



TO: The Honorable the Members of the Board of Regents
FROM: Valerie Grey
SUBJECT: State Education Department June 2011 Fiscal Report
DATE: July 11, 2011
AUTHORIZATION(S):

Executive Summary

Issues for Approval

The June Fiscal Report is presented for your review, discussion and acceptance. There is no plan adjustment report this month.

Reason(s) for Consideration

Update

Proposed Handling

Review, discussion and acceptance.

Procedural History

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

Background

The State's continued weakened financial condition has resulted in funding cuts of approximately \$450 million in the final enacted State Budget. This has meant additional reductions in the State workforce. Over the last two weeks, State agencies announced 742 layoffs. Additional layoff announcements are expected. The State Education Department must also move forward with a cost reduction plan, to achieve savings for the fiscal year 2011-12.

General Update

Last year, our participation in the Early Retirement Incentive and our other workforce actions were significant. This, combined with reductions in all non-personal service areas has helped us meet our required General Fund savings and minimize the

number of workforce reductions that are necessary this year. However funding shortfalls still exist. The positions included in the workforce reduction plan relate to the shortfall in the Regents Exam program, the continuing negative balance that has accrued in the Cultural Education Account and a position at the New York State School for the Blind at Batavia that no longer aligns with the needs of the students.

SED's workforce reduction plan calls for the separation of 14 staff to be effective July 22, 2011. Impacted employees have been notified. These separations will be limited to PEF-represented employees since last week CSEA leadership reached an agreement on a five year contract that included a no-layoff provision for two years. (This agreement needs to be ratified by the CSEA membership.)

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 June 2011 State Education Department Fiscal Report as presented.

Timetable for Implementation

N/A

**STATE EDUCATION DEPARTMENT GRAND TOTALS
FINANCIAL STATUS AS OF JUNE 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 6/30/11	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	4,204,399	18,531,207	22,735,606	0	0	0	
Nonpersonal Service	0	21,805,394	21,805,394	780,850	30,024,544	30,805,394	(9,000,000) (a)	(9,000,000)	(9,000,000)	
Other Retirement Systems	0	1,468,000	1,468,000	56,058	1,411,942	1,468,000	0	0	0	
Subtotal	0	46,009,000	46,009,000	5,041,307	49,967,693	55,009,000	(9,000,000) (a)	(9,000,000)	(9,000,000)	
SPECIAL REVENUE										
All Accounts	Subtotal	8,591,221	161,683,937	170,275,158	31,149,969	128,886,842	160,036,811	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	24,955,640	25,730,792	50,686,432	N/A	N/A	N/A	
Nonpersonal Service	N/A	N/A	19,159,746	3,606,440	15,553,306	19,159,746	N/A	N/A	N/A	
Mandated Costs	N/A	N/A	40,882,750	7,627,798	33,254,952	40,882,750	N/A	N/A	N/A	
Subtotal	N/A	N/A	110,728,928	36,189,878	74,539,050	110,728,928	N/A	N/A	N/A	
<i>July-June Programs</i>										
Personal Service	N/A	N/A	31,353,424	25,511,854	5,841,570	31,353,424	N/A	N/A	N/A	
Nonpersonal Service	N/A	N/A	58,176,083	11,966,446	46,209,637	58,176,083	N/A	N/A	N/A	
Mandated Costs	N/A	N/A	22,742,675	10,732,878	12,009,797	22,742,675	N/A	N/A	N/A	
Subtotal	N/A	N/A	112,272,182	48,211,178	64,061,004	112,272,182	N/A	N/A	N/A	
GRAND TOTALS	N/A	N/A	439,285,268	120,592,332	317,454,589	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 JUNE 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 6/30/11	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	196,380	690,320	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	196,380	2,663,620	2,860,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs (b)</i>									
Personal Service	N/A	N/A	45,000,000	22,332,183	22,667,817	45,000,000	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	14,000,000	3,022,381	10,977,619	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	32,064,307	64,035,693	96,100,000	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	1,233,193	1,051,063	182,130	1,233,193	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	2,493,812	532,210	1,961,602	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	2,339,096	2,143,732	4,482,828	N/A	N/A	N/A
SPECIAL REVENUE									
Workers' Compensation	121,074	80,000 (f)	201,074	60,760	19,240	80,000	0	0	121,074
Social Security	0 (a)	535,599	535,599	89,287	446,312	535,599	0	0	0
Proprietary - Supervision	2,264,330	3,000,000 (g)	5,264,330	613,980	2,956,896	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 \$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 JUNE 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 6/30/11	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	8,385,391	35,644,232	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 JUNE 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 6/30/11	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	591,740	2,113,166	2,704,906	0	0	0
Nonpersonal Service	0	280,994	280,994	32,684	248,310	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) (a)
Subtotal	0	6,639,000	6,639,000	624,424	15,014,576	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	973,997	173,307	1,147,304	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	358,414	5,620	352,794	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	1,052,517	851,245	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	1,216,001	5,435,084	6,651,085	(51,085) (d)	15	2,657,912
Regents Accreditation of Teacher Education	68,282	31,000 (c)	99,282	247	49,753	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 JUNE 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 6/30/11	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	2,277,843	9,915,157	12,193,000	0	0	0
Nonpersonal Service	0	13,305,000	13,305,000	391,732	12,913,268	13,305,000	0	0	0
Subtotal	0	25,498,000	25,498,000	2,669,575	22,828,425	25,498,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	2,349,094	1,241,191	1,107,903	2,349,094	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	4,018,506	520,094	3,498,412	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	2,348,660	5,646,720	7,995,380	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	24,374,696	19,933,071	4,441,625	24,374,696	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	54,991,357	11,318,771	43,672,586	54,991,357	N/A	N/A	N/A
Mandated Costs	N/A	N/A	21,588,808	9,904,155	11,684,653	21,588,808	N/A	N/A	N/A
Subtotal	N/A	N/A	100,954,861	41,155,997	59,798,864	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	1,479,943	8,540,057	10,020,000	0	0	0
State School for the Deaf at Rome	0 (a)	9,600,120	9,600,120	1,270,769	8,329,351	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 JUNE 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 6/30/11	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	92,932	305,068	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	92,932	449,068	542,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	3,337,338	1,382,266	1,955,072	3,337,338	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	1,141,240	63,965	1,077,275	1,141,240	N/A	N/A	N/A
Mandated Costs	N/A	N/A	2,154,970	330,680	1,824,290	2,154,970	N/A	N/A	N/A
Subtotal	N/A	N/A	6,633,548	1,776,911	4,856,637	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	5,455,990	22,103,838	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	1,046,426	2,658,554	3,704,980	0	0	0
Records Management Program	1,654,778	1,700,000	3,354,778	528,959	1,098,401	1,627,360	72,640	72,640	1,727,418
Cultural Resource Survey Account	0 (c)	9,882,195	9,882,195	1,012,388	8,869,807	9,882,195	0	0	0
Education Museum Account	3,691	3,100,000	3,103,691	200,701	2,773,209	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	2,918	103,582	106,500	(41,500) (d)	65,000	85,934
Grants and Bequests	483,265	173,523	656,788	161,647	481,430	643,077	(469,554) (d)	36,420	13,711
Archives Partnership Trust	128,526 (e)	690,000	818,526	140,661	549,339	690,000	0	0	128,526
Summer School for the Arts	211,074	697,000	908,074	123,279	782,106	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 JUNE 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 6/30/11	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	1,045,504	5,507,496	6,553,000	0	0	0
Nonpersonal Service	0	2,449,000	2,449,000	356,434	2,092,566	2,449,000	0	0	0
Subtotal	0	9,002,000	9,002,000	1,401,938	7,600,062	9,002,000	0	0	0
SPECIAL REVENUE									
Cost Recovery Account	436,107	18,750,000	19,186,107	5,747,159	12,966,574	18,713,733	36,267	36,267	472,374
Automation and Printing (IT)	4,106,252	16,500,000	20,606,252	3,602,329	13,859,571	17,461,900	(961,900) (a)	38,100	3,144,352 (b)
Subtotal	4,542,359	35,250,000	39,792,359	9,349,488	26,826,145	36,175,633	(925,633)	74,367	3,616,726
State Operations Total:	4,542,359	44,252,000	48,794,359	10,751,426	34,426,207	45,177,633	(925,633)	74,367	3,616,726
OTHER RETIREMENT SYSTEMS									
	0	1,468,000	1,468,000	56,058	1,411,942	1,468,000	0	0	0
FEDERAL FUNDS									
<i>July-June Programs</i>									
Personal Service	N/A	N/A	4,598,231	3,553,723	1,044,508	4,598,231	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	332,500	109,845	222,655	332,500	N/A	N/A	N/A
Subtotal	N/A	N/A	4,930,731	3,663,568	1,267,163	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.