259	1,830,259	N/A	N/A	N/A
Mandated Costs	N/A	N/A	1,162,124	0	1,162,124	1,162,124	N/A	N/A	N/A
Subtotal	N/A	N/A	4,437,125	316,325	4,120,800	4,437,125	N/A	N/A	N/A
SPECIAL REVENUE									
Workers' Compensation	121,074	105,000 (f)	226,074	82,687	22,313	105,000	0	0	121,074
Social Security	0 (a)	535,599	535,599	157,315	378,284	535,599	0	0	0
Proprietary - Supervision	2,264,330	3,000,000 (g)	5,264,330	1,068,488	2,502,388	3,570,876	(570,876) (c)	139,124	1,693,454 (d)
Proprietary - Tuition Reimbursement	2,393,647	300,000 (h)	2,693,647	9,843	490,157	500,000	(200,000) (c)	300,000	2,193,647 (e)
High School Equivalency (GED)	958,981	225,000	1,183,981	0	655,000	655,000	(430,000) (c)	0	528,981

(a) This is a reimbursable account. Carry-in balances are not reported for reimbursable accounts since these balances will ultimately be zero (allowing for processing time).

(b) The Vocational Rehabilitation Program has received an additional \$20 million in allotment funds that will be used to supplement the carryover balance and pay for computer equipment and two pilot programs.

(c) This imbalance is the result of normal cash flow and the use of prior year funds to meet current year one-time obligations.

(d) Some funds are earmarked for future technology enhancements.

(e) Funds are earmarked to provide financial protection for students who attend licensed proprietary schools in the event of a school closing.

(f) A sweep of \$32,000 is anticipated against this account pursuant to the enacted State budget.

(g) A sweep of \$297,000 is anticipated against this account pursuant to the enacted State budget.

(h) A sweep of \$23,000 is anticipated against this account pursuant to the enacted State budget.

PROFESSIONS
FINANCIAL STATUS AS OF September 30, 2011
For State Fiscal Year 2011-12

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	
Available Funds on 4/1/11	2011-2012 Projected Revenue	Cumulative Projected Revenue 2011-2012	Actual Expenditures Through 9/30/11	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2011-2012 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/12	Cumulative Projected Balance at Program Period End	
SPECIAL REVENUE Office of the Professions	7,194,305	47,264,520 (a)	54,458,825	14,935,658	29,093,965	44,029,623	3,234,897	6,045,897	10,429,202

(a) A sweep of \$2,777,000 is anticipated against this account pursuant to the enacted State budget.

HIGHER EDUCATION
FINANCIAL STATUS AS OF September 30, 2011
For State Fiscal Year 2011-12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/11	2011-2012 Projected Revenue	Cumulative Projected Revenue 2011-2012	Actual Expenditures Through 9/30/11	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2011-2012 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/12	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	2,704,906	2,704,906	1,293,427	1,411,480	2,704,906	0	0	0
Nonpersonal Service	0	280,994	280,994	66,564	214,430	280,994	0	0	0
Tenured Teacher Hearings NPS	0	3,653,100	3,653,100	1,320,778	11,332,322	12,653,100	(9,000,000)	(9,000,000) (a)	(9,000,000)
Subtotal	0	6,639,000	6,639,000	2,680,769	12,958,232	15,639,000	(9,000,000)	(9,000,000)	(9,000,000)
FEDERAL FUNDS									
<i>July-June Programs</i>									
Personal Service	N/A	N/A	930,300	43,140	887,160	930,300	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	266,325	0	266,325	266,325	N/A	N/A	N/A
Mandated Costs	N/A	N/A	248,293	0	248,293	248,293	N/A	N/A	N/A
Subtotal	N/A	N/A	1,444,918	43,140	1,401,778	1,444,918	N/A	N/A	N/A
SPECIAL REVENUE									
Office of Teacher Certification	2,708,997	6,600,000 (b)	9,308,997	2,418,416	4,232,669	6,651,085	(51,085) (d)	15	2,657,912
Regents Accreditation of Teacher Education	68,282	31,000 (c)	99,282	294	49,706	50,000	(19,000) (d)	0	49,282

(a) This structural imbalance is the result of continued underfunding for the Tenured Teacher Hearing program which is beyond the Department's control.

(b) A sweep of \$861,000 is anticipated against this account pursuant to the enacted State budget.

(c) A sweep of \$21,000 is anticipated against this account pursuant to the enacted State budget.

(d) This imbalance is the result of the use of prior year funds to meet current year one-time obligations.

OFFICE OF P-12
FINANCIAL STATUS AS OF September 30, 2011
For State Fiscal Year 2011-12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/11	2011-2012 Projected Revenue	Cumulative Projected Revenue 2011-2012	Actual Expenditures Through 9/30/11	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2011-2012 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/12	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	12,193,000	12,193,000	4,775,316	7,417,684	12,193,000	0	0	0
Nonpersonal Service	0	13,305,000	13,305,000	531,248	12,773,752	13,305,000	0	0	0
Subtotal	0	25,498,000	25,498,000	5,306,564	20,191,436	25,498,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	2,349,094	1,898,988	450,106	2,349,094	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	4,018,506	3,109,487	909,019	4,018,506	N/A	N/A	N/A
Mandated Costs	N/A	N/A	1,627,780	587,375	1,040,405	1,627,780	N/A	N/A	N/A
Subtotal	N/A	N/A	7,995,380	5,595,850	2,399,530	7,995,380	N/A	N/A	N/A
<i>July-June Programs (a)</i>									
Personal Service	N/A	N/A	29,463,534	2,161,023	27,302,511	29,463,534	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	100,171,887	52	100,171,835	100,171,887	N/A	N/A	N/A
Mandated Costs	N/A	N/A	22,624,300	0	22,624,300	22,624,300	N/A	N/A	N/A
Subtotal	N/A	N/A	152,259,721	2,161,075	150,098,646	152,259,721	N/A	N/A	N/A
SPECIAL REVENUE									
State School for the Blind at Batavia	0 (b)	10,020,000	10,020,000	2,942,724	7,077,276	10,020,000	0	0	0
State School for the Deaf at Rome	0 (b)	9,600,120	9,600,120	2,323,187	7,276,933	9,600,120	0	0	0
Fiduciary (January Assessments)	0	1,500,000	1,500,000	0	1,500,000	1,500,000	0	0	0

(a) Includes Race to the Top funding.

(b) This is a reimbursable account. Carry-in balances are not reported for reimbursable accounts since these balances will ultimately be zero (allowing for processing time).

**CULTURAL EDUCATION
FINANCIAL STATUS AS OF September 30, 2011**

For State Fiscal Year 2011-12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/11	2011-2012 Projected Revenue	Cumulative Projected Revenue 2011-2012	Actual Expenditures Through 9/30/11	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2011-2012 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/12	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	398,000	398,000	190,945	207,055	398,000	0	0	0
Nonpersonal Service	0	144,000	144,000	53,310	90,690	144,000	0	0	0
Subtotal	0	542,000	542,000	244,255	297,745	542,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	3,337,338	2,192,284	1,145,054	3,337,338	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	1,141,240	135,338	1,005,902	1,141,240	N/A	N/A	N/A
Mandated Costs	N/A	N/A	2,154,970	333,708	1,821,262	2,154,970	N/A	N/A	N/A
Subtotal	N/A	N/A	6,633,548	2,661,330	3,972,218	6,633,548	N/A	N/A	N/A
SPECIAL REVENUE									
Cultural Education Account									
Office of Cultural Education-Operations	(14,452,981)	28,750,000	14,297,019	10,264,338	17,295,490	27,559,828	1,190,172	1,190,172	(13,262,809)
Local Government Records									
Management Improvement Fund	0 (a)	3,704,980 (b)	3,704,980	1,761,967	1,943,013	3,704,980	0	0	0
Records Management Program	1,654,778	1,700,000	3,354,778	816,020	811,340	1,627,360	72,640	72,640	1,727,418
Cultural Resource Survey Account	0 (c)	9,882,195	9,882,195	1,814,677	8,067,518	9,882,195	0	0	0
Education Museum Account	3,691	3,100,000	3,103,691	438,623	2,535,287	2,973,910	126,090	126,090	129,781
Education Archives Account	183,459	15,000	198,459	4,194	71,446	75,640	(60,640) (d)	15,000	122,819
Education Library Account	127,434	65,000	192,434	3,631	102,869	106,500	(41,500) (d)	65,000	85,934
Grants and Bequests	483,265	173,523	656,788	176,104	466,973	643,077	(469,554) (d)	36,420	13,711
Archives Partnership Trust	128,526 (e)	690,000	818,526	243,890	446,110	690,000	0	0	128,526
Summer School for the Arts	211,074	697,000	908,074	386,975	518,410	905,385	(208,385) (d)	697,000	2,689

(a) The Local Government Records Management account carry-in is not reported because the revenue in this account supports both the administrative costs reported here and a larger Aid to Localities grant program, not reflected in this report.

(b) A sweep of \$822,000 is anticipated against this account pursuant to the enacted State budget.

(c) This is a reimbursable account. Carry-in balances are not reported for reimbursable accounts since these balances will ultimately be zero (allowing for processing time).

(d) This imbalance is the result of the use of prior year funds to meet current year one-time obligations.

(e) Excludes endowment funds.

**OPERATIONS AND MANAGEMENT SERVICES
FINANCIAL STATUS AS OF September 30, 2011**

For State Fiscal Year 2011-12

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/11	2011-2012 Projected Revenue	Cumulative Projected Revenue 2011-2012	Actual Expenditures Through 9/30/11	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2011-2012 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/12	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	6,553,000	6,553,000	2,654,331	3,898,669	6,553,000	0	0	0
Nonpersonal Service	0	2,449,000	2,449,000	776,830	1,672,170	2,449,000	0	0	0
Subtotal	0	9,002,000	9,002,000	3,431,161	5,570,839	9,002,000	0	0	0
SPECIAL REVENUE									
Cost Recovery Account	436,107	18,750,000	19,186,107	9,782,895	8,930,838	18,713,733	36,267	36,267	472,374
Automation and Printing (IT)	4,106,252	16,500,000	20,606,252	6,451,996	11,009,904	17,461,900	(961,900) (a)	38,100	3,144,352 (b)
Subtotal	4,542,359	35,250,000	39,792,359	16,234,891	19,940,742	36,175,633	(925,633)	74,367	3,616,726
State Operations Total:	4,542,359	44,252,000	48,794,359	19,666,052	25,511,581	45,177,633	(925,633)	74,367	3,616,726
OTHER RETIREMENT SYSTEMS									
	0	1,468,000	1,468,000	630,398	837,602	1,468,000	0	0	0
FEDERAL FUNDS									
<i>July-June Programs</i>									
Personal Service	N/A	N/A	4,598,231	0	4,598,231	4,598,231	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	332,500	0	332,500	332,500	N/A	N/A	N/A
Subtotal	N/A	N/A	4,930,731	0	4,930,731	4,930,731	N/A	N/A	N/A

(a) This imbalance is the result of the use of prior year funds to meet current year one-time obligations.

(b) Funds earmarked for future critical IT projects. (State Aid Management System and the Statewide Financial System)

SED PLAN ADJUSTMENT REPORT
September 30, 2011

	<u>Initial Projection</u>	<u>Revised Projection</u>	<u>Difference</u>	<u>Explanation</u>
FEDERAL FUNDS				
<u>Office of P-12 Education</u>				
Federal July-June Programs - Projected Revenue & Total Expenditures Actual and Projected	\$100,954,861	\$152,259,721	\$51,304,860	Revenue and expenditures were increased to reflect the receipt and/or allocation of 2011-12 Federal grant awards. The change is a combination of the increase in the Race to the Top projected spending and a decrease in other NCLB awards (including Title I, Title VI and ARRA grants).
<u>Office of Higher Education</u>				
Federal July-June Programs - Projected Revenue & Total Expenditures Actual and Projected	\$1,903,762	\$1,444,918	(\$458,844)	Revenue and expenditures were decreased to reflect the receipt and allocation of the 2011-12 Federal grant awards. The decrease is attributable to the elimination of the Learn and Serve America and Troops to Teachers awards.
<u>Office of Adult Career and Continuing Education Services</u>				
Federal July-June Programs - Projected Revenue & Total Expenditures Actual and Projected	\$4,482,828	\$4,437,125	(\$45,703)	Revenue and expenditures were decreased to reflect the receipt and allocation of the 2011-12 Federal Workforce Education grant award.
SPECIAL REVENUE				
<u>Office of Adult Career and Continuing Education Services</u>				
Worker's Compensation - Total Expenditures Actual and Projected	\$80,000	\$105,000	\$25,000	Expenditures were increased to reflect unanticipated payments for prior year bills.
		Total Changes	\$50,825,313	