



TO: The Honorable the Members of the Board of Regents
FROM: Valerie Grey *Valerie Grey*
SUBJECT: State Education Department May 2011 Fiscal Report
DATE: June 13, 2011
AUTHORIZATION(S):

Executive Summary

Issues for Approval

The May Fiscal Report is presented for your review, discussion and acceptance. Also attached is a plan adjustment report which shows that the \$8.0 million deficit in the Assessment account is expected to be addressed by actions approved by the Board of Regents last month.

Reason(s) for Consideration

Update.

Proposed Handling

Review, discussion and acceptance.

Procedural History

The May Fiscal Report reflects actual expenditures through May 31, 2011 and projected expenditures through the lapse period ending June 30, 2012.

Background Information

- All Funds – Extensive spending controls continue. Additional actions will be taken to ensure spending stays within the reduced amount included in the enacted State budget.
- General Fund – Our General Fund accounts are in structural balance with the exception of the Tenured Teacher Hearing account. Additional funding for Tenured Teacher Hearings was not included in the Enacted Budget. The program is now projected to have a cumulative deficit of \$9.0 million to \$9.5 million on March 31, 2012. This projected cumulative deficit consists of the actual cumulative deficit on March 31, 2011 of \$6.5 million and an estimate of \$2.5 million to \$3.0 million for the additional deficit that will accumulate during

the 2011-12 State fiscal year. If the Department's Tenured Teacher Hearing reform legislation is enacted, it will better control Tenured Teacher Hearing costs and decrease the amount of time it takes to resolve cases.

The \$8.0 million deficit in the Assessment account is expected to be addressed by:

- taking actions to contain the cost of Regents exams (\$3.9 million),
- eliminating January and remaining foreign language Regents exams (\$2.1 million),
- postponing the development of grades 9 and 10 ELA exams (\$1.2 million), and
- continuing the elimination of grades 5 and 8 social studies exams (\$0.8 million) which were eliminated last year.

The Department received the \$700,000 of General Fund support it requested for the GED program and, therefore, it is in structural balance for the current State fiscal year. However, the GED program is projected to have a significant deficit next year.

- Special Revenue – Our revenue accounts are in structural balance, allowing for normal reimbursement delays and the planned use of prior year balances, except that, 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 the Department's accounts and ensure that required spending reductions are achieved.

Recommendation

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

Timetable for Implementation

N/A

SED PLAN ADJUSTMENT REPORT
May 31, 2011

	<u>Initial Projection</u>	<u>Revised Projection</u>	<u>Difference</u>	<u>Explanation</u>
GENERAL FUND				
<u>Office of P-12 Education</u>				
Total General Fund Expenditures -- Actual and Projected	\$33,498,000	\$25,498,000	(\$8,000,000)	Expenditures were decreased to reflect the cost containment and programmatic actions that will be undertaken to close the \$8.0 million deficit in the Assessment program.
		Total Changes	(\$8,000,000)	

**STATE EDUCATION DEPARTMENT GRAND TOTALS
FINANCIAL STATUS AS OF MAY 31, 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 5/31/11	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	2,784,928	19,950,678	22,735,606			
Nonpersonal Service	0	21,805,394	21,805,394	634,522	30,170,872	30,805,394	0	0	0
Other Retirement Systems	0	1,468,000	1,468,000	18,707	1,449,293	1,468,000	(9,000,000) (a)	(9,000,000)	(9,000,000)
Subtotal	0	46,009,000	46,009,000	3,438,157	51,570,843	55,009,000	0	0	0
							(9,000,000) (a)	(9,000,000)	(9,000,000)
SPECIAL REVENUE									
All Accounts	8,591,221	161,683,937	170,275,158	15,194,053	144,842,758	160,036,811	1,647,126 (b)	8,761,725	10,238,347
Subtotal									
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	50,686,432	21,085,106	29,601,326	50,686,432	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	19,159,746	2,751,921	16,407,825	19,159,746	N/A	N/A	N/A
Mandated Costs	N/A	N/A	40,882,750	148,540	40,734,210	40,882,750	N/A	N/A	N/A
Subtotal	N/A	N/A	110,728,928	23,985,567	86,743,361	110,728,928	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	31,353,424	23,511,672	7,841,752	31,353,424	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	58,176,083	10,857,014	47,319,069	58,176,083	N/A	N/A	N/A
Mandated Costs	N/A	N/A	22,742,675	7,620,298	15,122,377	22,742,675	N/A	N/A	N/A
Subtotal	N/A	N/A	112,272,182	41,988,984	70,283,198	112,272,182	N/A	N/A	N/A
GRAND TOTALS									
	N/A	N/A	439,285,268	84,606,762	353,440,159	438,046,921	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 MAY 31, 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 5/31/11	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	135,324	751,376	886,700	0	0	0
Nonpersonal Service	0	1,973,300	1,973,300	0	1,973,300	1,973,300	0	0	0
Subtotal	0	2,860,000	2,860,000	135,324	2,724,676	2,860,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs (b)</i>									
Personal Service	N/A	N/A	45,000,000	19,041,498	25,958,502	45,000,000	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	14,000,000	2,525,705	11,474,295	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	21,567,203	74,532,797	96,100,000	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	1,233,193	1,014,552	218,641	1,233,193	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	2,493,812	520,338	1,973,474	2,493,812	N/A	N/A	N/A
Mandated Costs	N/A	N/A	755,823	755,823	0	755,823	N/A	N/A	N/A
Subtotal	N/A	N/A	4,482,828	2,290,713	2,192,115	4,482,828	N/A	N/A	N/A
SPECIAL REVENUE									
Workers' Compensation	121,074	80,000 (f)	201,074	52,901	27,099	80,000	0	0	121,074
Social Security	0 (a)	535,599	535,599	34,107	501,492	535,599	0	0	0
Proprietary - Supervision	2,264,330	3,000,000 (g)	5,264,330	289,151	3,281,725	3,570,876	(570,876) (c)	139,124	1,693,454 (d)
Proprietary - Tuition Reimbursement	2,393,647	300,000 (h)	2,693,647	8,643	491,357	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 \$22 million in reallocation 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) 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 MAY 31, 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 5/31/11	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	3,689,212	40,340,411	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 MAY 31, 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 5/31/11	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	393,983	2,310,923	2,704,906	0	0	0
Nonpersonal Service	0	280,994	280,994	21,992	259,002	280,994	0	0	0
Tenured Teacher Hearings NPS	0	3,653,100	3,653,100	0	12,653,100	12,653,100	(9,000,000)	(9,000,000)	(9,000,000)
Subtotal	0	6,639,000	6,639,000	415,975	15,223,025	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	1,147,304	925,024	222,280	1,147,304	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	358,414	5,467	352,947	358,414	N/A	N/A	N/A
Mandated Costs	N/A	N/A	398,044	72,900	325,144	398,044	N/A	N/A	N/A
Subtotal	N/A	N/A	1,903,762	1,003,391	900,371	1,903,762	N/A	N/A	N/A
SPECIAL REVENUE									
Office of Teacher Certification	2,708,997	6,600,000 (b)	9,308,997	361,017	6,290,068	6,651,085	(51,085) (d)	15	2,657,912
Regents Accreditation of Teacher Education	68,282	31,000 (c)	99,282	193	49,807	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 MAY 31, 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 5/31/11	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	1,502,679	10,690,321	12,193,000	0	0	0
Nonpersonal Service	0	13,305,000	13,305,000	306,205	12,998,795	13,305,000	0	0	0
Subtotal	0	25,498,000	25,498,000	1,808,884	23,689,116	25,498,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	2,349,094	1,044,431	1,304,663	2,349,094	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	4,018,506	180,204	3,838,302	4,018,506	N/A	N/A	N/A
Mandated Costs	N/A	N/A	1,627,780	147,438	1,480,342	1,627,780	N/A	N/A	N/A
Subtotal	N/A	N/A	7,995,380	1,372,073	6,623,307	7,995,380	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	24,374,696	18,347,918	6,026,778	24,374,696	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	54,991,357	10,222,955	44,768,402	54,991,357	N/A	N/A	N/A
Mandated Costs	N/A	N/A	21,588,808	6,791,575	14,797,233	21,588,808	N/A	N/A	N/A
Subtotal	N/A	N/A	100,954,861	35,362,448	65,592,413	100,954,861	N/A	N/A	N/A
SPECIAL REVENUE									
State School for the Blind at Batavia	0 (a)	10,020,000	10,020,000	1,034,214	8,985,786	10,020,000	0	0	0
State School for the Deaf at Rome	0 (a)	9,600,120	9,600,120	883,917	8,716,203	9,600,120	0	0	0

(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).

**CULTURAL EDUCATION
FINANCIAL STATUS AS OF MAY 31, 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 5/31/11	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	63,895	334,105	398,000	0	0	0
Nonpersonal Service	0	144,000	144,000	0	144,000	144,000	0	0	0
Subtotal	0	542,000	542,000	63,895	478,105	542,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	3,337,338	999,177	2,338,161	3,337,338	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	1,141,240	46,012	1,095,228	1,141,240	N/A	N/A	N/A
Mandated Costs	N/A	N/A	2,154,970	1,102	2,153,868	2,154,970	N/A	N/A	N/A
Subtotal	N/A	N/A	6,633,548	1,046,291	5,587,257	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	2,603,338	24,956,490	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	338,980	3,366,000	3,704,980	0	0	0
Records Management Program	1,654,778	1,700,000	3,354,778	239,385	1,387,975	1,627,360	72,640	72,640	1,727,418
Cultural Resource Survey Account	0 (c)	9,882,195	9,882,195	402,234	9,479,961	9,882,195	0	0	0
Education Museum Account	3,691	3,100,000	3,103,691	15,205	2,958,705	2,973,910	126,090	126,090	129,781
Education Archives Account	183,459	15,000	198,459	1,291	74,349	75,640	(60,640) (d)	15,000	122,819
Education Library Account	127,434	65,000	192,434	1,468	105,032	106,500	(41,500) (d)	65,000	85,934
Grants and Bequests	483,265	173,523	656,788	109,813	533,264	643,077	(469,554) (d)	36,420	13,711
Archives Partnership Trust	128,526 (e)	690,000	818,526	50,061	639,939	690,000	0	0	128,526
Summer School for the Arts	211,074	697,000	908,074	56,417	848,968	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 MAY 31, 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 5/31/11	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	689,047	5,863,953	6,553,000	0	0	0
Nonpersonal Service	0	2,449,000	2,449,000	306,325	2,142,675	2,449,000	0	0	0
Subtotal	0	9,002,000	9,002,000	995,372	8,006,628	9,002,000	0	0	0
SPECIAL REVENUE									
Cost Recovery Account	436,107	18,750,000	19,186,107	3,026,665	15,687,068	18,713,733	36,267	36,267	472,374
Automation and Printing (IT)	4,106,252	16,500,000	20,606,252	1,995,841	15,466,059	17,461,900	(961,900) (a)	38,100	3,144,352 (b)
Subtotal	4,542,359	35,250,000	39,792,359	5,022,506	31,153,127	36,175,633	(925,633)	74,367	3,616,726
State Operations Total:	4,542,359	44,252,000	48,794,359	6,017,878	39,159,755	45,177,633	(925,633)	74,367	3,616,726
OTHER RETIREMENT SYSTEMS									
	0	1,468,000	1,468,000	18,707	1,449,293	1,468,000	0	0	0
FEDERAL FUNDS									
<i>July-June Programs</i>									
Personal Service	N/A	N/A	4,598,231	3,224,178	1,374,053	4,598,231	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	332,500	108,254	224,246	332,500	N/A	N/A	N/A
Subtotal	N/A	N/A	4,930,731	3,332,432	1,598,299	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.