



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

SUBJECT: State Education Department November 2010 Fiscal Report

DATE: December 2, 2010

AUTHORIZATION(S):

Executive Summary

Issues for Approval

The November Fiscal Report is presented for your review, discussion and acceptance. As stated in the October Fiscal Report, the Department has been assigned a General and Special Revenue Fund reduction of \$4.9 million, which it is achieving through early retirements, layoffs, the withholding of the April 1, 2010 M/C general salary increase and fund sweeps.

Also attached is a plan adjustment report which reduces current year Cultural Education (CE) Account revenue from \$32.8 million to last year's level of \$28.8 million to reflect that the projected increase in existing and new home sales is not materializing. The \$4.0 million decrease in revenue will result in a dollar-for-dollar increase in the negative balance in the CE Account.

Reason(s) for Consideration

Update on Department State Operations expenditure and revenue projections.

Proposed Handling

Review, discussion and acceptance.

Procedural History

The November report reflects actual expenditures through November 30, 2010 and projected expenditures through the lapse period ending June 30, 2011.

Background Information

- All Funds – Extensive spending controls continue.
- General Fund – Our General Fund accounts are in structural balance with the exception of the Tenured Teacher Hearing, which is projected to have a cumulative deficit of \$5.3 million by the end of the current State fiscal year. Because of the structural imbalance and limitations on budget certificate allocations, hearing officers have not been paid since July 2009. With the recent allocation of the remaining appropriation, the Department can now make another payment to the hearing officers, some of whom have been refusing to take on new cases until they are paid for services they have provided.
- Special Revenue – Our revenue accounts are in structural balance, allowing for normal reimbursement delays and the planned use of prior year balances, with the following exceptions:
 - The CE account is not in structural balance due to insufficient revenues to cover its expenses and the expenses of the other agencies and programs it supports including the Summer Schools for the Arts program.
 - The Summer Schools for the Arts account is not in structural balance because tuition revenue and the transfer of \$500,000 from the CE account are not sufficient to cover the entire cost of the program. The General Fund appropriation will pay the remaining cost of \$195,000.
 - After expending prior year funds, the Archives Partnership Trust (APT) will use sufficient revenue from the APT endowment, pursuant to Chapter 399 of the Laws of 1998, to maintain structural balance.
- Federal Accounts – This report reflects current year activity for two year grant awards.

Our Budget Coordination staff and I will continue to closely monitor each of these accounts and work with program office fiscal staff and the Deputies to achieve structural balance. The 2011-12 Regents Budget Priorities include General Fund support to resolve the structural imbalances in the Tenured Teacher Hearing and Summer Schools for the Arts accounts and revenue enhancements to resolve the structural imbalance in the CE Account.

Recommendation

I recommend that the Board of Regents accept the November 2010 State Education Department Fiscal Report as presented.

Timetable for Implementation

N/A

STATE EDUCATION DEPARTMENT GRAND TOTALS
FINANCIAL STATUS AS OF NOVEMBER 30, 2010
For State Fiscal Year 2010-11

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/10	2010-2011 Projected Revenue	Cumulative Projected Revenue 2010-2011	Actual Expenditures Through 11/30/10	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2010-2011 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/11	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	23,451,100 (a)	23,451,100	15,840,417	7,610,683	23,451,100 (a)	0	0	0
Nonpersonal Service	0	15,697,900	15,697,900	2,448,691	18,546,763	20,995,454	(5,297,554) (b)	(5,297,554)	(5,297,554)
Other Retirement Systems	0	1,631,000	1,631,000	1,365,327	265,673	1,631,000	0	0	0
Subtotal	0	40,780,000	40,780,000	19,654,435	26,423,119	46,077,554	(5,297,554) (b)	(5,297,554)	(5,297,554)
SPECIAL REVENUE									
All Accounts									
Subtotal	13,372,155	169,129,910	182,502,065	89,763,917	84,666,552	174,430,469 (a)	(5,300,559) (c)	(743,551)	8,071,596
FEDERAL FUNDS									
October-September Programs									
Personal Service	N/A	N/A	50,344,509	340,457	50,004,053	50,344,509	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	18,878,465	1,961	18,876,504	18,878,465	N/A	N/A	N/A
Mandated Costs	N/A	N/A	41,000,115	14,114	40,986,001	41,000,115	N/A	N/A	N/A
Subtotal	N/A	N/A	110,223,089	356,532	109,866,557	110,223,089	N/A	N/A	N/A
July-June Programs									
Personal Service	N/A	N/A	31,353,424	7,306,809	24,046,615	31,353,424	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	58,176,083	1,987,773	56,188,310	58,176,083	N/A	N/A	N/A
Mandated Costs	N/A	N/A	22,742,675	496,117	22,246,558	22,742,675	N/A	N/A	N/A
Subtotal	N/A	N/A	112,272,182	9,790,698	102,481,484	112,272,182	N/A	N/A	N/A
GRAND TOTALS									
	N/A	N/A	445,777,336	119,565,582	323,437,712	443,003,294	N/A	N/A	N/A

(a) Reflects reductions for the Early Retirement Incentive, Management/Confidential salary withholding, and workforce reduction.
(b) This structural imbalance is the result of continued underfunding for the Tenured Teacher Hearing program.
(c) 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 NOVEMBER 30, 2010
For State Fiscal Year 2010-11

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/10	2010-2011 Projected Revenue	Cumulative Projected Revenue 2010-2011	Actual Expenditures Through 11/30/10	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2010-2011 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/11	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	759,365	759,365	555,920	203,445	759,365	0	0	0
Nonpersonal Service	0	1,640,635	1,640,635	331,426	1,309,209	1,640,635	0	0	0
Subtotal	0	2,400,000	2,400,000	887,346	1,512,654	2,400,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs (b)</i>									
Personal Service	N/A	N/A	45,000,000	0	45,000,000	45,000,000	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	14,000,000	0	14,000,000	14,000,000	N/A	N/A	N/A
Mandated Costs	N/A	N/A	37,100,000	0	37,100,000	37,100,000	N/A	N/A	N/A
Subtotal	N/A	N/A	96,100,000	0	96,100,000	96,100,000	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	1,233,193	328,872	904,321	1,233,193	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	2,493,812	20,741	2,473,071	2,493,812	N/A	N/A	N/A
Mandated Costs	N/A	N/A	755,823	0	755,823	755,823	N/A	N/A	N/A
Subtotal	N/A	N/A	4,482,828	349,613	4,133,215	4,482,828	N/A	N/A	N/A
SPECIAL REVENUE									
Workers' Compensation	143,677	100,000 (l)	243,677	5,014	64,986	70,000	30,000	30,000	173,677
Social Security	0	340,000	340,000	203,090	136,911	340,000	0	0	0
Proprietary - Supervision	2,209,683	3,000,000 (l)	5,209,683	1,582,370	2,341,827	3,924,197	(924,197) (c)	75,803	1,285,486 (d)
Proprietary - Tuition Reimbursement	2,007,361	375,000 (k)	2,382,361	56,716	193,284	250,000	125,000	125,000	2,132,361 (e)
High School Equivalency (GED)	839,553	225,000 (l)	1,064,553	112,503	542,497	655,000	(430,000) (f)	(430,000) (g)	409,553 (h)

- (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 \$22 million in allotment funds that will assist the program in maintaining operations and filling critical vacancies.
- (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) This imbalance is the result of normal cash flow and the use of prior year funds to meet current year one-time obligations.
- (g) The structural imbalance is the result of the use of carryover funds to meet current year operating costs for the program.
- (h) The balance at the end of the program period and requested funding of \$700,000 will be used in 2011-12 to compensate for the loss of one-time 2010-11 Education Assessment Account funding of \$1.0 million.
- (i) A sweep of \$18,000 is anticipated against this account in order to meet the \$4.9 million reduction. Additionally, a recurring sweep from the prior year is anticipated.
- (j) A sweep of \$150,000 is anticipated against this account in order to meet the \$4.9 million reduction. Additionally, a recurring sweep from the prior year is anticipated.
- (k) A recurring sweep from the prior year is anticipated.
- (l) A recurring sweep from the prior year is anticipated.

PROFESSIONS
FINANCIAL STATUS AS OF NOVEMBER 30, 2010
For State Fiscal Year 2010-11

(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
Available Funds on 4/1/10	2010-2011 Projected Revenue	Cumulative Projected Revenue 2010-2011	Actual Expenditures Through 11/30/10	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2010-2011 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/11	Cumulative Projected Balance at Program Period End
4,346,926	45,452,322	49,799,248	21,122,402	23,964,346	45,086,748	365,574	2,805,574	4,712,500

SPECIAL REVENUE
Office of the Professions (a)

(a) Includes the foreign and out-of-state medical school evaluation program.
(b) Reflects transfer of \$3.5 million to the Education Assessment Account. A sweep of \$250,000 is anticipated against this account in order to meet the \$4.9 million reduction. Additionally, a recurring sweep from the prior year is anticipated.

HIGHER EDUCATION
FINANCIAL STATUS AS OF NOVEMBER 30, 2010
For State Fiscal Year 2010-11

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/10	2010-2011 Projected Revenue	Cumulative Projected Revenue 2010-2011	Actual Expenditures Through 11/30/10	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2010-2011 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/11	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	3,016,100 (a)	3,016,100	2,093,356	922,744	3,016,100 (a)	0	0	0
Nonpersonal Service	0	517,800	517,800	124,751	393,049	517,800	0	0	0
Tenured Teacher Hearings NPS	0	3,653,100	3,653,100	336,274	8,614,380	8,950,654	(5,297,554)	(5,297,554)	(5,297,554)
Subtotal	0	7,187,000	7,187,000	2,554,381	9,930,173	12,484,554	(5,297,554)	(5,297,554)	(5,297,554)
FEDERAL FUNDS									
<i>July-June Programs</i>									
Personal Service	N/A	N/A	1,147,304	178,488	968,816	1,147,304	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	358,414	18	358,396	358,414	N/A	N/A	N/A
Mandated Costs	N/A	N/A	398,044	0	398,044	398,044	N/A	N/A	N/A
Subtotal	N/A	N/A	1,903,762	178,506	1,725,256	1,903,762	N/A	N/A	N/A
SPECIAL REVENUE									
Office of Teacher Certification	2,845,903	6,500,000 (d)	9,345,903	3,401,527	2,853,788	6,255,315	244,685 (c)	244,685	3,090,588
Regents Accreditation of Teacher Education	70,017	85,735 (e)	155,752	3,712	47,678	51,390	34,345	34,345	104,362

(a) Reflects reductions for the Early Retirement Incentive, Management/Confidential salary withholding, and workforce reduction.
(b) This structural imbalance is the result of continued underfunding for the Tenured Teacher Hearing program which is beyond the Department's control.
(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) A sweep of \$648,000 is anticipated against this account in order to meet the \$4.9 million reduction. Additionally, a recurring sweep from the prior year is anticipated.
(e) A sweep of \$14,000 is anticipated against this account in order to meet the \$4.9 million reduction. Additionally, a recurring sweep from the prior year is anticipated.

OFFICE OF P-12
FINANCIAL STATUS AS OF NOVEMBER 30, 2010
For State Fiscal Year 2010-11

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/10	2010-2011 Projected Revenue	Cumulative Projected Revenue 2010-2011	Actual Expenditures Through 11/30/10	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2010-2011 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/11	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	12,545,635 (a)	12,545,635	8,588,346	3,957,289	12,545,635 (a)	0	0	0
Nonpersonal Service	0	7,005,365	7,005,365	1,131,472	5,873,893	7,005,365	0	0	0
Subtotal	0	19,551,000	19,551,000	9,719,818	9,831,182	19,551,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	2,007,171	306,955	1,700,217	2,007,171	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	3,737,225	114	3,737,111	3,737,225	N/A	N/A	N/A
Mandated Costs	N/A	N/A	1,745,145	14,114	1,731,031	1,745,145	N/A	N/A	N/A
Subtotal	N/A	N/A	7,489,541	321,183	7,168,358	7,489,541	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	24,374,696	5,629,207	18,745,489	24,374,696	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	54,991,357	1,948,120	53,043,237	54,991,357	N/A	N/A	N/A
Mandated Costs	N/A	N/A	21,588,808	496,117	21,092,691	21,588,808	N/A	N/A	N/A
Subtotal	N/A	N/A	100,954,861	8,073,444	92,881,417	100,954,861	N/A	N/A	N/A
SPECIAL REVENUE									
Summer School for the Arts	355,422	1,067,535 (b)	1,422,957	538,686	1,079,736	1,618,422	(550,887) (c)	(411,226) (d)	(195,465) (e)
Education Assessment	0	3,500,000 (f)	3,500,000	0	3,500,000	3,500,000	0	0	0
State School for the Blind at Batavia	0 (g)	10,020,000	10,020,000	4,900,385	5,119,615	10,020,000	0	0	0
State School for the Deaf at Rome	0 (g)	9,641,000	9,641,000	4,312,361	5,328,639	9,641,000	0	0	0

(a) Reflects reductions for the Early Retirement Incentive, Management/Confidential salary withholding, and workforce reduction.
(b) Includes a \$500,000 transfer from the Cultural Education Account.
(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) The structural imbalance is the result of the use of carryover funds to meet current year operating costs for the program.
(e) General Funds will be redirected to cover this shortfall.
(f) Funds transferred from the Office of Professions Account.
(g) 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 NOVEMBER 30, 2010
For State Fiscal Year 2010-11

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/10	2010-2011 Projected Revenue	Cumulative Projected Revenue 2010-2011	Actual Expenditures Through 11/30/10	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2010-2011 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/11	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	407,000 (a)	407,000	326,143	80,857	407,000 (a)	0	0	0
Nonpersonal Service	0	160,000	160,000	1,316	158,684	160,000	0	0	0
Subtotal	0	567,000	567,000	327,459	239,541	567,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	3,337,338	33,502	3,303,836	3,337,338	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	1,141,240	1,847	1,139,393	1,141,240	N/A	N/A	N/A
Mandated Costs	N/A	N/A	2,154,970	0	2,154,970	2,154,970	N/A	N/A	N/A
Subtotal	N/A	N/A	6,633,548	35,349	6,598,199	6,633,548	N/A	N/A	N/A
SPECIAL REVENUE									
Cultural Education Account									
Office of Cultural Education-Operations	(8,117,218)	28,750,000	20,632,782	19,637,789	11,240,993	30,878,782 (a)	(2,128,782)	(2,128,782)	(10,246,000)
Transfers and Other Agency Support (b)	0	0	0	1,787,439	1,302,561	3,090,000	(3,090,000) (c)	(3,090,000)	(3,090,000)
Total - Cultural Education Account	(8,117,218)	28,750,000	20,632,782	21,425,228	12,543,554	33,968,782	(5,218,782)	(5,218,782)	(13,336,000)
Local Government Records									
Management Improvement Fund	0 (d)	4,152,296 (i)	4,152,296	2,385,422	1,724,874	4,110,296 (a)	42,000	42,000	42,000
Records Management Program	936,396	1,716,759	2,653,155	758,011	744,673	1,502,684	214,075	214,075	1,150,471
Cultural Resource Survey Account	0 (e)	10,115,654	10,115,654	3,551,136	6,564,518	10,115,654	0	0	0
Education Museum Account	100,173	3,322,000	3,422,173	640,752	2,681,248	3,322,000	0	0	100,173
Education Archives Account	217,710	15,000	232,710	35,589	35,784	71,373	(56,373) (f)	15,000	161,337
Education Library Account	139,782	65,000	204,782	59,610	5,390	65,000	0	0	139,782
Grants and Bequests	763,184	496,609	1,259,793	325,595	180,379	505,974	(9,365)	496,609	753,819
Archives Partnership Trust	143,893 (g)	690,000 (h)	833,893	313,057	290,080	603,137	86,863	86,863	230,756

(a) Reflects reductions for the Early Retirement Incentive, Management/Confidential salary withholding, and workforce reduction.

(b) Reflects \$500,000 for the Summer School for the Arts Program and \$2,500,000 for the Empire State Performing Arts Center program and the New York State Theater Institute program.

(c) This structural imbalance is the result of decreased revenue in the Cultural Education Account due to the economic downturn.

(d) 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.

(e) 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).

(f) This imbalance is the result of the use of prior year funds to meet current year one-time obligations and decreased revenue in the Cultural Education Account due to the economic downturn.

(g) Excludes endowment funds.

(h) The Archives Partnership Trust may use sufficient revenue from the APT endowment if there is insufficient current year revenue to support planned programs, pursuant to Chapter 399 of the laws of 1998 to maintain structural balance.

(i) A sweep of \$191,000 is anticipated against this account in order to meet the \$4.9 million reduction. Additionally, a recurring sweep from the prior year is anticipated.

**OPERATIONS AND MANAGEMENT SERVICES
FINANCIAL STATUS AS OF NOVEMBER 30, 2010**

For State Fiscal Year 2010-11

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
	Available Funds on 4/1/10	2010-2011 Projected Revenue	Cumulative Projected Revenue 2010-2011	Actual Expenditures Through 11/30/10	Projected Expenditures to Program Period End	Total Expenditures Actual and Projected	2010-2011 Projected Revenue vs. Expenditures	Projected Structural Balance at 3/31/11	Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	6,723,000 (a)	6,723,000	4,276,652	2,446,348	6,723,000 (a)	0	0	0
Nonpersonal Service	0	2,721,000	2,721,000	523,452	2,197,548	2,721,000	0	0	0
Subtotal	0	9,444,000	9,444,000	4,800,104	4,643,896	9,444,000	0	0	0
SPECIAL REVENUE									
Cost Recovery Account	950,839	20,000,000	20,950,839	14,511,957	5,355,694	19,867,651	132,349	532,349	1,083,188
Automation and Printing	5,418,854	19,500,000	24,918,854	9,518,795	9,367,051	18,885,846	614,154	614,154	6,033,008 (b)
Subtotal	6,369,693	39,500,000	45,869,693	24,030,752	14,722,745	38,753,497	746,503	1,146,503	7,116,196
State Operations Total:	6,369,693	48,944,000	55,313,693	28,830,856	19,366,641	48,197,497	746,503	1,146,503	7,116,196
OTHER RETIREMENT SYSTEMS	0	1,631,000	1,631,000	1,365,327	265,673	1,631,000	0	0	0
FEDERAL FUNDS									
July-June Programs									
Personal Service	N/A	N/A	4,598,231	1,170,241	3,427,990	4,598,231	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	332,500	18,894	313,606	332,500	N/A	N/A	N/A
Subtotal	N/A	N/A	4,930,731	1,189,135	3,741,596	4,930,731	N/A	N/A	N/A

(a) Reflects reductions for the Early Retirement Incentive, Management/Confidential salary withholding, and workforce reduction.

(b) Funds earmarked for future critical IT projects.

November Plan Adjustment Report

October Report (1)	November Report (2)	Variance (3) = (2-1)	Explanation
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Office of Cultural Education

Special Revenue Funds---Projected Revenue			
Subtotal	\$32,728,782	\$28,750,000	(\$3,978,782) Reflects a revision to the revenue projection for the Cultural Education Account.