



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 October 2010 Fiscal Report
DATE: November 8, 2010
AUTHORIZATION(S):

Executive Summary

Issues for Approval

The October Fiscal Report is presented for your review, discussion and acceptance. Since the enactment of the 2010-11 State Budget, the Department has been assigned a General and Special Revenue Fund reduction of \$4.9 million, which it is achieving through:

- 101 early retirements (General Fund savings of \$1.1 million; Special Revenue Fund savings of \$1.1 million),
- 47 layoffs (General Fund savings of \$390,000 and Special Revenue Fund savings of \$710,000),
- the withholding of the April 1, 2010 four percent salary increase from M/C employees (General Fund savings of \$305,000; Special Revenue Fund savings of \$281,000), and
- other operations reductions.

The Department's 2010-11 General Fund operating appropriation has been reduced by \$1.8 million from \$42.6 million to \$40.8 million to reflect the General Fund's share of the \$4.9 million reduction.

Reason(s) for Consideration

Update on Department State Operations expenditure and revenue projections.

Proposed Handling

Review, discussion and acceptance.

Procedural History

The October report is the seventh report of the new State fiscal year and reflects actual expenditures through October 31, 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. The 2010-11 appropriation for this program is \$3.8 million and we currently have \$5.3 million of bills on hand, therefore, the appropriation will not even cover the current bills on hand.
- 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 ensure structural balance.

Recommendation

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

Timetable for Implementation

N/A

**OPERATIONS AND MANAGEMENT SERVICES
FINANCIAL STATUS AS OF OCTOBER 31, 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 10/31/10	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	3,813,824	2,909,176	6,723,000 (a)	0	0	0
Nonpersonal Service	0	2,721,000	2,721,000	518,340	2,202,660	2,721,000	0	0	0
Subtotal	0	9,444,000	9,444,000	4,332,164	5,111,836	9,444,000	0	0	0
SPECIAL REVENUE									
Cost Recovery Account	950,839	20,000,000	20,950,839	13,196,669	6,670,982	19,867,651	132,349	532,349	1,083,188
Automation and Printing	5,418,854	19,500,000	24,918,854	7,713,574	11,172,272	18,885,846	614,154	614,154	6,033,008 (b)
Subtotal	6,369,693	39,500,000	45,869,693	20,910,243	17,843,254	38,753,497	746,503	1,146,503	7,116,196
State Operations Total:	6,369,693	48,944,000	55,313,693	25,242,407	22,955,090	48,197,497	746,503	1,146,503	7,116,196
OTHER RETIREMENT SYSTEMS									
	0	1,631,000	1,631,000	958,324	672,676	1,631,000	0	0	0
FEDERAL FUNDS									
<i>July-June Programs</i>									
Personal Service	N/A	N/A	4,598,231	848,047	3,750,184	4,598,231	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	332,500	16,603	315,897	332,500	N/A	N/A	N/A
Subtotal	N/A	N/A	4,930,731	864,650	4,066,081	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.

OFFICE OF P-12
FINANCIAL STATUS AS OF OCTOBER 31, 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 10/31/10	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	7,773,174	4,772,461	12,545,635 (a)	0	0	0
Nonpersonal Service	0	7,005,365	7,005,365	1,058,084	5,947,281	7,005,365	0	0	0
Subtotal	0	19,551,000	19,551,000	8,831,258	10,719,742	19,551,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	2,007,171	0	2,007,171	2,007,171	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	3,737,225	0	3,737,225	3,737,225	N/A	N/A	N/A
Mandated Costs	N/A	N/A	1,745,145	0	1,745,145	1,745,145	N/A	N/A	N/A
Subtotal	N/A	N/A	7,489,541	0	7,489,541	7,489,541	N/A	N/A	N/A
<i>July-June Programs</i>									
Personal Service	N/A	N/A	24,374,696	3,490,006	20,884,690	24,374,696	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	54,991,357	596,358	54,394,999	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	4,086,364	96,868,497	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	477,299	1,141,123	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	4,254,451	5,765,549	10,020,000	0	0	0
State School for the Deaf at Rome	0 (g)	9,641,000	9,641,000	3,664,410	5,976,590	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).

HIGHER EDUCATION
FINANCIAL STATUS AS OF OCTOBER 31, 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 10/31/10	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	1,871,833	1,144,267	3,016,100 (a)	0	0	0
Nonpersonal Service	0	517,800	517,800	86,962	430,838	517,800	0	0	0
Tenured Teacher Hearings NPS	0	3,653,100	3,653,100	2,548	8,948,106	8,950,654	(5,297,554)	(5,297,554) (b)	(5,297,554)
Subtotal	0	7,187,000	7,187,000	1,961,343	10,523,211	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	118,176	1,029,128	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	118,176	1,785,586	1,903,762	N/A	N/A	N/A
SPECIAL REVENUE									
Office of Teacher Certification	2,845,903	6,500,000	9,345,903	2,924,684	3,330,631	6,255,315	244,685 (c)	244,685	3,090,588
Regents Accreditation of Teacher Education	70,017	85,735	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.

CULTURAL EDUCATION
FINANCIAL STATUS AS OF OCTOBER 31, 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 10/31/10	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	297,493	109,507	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	298,809	268,191	567,000	0	0	0
FEDERAL FUNDS									
<i>October-September Programs</i>									
Personal Service	N/A	N/A	3,337,338	11,415	3,325,923	3,337,338	N/A	N/A	N/A
Nonpersonal Service	N/A	N/A	1,141,240	0	1,141,240	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	11,415	6,622,133	6,633,548	N/A	N/A	N/A
SPECIAL REVENUE									
Cultural Education Account									
Office of Cultural Education-Operations	(8,117,218)	32,728,782	24,611,564	17,351,234	13,527,548	30,878,782 (a)	1,850,000	1,850,000	(6,267,218)
Transfers and Other Agency Support (b)	0	0	0	1,529,530	1,560,470	3,090,000	(3,090,000)	(3,090,000) (c)	(3,090,000)
Total - Cultural Education Account	(8,117,218)	32,728,782	24,611,564	18,880,764	15,088,018	33,968,782	(1,240,000)	(1,240,000)	(9,357,218)
Local Government Records									
Management Improvement Fund	0 (d)	4,152,296	4,152,296	2,126,715	2,025,581	4,152,296	0	0	0
Records Management Program	936,396	1,716,759	2,653,155	698,711	803,973	1,502,684	214,075	214,075	1,150,471
Cultural Resource Survey Account	0 (e)	10,115,654	10,115,654	3,184,337	6,931,317	10,115,654	0	0	0
Education Museum Account	100,173	3,322,000	3,422,173	590,403	2,731,597	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	59,370	5,630	65,000	0	0	139,782
Grants and Bequests	763,184	496,609	1,259,793	0	505,974	505,974	(9,365)	496,609	753,819
Archives Partnership Trust	143,893 (g)	690,000 (h)	833,893	272,107	331,030	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 \$2,590,000 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.

PROFESSIONS
FINANCIAL STATUS AS OF OCTOBER 31, 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 10/31/10	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
<i>SPECIAL REVENUE</i>									
Office of the Professions (a)	4,346,926	45,452,322 (b)	49,799,248	18,805,255	26,281,493	45,086,748	365,574	2,805,574	4,712,500

(a) Includes the foreign and out-of-state medical school evaluation program.
(b) Reflects transfer of \$3.5 million to the Education Assessment Account.

**ADULT EDUCATION AND WORKFORCE DEVELOPMENT
FINANCIAL STATUS AS OF OCTOBER 31, 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 10/31/10	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	489,517	269,848	759,365	0	0	0
Nonpersonal Service	0	1,640,635	1,640,635	326,396	1,314,239	1,640,635	0	0	0
Subtotal	0	2,400,000	2,400,000	815,913	1,584,087	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	224,325	1,008,868	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	224,325	4,258,503	4,482,828	N/A	N/A	N/A
SPECIAL REVENUE									
Workers' Compensation	143,677	100,000	243,677	4,559	65,441	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	5,209,683	1,455,930	2,468,267	3,924,197	(924,197) (c)	75,803	1,285,486 (d)
Proprietary - Tuition Reimbursement	2,007,361	375,000	2,382,361	16,560	233,440	250,000	125,000	125,000	2,132,361 (e)
High School Equivalency (GED)	839,553	225,000	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 earmarked for future technology enhancements.

(e) Funds 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.

**STATE EDUCATION DEPARTMENT GRAND TOTALS
FINANCIAL STATUS AS OF OCTOBER 31, 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 10/31/10	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	14,245,841	9,205,259	23,451,100 (a)	0	0	0	
Nonpersonal Service	0	15,697,900	15,697,900	1,993,646	19,001,808	20,995,454	(5,297,554) (b)	(5,297,554)	(5,297,554)	
Other Retirement Systems	0	1,631,000	1,631,000	958,324	672,676	1,631,000	0	0	0	
Subtotal	0	40,780,000	40,780,000	17,197,811	28,879,743	46,077,554	(5,297,554) (b)	(5,297,554)	(5,297,554)	
SPECIAL REVENUE										
All Accounts	Subtotal	13,372,155	173,108,692	186,480,847	78,680,691	95,791,778	174,472,469 (a)	(1,363,777) (c)	3,193,231	12,008,378
FEDERAL FUNDS										
<i>October-September Programs</i>										
Personal Service	N/A	N/A	50,344,509	11,415	50,333,094	50,344,509	N/A	N/A	N/A	
Nonpersonal Service	N/A	N/A	18,878,465	0	18,878,465	18,878,465	N/A	N/A	N/A	
Mandated Costs	N/A	N/A	41,000,115	0	41,000,115	41,000,115	N/A	N/A	N/A	
Subtotal	N/A	N/A	110,223,089	11,415	110,211,674	110,223,089	N/A	N/A	N/A	
<i>July-June Programs</i>										
Personal Service	N/A	N/A	31,353,424	4,680,554	26,672,870	31,353,424	N/A	N/A	N/A	
Nonpersonal Service	N/A	N/A	58,176,083	612,961	57,563,122	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	5,293,515	106,978,667	112,272,182	N/A	N/A	N/A	
GRAND TOTALS										
	N/A	N/A	449,756,118	101,183,432	341,861,862	443,045,294	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.