



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 August 2011 Fiscal Report
DATE: September 6, 2011
AUTHORIZATION(S):

Executive Summary

Issues for Approval

The August Fiscal Report is presented for your review, discussion and acceptance. Also attached is a plan adjustment report which shows the projected receipt and spending of the \$1.5 million from the Fund for Public Schools and the Mayor's Fund to Advance New York City for the restoration of the January 2012 Regents exams.

Reason(s) for Consideration

Update.

Proposed Handling

Review, discussion and acceptance.

Procedural History

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

General Update

The Governor rescinded the 742 PEF layoffs that were announced by State agencies in July because a tentative collective bargaining agreement that includes wage and benefit concessions was reached. The Department had announced 14 PEF layoffs that would have been effective on July 22, 2011. PEF employees need to ratify

the collective bargaining agreement on September 27, 2011. CSEA employees already approved a collective bargaining contract similar to the PEF contract on August 15, 2011 and, therefore, no CSEA employees will be laid off.

Along with other concessions, the CSEA and PEF contracts include five days of furlough in 2011-12, three years of no general salary increases and an increase in the employees' share of health insurance premiums. The contracts also include protections against layoffs except for layoffs due to the closure or structuring of facilities, and material and unanticipated changes in the State's fiscal circumstances.

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 August 2011 State Education Department Fiscal Report as presented.

Timetable for Implementation

N/A

**STATE EDUCATION DEPARTMENT GRAND TOTALS
FINANCIAL STATUS AS OF August 31, 2011**

For State Fiscal Year 2011-12

	(1) Available Funds on 4/1/11	(2) 2011-2012 Projected Revenue	(3) Cumulative Projected Revenue 2011-2012	(4) Actual Expenditures Through 8/31/11	(5) Projected Expenditures to Program Period End	(6) Total Expenditures Actual and Projected	(7) 2011-2012 Projected Revenue vs. Expenditures	(8) Projected Structural Balance at 3/31/12	(9) Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	22,735,606	22,735,606	7,989,016	14,746,590	22,735,606	0	0	0
Nonpersonal Service	0	21,805,394	21,805,394	2,568,858	28,236,536	30,805,394	(9,000,000) (a)	(9,000,000)	(9,000,000)
Other Retirement Systems	0	1,468,000	1,468,000	148,837	1,319,163	1,468,000	0	0	0
Subtotal	0	46,009,000	46,009,000	10,706,711	44,302,289	55,009,000	(9,000,000) (a)	(9,000,000)	(9,000,000)
SPECIAL REVENUE									
All Accounts	8,591,221	163,183,937	171,775,158	49,184,967	112,351,844	161,536,811	1,647,126 (b)	8,761,725	10,238,347
FEDERAL FUNDS									
October-September Programs									
Personal Service	N/A	N/A	50,686,432	34,130,932	16,555,500	50,686,432	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	19,159,746	4,875,968	14,283,778	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	46,634,698	64,094,230	110,728,928	N/A	N/A	N/A
July-June Programs									
Personal Service	N/A	N/A	31,353,424	1,099,593	30,253,831	31,353,424	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	58,176,083	0	58,176,083	58,176,083	N/A	N/A	N/A
Mandated Costs	N/A	N/A	22,742,675	0	22,742,675	22,742,675	N/A	N/A	N/A
Subtotal	N/A	N/A	112,272,182	1,099,593	111,172,589	112,272,182	N/A	N/A	N/A
GRAND TOTALS									
	N/A	N/A	440,785,268	107,625,969	331,920,952	439,546,921	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 AUGUST 31, 2011**

For State Fiscal Year 2011-12

	(1) Available Funds on 4/1/11	(2) 2011-2012 Projected Revenue	(3) Cumulative Projected Revenue 2011-2012	(4) Actual Expenditures Through 8/31/11	(5) Projected Expenditures to Program Period End	(6) Total Expenditures Actual and Projected	(7) 2011-2012 Projected Revenue vs. Expenditures	(8) Projected Structural Balance at 3/31/12	(9) Cumulative Projected Balance at Program Period End
GENERAL FUND									
Personal Service	0	886,700	886,700	345,708	540,992	886,700	0	0	0
Nonpersonal Service	0	1,973,300	1,973,300	1,294	1,972,006	1,973,300	0	0	0
Subtotal	0	2,860,000	2,860,000	347,002	2,512,998	2,860,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs (b)</i>									
Personal Service	N/A	N/A	45,000,000	30,494,976	14,505,024	45,000,000	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	14,000,000	4,045,934	9,954,066	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	41,250,653	54,849,347	96,100,000	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	1,233,193	0	1,233,193	1,233,193	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	2,493,812	0	2,493,812	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	0	4,482,828	4,482,828	N/A	N/A	N/A
SPECIAL REVENUE									
Workers' Compensation	121,074	80,000 (f)	201,074	82,584	(2,584)	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	926,146	2,644,730	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 August 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 8/31/11	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
7,194,305	47,264,520 (a)	54,458,825	13,139,076	30,890,547	44,029,623	3,234,897	6,045,897	10,429,202

SPECIAL REVENUE
Office of the Professions

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

HIGHER EDUCATION
FINANCIAL STATUS AS OF August 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 8/31/11	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	1,094,911	1,609,995	2,704,906	0	0	0
Nonpersonal Service	0	280,994	280,994	61,972	219,022	280,994	0	0	0
Tenured Teacher Hearings NPS	0	3,653,100	3,653,100	1,216,070	11,437,030	12,653,100	(9,000,000)	(9,000,000)	(9,000,000)
Subtotal	0	6,639,000	6,639,000	2,372,953	13,266,047	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	43,140	1,104,164	1,147,304	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	358,414	0	358,414	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	43,140	1,860,622	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	2,052,464	4,598,621	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 August 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 8/31/11	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	4,082,770	8,110,230	12,193,000	0	0	0
Nonpersonal Service	0	13,305,000	13,305,000	495,736	12,809,264	13,305,000	0	0	0
Subtotal	0	25,498,000	25,498,000	4,578,506	20,919,494	25,498,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	2,349,094	1,705,527	643,567	2,349,094	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	4,018,506	733,351	3,285,155	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	3,026,253	4,969,127	7,995,380	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	24,374,696	1,056,453	23,318,243	24,374,696	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	54,991,357	0	54,991,357	54,991,357	N/A	N/A	N/A
Mandated Costs	N/A	N/A	21,588,808	0	21,588,808	21,588,808	N/A	N/A	N/A
Subtotal	N/A	N/A	100,954,861	1,056,453	99,898,408	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	2,436,453	7,583,547	10,020,000	0	0	0
State School for the Deaf at Rome	0 (a)	9,600,120	9,600,120	1,995,877	7,604,243	9,600,120	0	0	0
Fiduciary (January Assessments)	0	1,500,000 (b)	1,500,000	0	1,500,000	1,500,000	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).
(b) This revenue is from the Fund for Public Schools and the Mayor's Fund to Advance New York City. It will be used to restore the January 2012 Regents exams.

CULTURAL EDUCATION
FINANCIAL STATUS AS OF August 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 8/31/11	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	164,906	233,094	398,000	0	0	0
Nonpersonal Service	0	144,000	144,000	51,200	92,800	144,000	0	0	0
Subtotal	0	542,000	542,000	216,106	325,894	542,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	3,337,338	1,930,429	1,406,909	3,337,338	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	1,141,240	96,683	1,044,557	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	2,357,792	4,275,756	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	9,045,653	18,514,175	27,559,828	1,190,172	1,190,172	(13,262,809)
Local Government Records									
Management Improvement Fund	0	3,704,980 (b)	3,704,980	1,608,394	2,096,586	3,704,980	0	0	0
Records Management Program	1,654,778	1,700,000	3,354,778	723,191	904,169	1,627,360	72,640	72,640	1,727,418
Cultural Resource Survey Account	0	9,882,195	9,882,195	1,659,327	8,222,868	9,882,195	0	0	0
Education Museum Account	3,691	3,100,000	3,103,691	400,626	2,573,284	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	3,631	102,869	106,500	(41,500) (d)	65,000	85,934
Grants and Bequests	483,265	173,523	656,788	167,785	475,292	643,077	(469,554) (d)	36,420	13,711
Archives Partnership Trust	128,526	690,000	818,526	198,614	491,386	690,000	0	0	128,526
Summer School for the Arts	211,074	697,000	908,074	356,533	548,852	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 August 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 8/31/11	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	2,300,721	4,252,279	6,553,000	0	0	0
Nonpersonal Service	0	2,449,000	2,449,000	742,586	1,706,414	2,449,000	0	0	0
Subtotal	0	9,002,000	9,002,000	3,043,307	5,958,693	9,002,000	0	0	0
SPECIAL REVENUE									
Cost Recovery Account	436,107	18,750,000	19,186,107	8,575,887	10,117,946	18,713,733	36,267	36,267	472,374
Automation and Printing (IT)	4,106,252	16,500,000	20,606,252	5,712,058	11,749,842	17,461,900	(961,900) (a)	38,100	3,144,352 (b)
Subtotal	4,542,359	35,250,000	39,792,359	14,287,945	21,887,688	36,175,633	(925,633)	74,367	3,616,726
State Operations Total:	4,542,359	44,252,000	48,794,359	17,331,252	27,846,381	45,177,633	(925,633)	74,367	3,616,726
OTHER RETIREMENT SYSTEMS	0	1,468,000	1,468,000	148,837	1,319,163	1,468,000	0	0	0
FEDERAL FUNDS									
July-June Programs									
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
August 31, 2011

Initial Projection	Revised Projection	Difference	Explanation
\$0	\$1,500,000	\$1,500,000	Reflects the receipt and spending of the \$1.5 million from the Fund for Public Schools and the Mayor's Fund to Advance New York City for the restoration of the January 2012 Regents exams.
	Total Changes	\$1,500,000	

SPECIAL REVENUE

Office of P-12 Education
 Fiduciary (January Assessments)
 Projected Revenue & Total
 Expenditures Actual and Projected