



# NYC Department of Education Response to the COVID-19 Pandemic

## Highlights

- During the COVID-19 pandemic the DOE, along with teachers, students and families, was forced to contend with school closures, adjustments to remote learning, and new health and safety precautions and protocols.
- City data shows that only about 85 percent of students attended online classes during the spring of 2020. Pre-pandemic in-person attendance hovered between 91 percent and 92 percent. Attendance rates in spring 2021 remained below recent pre-pandemic levels.
- Preliminary data indicates that the City lost 5 percent of its pre-K through 12th grade enrollment during the pandemic. The City projects that only about half of the lost students will return in the coming year.
- Charter school enrollment in New York City, in contrast, grew during the pandemic, reaching more than 138,000 students in 2020-2021, continuing a recent trend.
- The DOE will receive more than \$8 billion in emergency federal funding through FY 2025, including nearly \$7 billion in education-related funds spread among various programs, the largest of which is 3-K (education services for three-year-olds).
- The City's latest financial plan includes staffing increases through FY 2025, including more than 3,800 pedagogical positions funded by emergency federal funding that is expected to run out that year.
- Recurring costs funded by one-time federal aid will exceed \$1 billion by FY 2025, creating a fiscal cliff that will pressure the City to cut services or find new funds.

The COVID-19 pandemic has changed the face of education across the country and in New York City, the nation's largest public school system. The New York City Department of Education (DOE) is a massive enterprise, serving roughly 1.1 million students in more than 1,800 schools, and employing nearly 150,000 staff members. The DOE's budget, which reached \$37.7 billion in fiscal year (FY) 2022, accounts for more than 38 percent of the City's total expenditures.

In recent years, the City has increased the DOE's budget and sought to expand education services (including providing prekindergarten education to all four-year-olds and creating a universal full-day, early childhood education network for three-year-olds known as 3-K), even as student enrollment generally declined. During the pandemic, the City had to develop and implement novel remote-learning protocols to continue educating students, and was later among the first major city districts in the nation to offer a return to in-person schooling.

At the same time, economic and fiscal uncertainties put tremendous pressure on the City's budget. Extraordinary levels of federal aid allowed the City to overcome these obstacles and implement a number of new initiatives to help students and address learning losses. However, the City has not used this opportunity to address several long-standing structural risks to the DOE's budgets, and a number of new programs made possible through federal aid are likely to outlast related funding. The City is thus creating a fiscal cliff of unfunded recurring expenses amounting to more than \$1 billion annually when the extraordinary federal aid expires in FY 2025. Coupled with persistent risks in the DOE's budget, this structural imbalance may force the City to cut educational services unless it is able to find other funding sources.

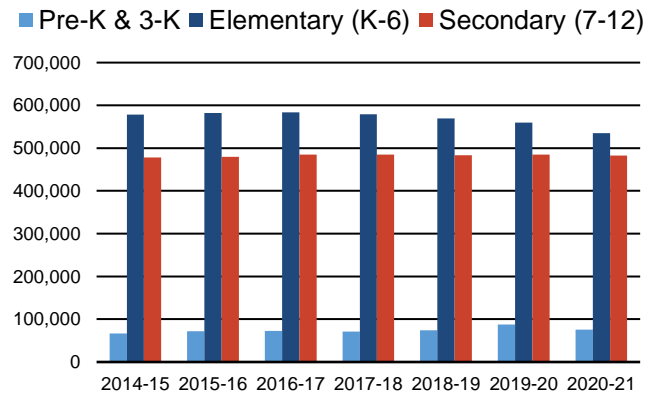
## Finances and Operations Before the Pandemic

The DOE faced a largely positive outlook at the beginning of the 2020 calendar year. It had completed the full phase-in of a universal free pre-kindergarten program (UPK) several years earlier, which the State had agreed to fund and later adopted as a model for its own initiative. The Mayor was building out a new, similar initiative for three-year-olds (called 3-K), but without financial partners, and thus the City targeted the program's expansion in certain neighborhoods it thought would be best served. The program had been launched in just 12 of the City's 32 geographic school districts and was slated to expand into four more in the 2020-2021 school year.<sup>1</sup> Citywide enrollment, which had declined slightly in the previous two years, ticked up in the 2019-2020 school year, when the City served more than 1,131,000 students (see Figure 1). This growth was driven largely by the 3-K expansion; pre-kindergarten enrollment (including 3-K) grew by more than 18 percent.

The DOE employs nearly 150,000 full-time and full-time-equivalent employees, and more than three-quarters of them are pedagogical. Over the eight years between the end of the Great Recession and the beginning of FY 2020, the number of pedagogues employed by the department grew by 12,500 while the number of nonpedagogical employees increased by nearly 2,000. Much of the increase was due to providing services to students with special needs and to the creation of the City's UPK program during that period.

The City was also moving to address concerns around student equity and disparities in educational outcomes. The Mayor had announced an "Equity and Excellence for All" agenda in 2015 (which currently costs more than \$200 million annually now that it has phased in), including universal literacy programs and improved access to algebra, computer science

**FIGURE 1**  
NYC Student Enrollment by School Year



Sources: NYC Department of Education; OSC analysis

and advanced placement classes, as well as the expansion of pre-K programs. The initiative expanded further in later years. By early 2020, the City was in the midst of a debate around its gifted-and-talented programs and specialized high schools, which, critics argued, disproportionately benefited White and Asian students while excluding African American and Latino students.

Additionally, throughout the Mayor's administration, the City has made a number of incremental increases to its Fair Student Funding (FSF) formula, a 2007 calculation rooted in the 2006 conclusion of the Campaign for Fiscal Equity (CFE) litigation. Designed to distribute per-student funding to the schools that need it most, the FSF formula is based on student body characteristics at each school, such as the share of students who live in poverty, the share who require special education services, and the share who are English language learners. The City had long lacked the funding to fully incorporate the FSF formula. It claimed that the State owed hundreds of millions of dollars in education aid as a result of the CFE lawsuit, which would be used to fully fund the City's formula. In 2020, all schools were guaranteed at least 90 percent of their allocation under the FSF formula, but the City did not have the resources to fully fund all schools.

## FIGURE 2

OSC Assessment of Risks to City Department of Education Budget in January 2020 Financial Plan  
(in millions)

	FY 2021	FY 2022	FY 2023	FY 2024
<b>Charter School Tuition Rates</b>	\$150	\$334	\$562	\$709
<b>Carter Cases</b>	150	150	150	150
<b>Student Transportation</b>	64	64	64	64
<b>Total</b>	<b>\$364</b>	<b>\$548</b>	<b>\$776</b>	<b>\$923</b>

Sources: NYC Office of Management and Budget; OSC analysis

Despite this encouraging outlook prior to the pandemic, the City also faced substantial risks to its education budget (see Figure 2). The City's annual budgets, adopted each year in June, include final forecast figures for the current fiscal year, the budget for the coming year, and three years of out-year projections depicting the City's future expectations. However, long-standing weaknesses in the DOE's forecasts for spending on charter school tuition increases, services provided to students with disabilities, and pupil transportation had consistently required the City to add hundreds of millions of dollars annually to the department's final budget beyond its initial expectations.

Under federal law, school districts must provide necessary services to students with disabilities. If the district is unable to do so itself, it must fund such services in what are known as Carter cases (named after the court case that established the principle). City spending on Carter cases reached \$626 million in FY 2020, more than double the amount five years earlier. However, the City's out-year projections for Carter case spending have consistently remained significantly lower than actual spending.

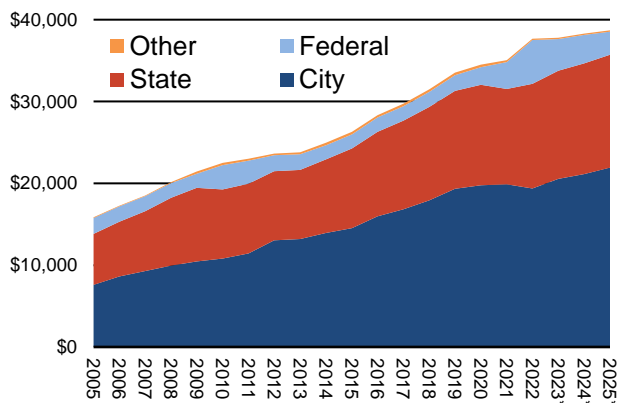
Moreover, the cost of student transportation has grown faster than anticipated, requiring the City to add funding in each of fiscal years 2017 through 2020 (averaging almost \$85 million annually). The City later needed to add \$200 million in related spending for this purpose over the course of FY 2021 alone. While some of the increase was driven by contract disputes with the

contractors who provide bus services, a large portion came from increasing transportation needs for special education students as a result of growth in student eligibility. These needs are expected to continue raising costs even after the pandemic has passed.

The City's financial plans have also not reflected future increases to charter school tuition rates that are mandated in State law until the year those increases come into effect. These costs are expected to reach into the hundreds of millions of dollars by the end of the current financial plan period. Aside from the increased rates mandated in State law, these costs are also determined by the number of students attending charter schools in New York City. Even as general enrollment (which includes charter school figures) has declined in recent years, charter school enrollment has grown by nearly one-third over the past five years to more than 138,000, according to the State. Charter school enrollment grew during the pandemic, from about 129,000 in 2019-2020.

However, the largest risk to the DOE's budget in the years prior to the pandemic was the City's out-year projections of growth in State education aid. These projections were based on a judge's ruling in the Campaign for Fiscal Equity case. Though the ruling had been overturned on appeal, in 2007, the State agreed to fully fund the financial obligations it had included according to scheduled increases. In 2009, during the Great Recession, the State shifted its view on this

**FIGURE 3**  
Cumulative DOE Funding by Source  
(in millions)



Sources: NYC Department of Education; OSC analysis

\*City forecast

obligation and phased in the aid increases sporadically.

### State and Federal Aid

Significant portions of the DOE’s budget are funded with State and federal aid (see Figure 3). While City tax levy funds have been the main driver of the department’s budget growth over the past 15 years, State aid has mostly grown steadily as well. Federal aid largely remained stable before the pandemic.

Historically, State education aid has accounted for more than one-third of the department’s funds (an average of 35.8 percent annually over the past 10 years), reaching \$12.3 billion in FY 2020.

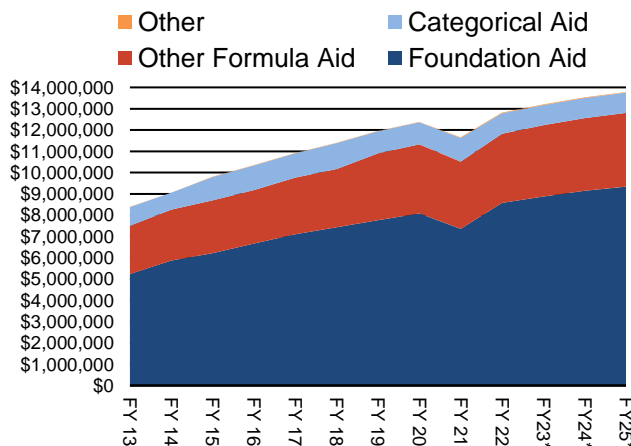
State education aid covers several areas of support; the largest category, general support for public schools (GSPS), accounts for the vast majority. School districts are largely free to spend GSPS resources at their own discretion. GSPS funding is made up of two types: foundation aid and other formula aids. Other formula aids, including State building aid, transportation aid, and UPK support, provided a total of \$2.4 billion for New York City in FY 2020. These resources typically remain fairly stable from year to year, as they are based on enrollment data.

Foundation aid makes up the bulk of State education aid to New York City, accounting for nearly \$8.1 billion in FY 2020. For more than a decade, it has been based on a complex formula enshrined in State law that directs aid to local school districts based on a number of factors, including enrollment, local income trends and property tax values, among many other factors. Foundation aid, which is also dependent upon the annual State budget process, is much more volatile than other types of State education aid, and has grown more substantially in the past decade (see Figure 4).

However, the State has reduced its GSPS funding in the past, particularly when faced with financial difficulties of its own, such as during the Great Recession. Between fiscal years 2011 and 2017, the State applied what it called a gap-elimination adjustment to all school districts, which withheld portions of calculated GSPS in response to the State’s financial challenges.

Historically, as a result of the number of students it serves, the New York City school district has received between 40 percent and 45 percent of all statewide GSPS allocations. This also means that any decreases in allocations tend to have large impacts on the City.

**FIGURE 4**  
State Education Aid to the City, by Type  
(in thousands)



Sources: NYC Department of Education; OSC analysis

\*City forecast

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Aside from City and State funds, the DOE's budget is also supplemented by federal supports. Typically, these account for less than 10 percent of the total budget (an average of 7.1 percent annually over the past decade). In recent years, the City has seen very little growth in federal aid, aside from some additional aid during the Great Recession. Federal aid totaled \$1.7 billion in FY 2003, and just under \$1.9 billion in FY 2019. These resources are split between unrestricted funds and those meant to fund federal mandates. A small portion of the department's funding, amounting to slightly more than 1 percent of its annual budget, comes from other sources such as private philanthropic organizations.

## The DOE Response to the COVID-19 Pandemic

The COVID-19 pandemic upended education in New York City, as it did everywhere in the nation. The DOE, along with its teachers and students and their families, was forced to contend with long-term school closures, adjustments to remote learning and hybrid learning models, and adaptations to new health and safety precautions and protocols.

The impacts of the pandemic have placed unprecedented demands on the DOE's pedagogical and operational infrastructure, and have required constant safety monitoring and response. The pandemic has also necessitated a widespread shift in the delivery of education, most notably in the form of remote learning. Learning losses from multiple factors, such as reduced attendance and school hours as well as technological limitations, have necessitated changes to student assessments and increased recognition of difficulties in providing equitable learning opportunities for all students.

Each of these shifts caused immediate, and likely protracted, impacts not only on the City's students and teachers but also on the City's education budget. Decisions in the State budget process led to cuts in local aid that required the

City to make cuts of its own and backfill shortfalls with City revenue. Over the course of the year, as State finances improved and conversations over equity in learning also accelerated, the State eventually responded by increasing foundation aid funding for public schools.

Federal aid was initially essential for enhancing health and safety standards in response to the pandemic and for protecting against risks to the revenue that funds education. Eventually, federal aid was also provided to mitigate the learning losses experienced since March 2020, and was used to create new programming that will outlast its federal revenue source.

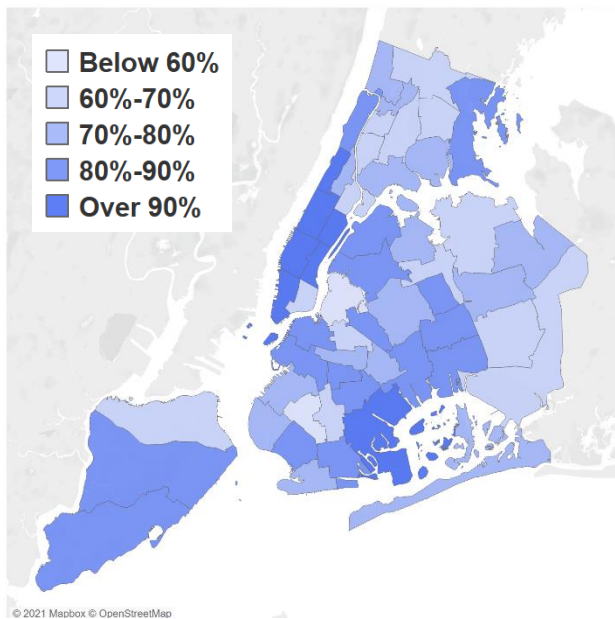
## Operational Impacts

### Initial Response to the Pandemic

When COVID-19 cases first began appearing in New York City in early March 2020, it was unclear what impact and duration the virus would have on the daily lives of New York residents. On March 16, the New York City Chancellor announced that schools would be closed until April 20, and introduced New Yorkers to the concept of remote learning. Remote instruction was scheduled to begin on March 23, 2020, after a weeklong transition period including training for teachers and staff.

The transition was characterized by confusion among parents, students and teachers. Parents often lacked child care, even as many were designated essential workers and had to continue reporting to work. Many students lacked the digital devices and Internet connectivity to participate effectively in remote learning (see Figure 5). Internet disparities are stark throughout the City. For example, in Lower Manhattan, while 99.4 percent of households with school-aged children in Battery Park, Greenwich Village and Soho have broadband access, the share in neighboring Chinatown and the Lower East Side is just 68.2 percent.

**FIGURE 5**  
Share of Households with School-Age Children That Have Broadband Access



Sources: U.S. Census Bureau, American Community Survey 1-year estimates, 2020; OSC analysis

In response, the DOE immediately began distributing the mobile digital devices it had on hand to students who needed them to be able to learn from home, but demand rapidly outstripped supply. The department quickly brokered a deal to purchase 357,000 new devices with data plans to distribute to students during the 2019-2020 school year, but it took about a month for enough of the devices to arrive for the DOE to stop prioritizing device requests among students with the least access at home. The DOE also acknowledged that remote learning would particularly inhibit the education of students with disabilities who have individualized education plans (IEPs), though it pledged to do its best to continue providing those services remotely.

Additionally, the DOE opened Regional Enrichment Centers (RECs) for the children of essential workers such as first responders, health care professionals and transit workers. These centers provided child care to about 13,000 children while essential workers carried out their duties during the pandemic. The department

initially kept buildings fully staffed during the transition, providing free grab-and-go meals for students at their regular school buildings, as well as medications that had been regularly administered in school by nurses. Less than a month in, the DOE shifted this model to leverage about 400 meal-distribution centers.<sup>2</sup>

On April 11, the City announced that schools would not reopen for in-person instruction for the remainder of the school year. Since student learning would take place entirely remotely for the remainder of the school year, many parents had to rearrange their lives to accommodate a situation that had initially been only temporary. The DOE continued to issue remote devices to students upon request, but many families reported delays in receiving the devices, and even when students had access to remote learning, it sometimes proved ineffectual. Privacy issues with Zoom, the program used to host digital classes, also required the department to ban its use until these concerns could be addressed, further interrupting the transition process. Zoom was approved for use again on May 6.

### Remote Education and Learning Losses

Questions began to arise about actual student attendance for online learning. City data now shows that only about 85.2 percent of students attended online classes during the spring of 2020, a significant drop from the years before the pandemic, when in-person attendance hovered between 91 percent and 92 percent. With more than 1 million students in the City, every dropped percentage point represents more than 10,000 students who missed class.

In response to concerns about remote attendance, the quality of instruction students were receiving remotely, and the suspension of statewide evaluations (which occurred in March), the DOE announced alterations to school grading policies to accommodate the shift to remote learning. While 3-K and pre-K classes continued

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ungraded, K-8 classrooms adopted a system whereby students received grades of either “meets standards” or “needs improvement.” Students in grades 6-8 were also eligible to receive a grade of “course in progress.” High schoolers continued to be graded on their existing scales, but no failing grades were issued; instead, students received a “course in progress” grade. After final grades, any passing grade could be converted to a generic “pass” that would not impact a student’s grade point average.

By early June, a number of studies had appeared showing that remote learning was not an adequate replacement for in-person instruction. A working paper from the nonprofit NWEA, in collaboration with Brown University and the University of Virginia, found that, nationwide, the average student would begin the 2020-2021 school year having lost as much as half of their expected progress in math and a third of their expected progress in English during the previous school year.<sup>3</sup> A study from Brown and Harvard University researchers found that the learning losses were unevenly distributed; lower-income students experienced about half as much progress in math as their higher-income peers.<sup>4</sup>

An analysis by the consulting firm McKinsey found that learning loss was disproportionately concentrated among both low-income and African American and Latino students, who were less likely to have access to conducive learning environments at home, with appropriate space, Internet access, dedicated digital devices which they did not need to share, and parental academic supervision.<sup>5</sup> Against this backdrop, the City issued a survey to parents to determine their preferences for the upcoming school year. The City also adopted its FY 2021 budget on June 30, cementing proposed funding changes to manage State and federal aid changes and to adjust to new demands created by the pandemic.

By early July, the City had received more than 400,000 responses to its parent survey. In

response, the DOE developed a blended learning model for schools when they reopened in September 2020. This model would allow parents to choose whether their children would spend some days in school buildings for in-person learning and some days learning remotely, or spend all of their days learning remotely. Parents also raised concerns about adequate ventilation systems in school buildings, many of which lacked air conditioning. The City announced in July that it would be one of the first major city school districts in the nation to reopen schools. While initial responses to the City’s survey had shown that nearly three-quarters of families would choose blended learning, by the end of November just 48 percent of students were on blended schedules, with the majority choosing remote-only education.<sup>6</sup>

### **Back to (Blended) School**

In advance of school openings last fall, the DOE issued guidance on masking and protection in schools; established criteria by which schools would close in the event that citywide COVID-19 positivity rates surged again or cases appeared in school buildings; created test-and-trace programs to identify potential outbreaks; and introduced other health and safety measures. The Chancellor also announced that 96 percent of classrooms were found to have adequate ventilation, and any that lacked it would not be used for in-person instruction.

Students had several opportunities to choose between blended and remote learning schedules. The first window closed on August 7, but students also had opportunities to change their preferences during quarterly windows in November and March.

Schools opened slightly later than usual, with virtual classes beginning between September 21 and October 1 depending on grade level. Students who had opted into blended learning programs returned to school buildings on a staggered schedule. However, throughout

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October, individual school closings based on community COVID-19 rates were frequent. Within a week of reopening schools to all students, the City announced that approximately 100 DOE school buildings with elevated case rates would be closed for at least two weeks. Parents who had planned on a blended learning program for their children had to abruptly accommodate them at home for full-time remote learning again.

Partially as a result, the City extended and expanded earlier changes to grading in October. In addition to the grading changes made in spring 2020, high school students would be able to convert passing grades to “pass” or “credit” grades that would not impact their grade point averages. In an effort to increase the number of in-person students, the DOE announced that students would again be able to opt into blended learning during a two-week period starting November 2.

On November 19, the City announced that all school buildings would again close in response to a new wave of cases across the City. Services were limited to the Learning Bridges program (an evolution of the previous year’s RECs), which prioritized child care for the children of essential and frontline workers, and the continued provision of free grab-and-go meals at 400 hub locations.

Throughout all of this, the pandemic continued to have a disproportionate impact on certain segments of students. In a recent analysis, the Office of the State Comptroller (OSC) found that as many as 46 percent of students with disabilities did not receive the full services included in their IEPs during November 2020, though that share had declined to 24 percent by January 2021.<sup>7</sup> In November 2020, a number of parents of students with disabilities who require IEPs filed a class-action lawsuit against the City, citing its inability to fulfill the terms of students’ IEPs during the pandemic.<sup>8</sup> While the case is still pending, it could potentially further increase the costs the City is required to pay to properly

educate students with IEPs, which the City already routinely underestimates in its budget projections.

At the same time, the Chancellor acknowledged that there were still some 60,000 students without the digital devices necessary to adequately participate in remote learning, despite the City having purchased another 104,000 devices to distribute during the 2020-2021 school year.<sup>9</sup> The DOE purchased an additional 50,000 digital devices in December, bringing total device purchases to 511,000, and confirmed that no outstanding requests for devices existed by March 2021.

### **Schools Reopen, Again**

In November 2020, the DOE announced the planned targeted reopening of schools for blended learning on a rolling basis, dependent upon positivity rates in the neighborhoods around schools. Reopenings were limited to elementary schools and pre-K facilities in December, with middle schools following on February 25, 2021, and high schools on March 22, 2021.

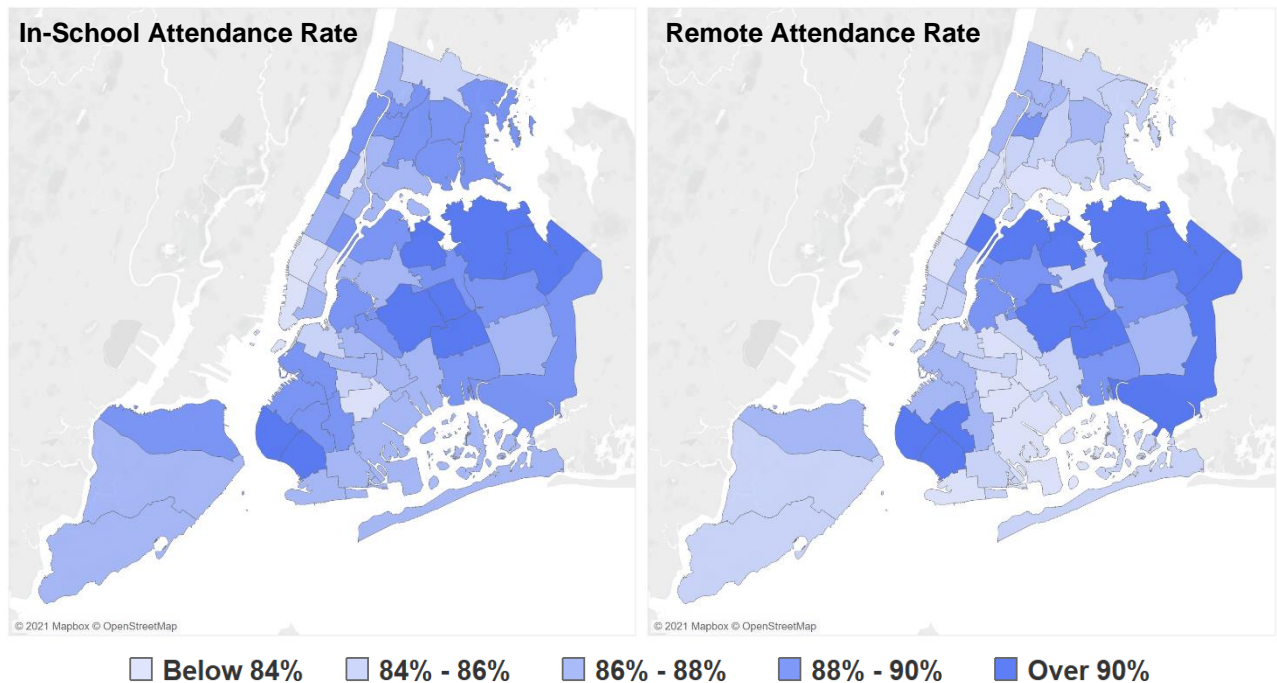
On December 11, the DOE announced that students who would be engaging in blended learning when schools reopened would be subjected to mandatory random COVID-19 testing. A few days later, the Chancellor announced that if inclement weather forced buildings to close, students would still be expected to attend remote learning sessions, effectively eliminating snow days.

In spring 2021, attendance rates were slightly better than they had been in the previous year, but they again fell short of pre-pandemic levels. In addition, attendance rates were remarkably uneven across different neighborhoods (see Figure 6). While some neighborhoods maintained attendance rates well above 90 percent, others dropped below 80 percent. In many cases, neighborhoods with the City’s highest poverty rates (excluding Manhattan) experienced the



## FIGURE 6

### Average Daily Public School Local Attendance Rates, Spring 2021



Sources: New York City Department of Education; OSC analysis

worst attendance rates, particularly for remote learning, despite the City having provided students with remote learning devices.

Given the shifts in academic instruction and the lack of objective assessment data, the DOE eliminated screening processes for admission to selective middle schools. Historically, screening was based on testing data that was unavailable for the 2020-2021 school year because State exams had not been administered during the widespread pandemic-related closures. The department also announced that it was scrapping the controversial test used to determine the eligibility of four-year-olds to enter the City's gifted-and-talented programs.

Typically, about 15,000 students take that exam annually, competing for just 2,400 positions.<sup>10</sup> The department's chancellor at the time was among the most vocal critics of the testing policy, arguing that it effectively excluded African American and Latino students from opportunities

for enhanced learning in favor of Asian and White students. (Under the City's temporary replacement policy, for 2021-2022 only, parents can apply for gifted-and-talented spots for their children in a random lottery, with the endorsement of their children's preschool teachers.)

On May 24, the City announced that all schools would be fully reopened in the fall and that the City would be returning all students to full-time, in-person instruction at the beginning of the 2021-22 school year. In anticipation of school reopenings, and given the expansion of vaccine eligibility to include children 12 and older, the DOE offered vaccinations for students and family members over the summer at 25 Summer Rising sites across the City.<sup>11</sup>

## Fiscal Impacts

In order to accommodate pandemic-related changes to educational services across the country, the federal government provided

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emergency assistance to states and localities under the Coronavirus Aid, Relief and Economic Security (CARES) Act on March 27, 2020. Under the act, New York City was authorized to receive \$721 million in federal education funding to help its school system weather the pandemic.

Just days later, however, the State, facing its own revenue shortfalls, passed its budget for State fiscal year 2020-2021. This budget essentially used the new federal emergency funding to supplant an equal amount of State education aid to the City. Furthermore, the State did not increase other forms of aid, notably foundation aid, in response to the pandemic, forcing the City to backfill its optimistic projections for State aid with its own funds. To add to the City's budget uncertainty, the State budget included a provision that allowed the State, in the absence of additional federal aid, to cut aid to localities (including school aid) to achieve a balanced budget.

The City's April financial plan for FY 2021 attempted to grapple with the fiscal and operational realities of the pandemic. In addition to backfilling the \$360 million shortfall in State education aid with City funds in FY 2021, the plan also relied on \$470 million in savings at the DOE. Nearly half that amount was to be achieved through service reductions, including downward adjustments to the FSF formula, cuts in spending on Equity and Excellence for All programs, and the delay of the planned expansion of the new 3-K program.

By November, when the City released the first-quarter modification of its budget, things looked even more dire. No more federal aid had been forthcoming, and the City had spent \$767 million on school reopening costs. In addition, by December, the City had purchased 511,000 digital devices for students who otherwise lacked the ability to participate in remote learning. According to DOE officials, these devices cost the City \$287 million, plus an additional \$4 million per month to provide data plans.<sup>12</sup> Furthermore, the

risks associated with the City's projections of State education aid had increased significantly as it became clear that the pandemic's financial impact on the State's budget would continue.

In response to growing concerns over school readiness and learning losses across the country, as well as school districts' fiscal ability to respond, the federal government included education funding in the Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA), signed into law on December 27, 2020. The CRRSA supplied New York City with \$2.15 billion in federal emergency funds for education, available through FY 2024. These funds were relatively unrestricted, and the City will be able to use them to prepare for, prevent or respond to the impacts of the pandemic.

Eligible uses included addressing learning losses among students, preparing schools for reopening, and testing and improving air quality in buildings. This time, however, the State was prevented from using the federal support to supplant its own funding. The Mayor announced that portions of this aid would be used to restore cuts to DOE spending. To cover initial City spending on school readiness, the City urged the State to make sure that it passed along the full amount of federal aid in the State's budget for the 2021-22 fiscal year as quickly as possible to help the DOE cover initial spending and other costs.

In March 2021, the new federal administration passed another round of pandemic aid, called the American Rescue Plan (ARP). This round of stimulus funding supplied New York City with \$4.8 billion in emergency education aid, available through FY 2025. Again, the State was prevented from usurping the funds for its own uses, but this time the federal government required the City to use at least 20 percent of the allocation to address learning losses through evidence-based interventions such as summer enrichment programs, and to ensure that such interventions addressed students' emotional and social needs as well as their academic success.

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In the State's executive budget for State fiscal year 2021-22, the Governor had proposed significant pandemic-related cuts to education spending for the second year in a row. However, higher-than-expected revenues, the large influx of unrestricted federal aid, and negotiations with the State Legislature resulted in an enacted budget that brought further fiscal relief to the City. The budget ultimately acknowledged the previous usurpation of federal CARES Act funding and provided a \$530 million increase to foundation aid, which meant the City only needed to adjust its forecast downward by approximately \$300 million, a far cry from the \$852 million gap it would have faced if aid had remained flat. The State's enacted budget also included provisions to increase State education aid in future years, providing the City with further financial support.

In April 2021, the City's financial plan allocated the massive influx of State and federal funds. The Mayor later announced that some of the new federal aid would be used to fund the \$200 million Summer Rising program in FY 2022, which would reimagine summer school and make it available to all students to help address learning losses. Using summer programs to provide academic support, arts, recreation and social-emotional support to build a bridge back to school in the fall and to provide parents with a place to send their children while they returned to the workplace, the City hoped to address some of the losses students had experienced during the past year.

### **Future Impact of Federal and State Aid**

New York City will be eligible to receive \$6.96 billion in education-related emergency federal funds between 2020 and 2024. In addition, \$721 million was allocated to the City in FY 2021 from the CARES Act (which the State used to supplant its own support in FY 2021), and additional unrestricted federal emergency funding has been allocated for the DOE by the Mayor. All told, the department will receive more than \$8 billion in emergency federal funding between

fiscal years 2021 through 2025 (see Figure 7, and Appendix A for greater detail). This is a significant and unprecedented amount (the equivalent of more than four extra years of federal funding), and accounts for 14.2 percent of the DOE's budget in FY 2022, nearly twice the average annual federal share. Though the federal funding tails off through FY 2025, it remains higher than average throughout the life of the City's current financial plan.

The City wasted no time in earmarking these funds, and the additional State aid it received, for a wide variety of programs. With the additional State funding, which is almost certain to be recurring, the Mayor was finally able to fully fund the FSF formula, which is also a recurring expense. The City plans to direct nearly half of the federal aid (\$3.3 billion) toward new supports over the next four years. Another \$2 billion is devoted to completing the expansion of the City's 3-K program. A further \$1.2 billion will be used to implement a number of smaller new initiatives, including additional special education services (\$532 million), the expansion of mental health services for students (\$300 million), and an expansion of the Community Schools program. The City intends to use an additional \$552 million to restore a number of programs that had been cut to achieve savings in previous financial plans.

The \$3.3 billion in spending for new supports has been only vaguely defined thus far. Planned spending includes: nearly \$1.4 billion for operational supports, which fund school reopening costs, infrastructure and compliance work (such as accessibility improvements), teacher recruitment, and outreach programs; \$1.2 billion for academic recovery and student supports; \$532 million for curriculum supports; and \$308 million for existing programs, such as student athletic leagues.

The \$1.2 billion for the City's academic recovery initiatives and student supports includes \$635 million intended to jump-start educational

comebacks for children. This includes \$251 million for after-school and Sunday programs, \$202 million to develop a new standardized English language arts and math curriculum, \$122 million to purchase 175,000 new laptops to ensure all students have access to a digital device, \$49 million for an early literacy program, and \$10 million to provide after-school college counseling to all high-school juniors.

The City has also allocated \$350 million of the ARP funding to individual schools to address the academic impact of lost instructional time. All schools will receive a portion of this funding based on the needs of their student body, but because it is a one-time allocation they will be prevented from using it to hire full-time employees.<sup>13</sup>

Some uncertainty remains about how other elements of this federal aid funding will be spent.

The City has indicated that it expects much of the spending to be nonrecurring, but has not provided more detail on how significant portions of these funds have been allocated, and thus it is unclear whether some of the spending would recur in later years.

The expenses that the City does expect to recur, totaling more than \$1 billion annually, will require the City (and the next mayoral administration) to either find new funding sources or partners, or cut expenses and programs beyond FY 2025. The single largest of these recurring initiatives is the City's 3-K expansion, which it plans to fully phase in by FY 2024. This program is expected to cost \$752 million annually, and the City has budgeted \$1.6 billion of the federal aid for this purpose over three years. However, as the federal aid begins to dry up in FY 2025, the City has added \$376 million in new City funding to support the

**FIGURE 7**  
**Uses of Federal Emergency Education Aid**  
 (in millions)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
<b>CARES Act</b>	<b>\$761</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>---</b>	<b>\$761</b>
Emergency School Aid*	721	---	---	---	---	721
Funds in Other Agencies	41	---	---	---	---	41
<b>CRRSA</b>	<b>265</b>	<b>1,262</b>	<b>452</b>	<b>172</b>	<b>---</b>	<b>2,151</b>
Other Supports	4	557	322	83	---	965
Restorations	---	336	122	85	---	543
3-K Expansion	3	334	---	---	---	337
Operational Supports	1	146	5	5	---	157
New Needs	138	8	3	---	---	149
Other Adjustments	119	(119)	---	---	---	---
<b>ARP</b>	<b>---</b>	<b>1,885</b>	<b>1,325</b>	<b>1,217</b>	<b>726</b>	<b>5,153</b>
3-K Expansion	---	---	470	753	376	1,599
Operational Supports	---	931	230	39	7	1,207
New Needs	---	305	350	257	134	1,046
Other Supports	---	520	270	157	10	957
Funds in Other Agencies	---	129	5	5	196	335
Restorations	---	---	---	6	3	9
<b>Total</b>	<b>\$1,026</b>	<b>\$3,147</b>	<b>\$1,777</b>	<b>\$1,389</b>	<b>\$726</b>	<b>\$8,065</b>

\*New York State used this federal funding to supplant a portion of its own school aid in FY 2021

Note: Totals may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis

## FIGURE 8

### Staffing Projections, New York City Department of Education, June 2021 Financial Plan (full-time and full-time-equivalent positions)

	6/30/21 (Plan)	6/30/21 (Actual)	6/30/22 (Plan)	6/30/23 (Plan)	6/30/24 (Plan)	6/30/25 (Plan)	2025 Plan vs 2021 Actual
<b>City-Funded – Pedagogical</b>	94,679	90,678	94,838	94,838	94,838	94,838	4,106
<b>Non-City-Funded – Pedagogical</b>	30,149	22,401	33,957	34,589	35,608	35,626	13,225
<b>City-Funded – Nonpedagogical</b>	22,607	28,796	22,644	27,934	27,934	27,934	(862)
<b>Non-City-Funded – Nonpedagogical</b>	3,123	2,448	3,623	3,871	4,351	4,361	1,913
<b>Total</b>	<b>150,558</b>	<b>144,323</b>	<b>155,062</b>	<b>161,232</b>	<b>162,731</b>	<b>162,759</b>	<b>18,436</b>

Sources: NYC Office of Management and Budget; OSC analysis

3-K program. The remainder of the recurring spending is allocated to the expansion of special education services, additional mental health services for students, the expansion of the community schools initiative, and the restoration of a number of programs that had been cut to help the City weather the pandemic in the 2020.

Additionally, the programs the City has begun to implement will add more than 3,800 staffing positions to the DOE by FY 2025, all of which are supported by emergency federal funds. The staffing increases, largely intended to support 3-K and mental health services for students, represent positions that the City will have to consider cutting if it is unable to find other recurring funding sources for the programs. Meanwhile, preliminary State Education Department data indicates that the City lost 4.9 percent of its pre-K through 12th grade enrollment during the pandemic. The City projects that only about half of the lost students will return to the system in the coming school year.

The City's adopted budget for FY 2022 includes other significant staffing increases over the four-year financial plan period (see Figure 8), even as general enrollment figures decline. By June 2025, the department plans to add more than 6,500 nonpedagogical positions above its June 2021

target. This reflects the intercity transfer of 5,290 school safety officers, who are being moved to the DOE's purview in a long-promised shift.

However, the City's projections are complicated by the fact that during the pandemic, attrition has outstripped hiring for full-time positions (the beginning of the school year in September is typically the high-water mark for attrition in the department). This, combined with a staffing headcount that was already significantly under plan in September 2020, means that June 2021 staffing levels are generally lower than anticipated, and the department will have to add a total of more than 18,000 positions between now and the end of the financial plan period to meet its projections.

### Lingering Effects: Changes and Continuing Risks

The legacy of the COVID-19 pandemic on education in New York City is already far-reaching, even though the pandemic is not over. And while unprecedented levels of federal aid for education have enabled the City to pursue its priorities in the short term, these legacies leave budgetary and operational questions that may be difficult for the City to cope with several years into the future.

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First and most important is the impact the pandemic has had on students. Their educations have been interrupted, with many students losing months of learning progress. While it was necessary for the DOE's policies and guidance to evolve as our understanding of the novel coronavirus grew, the lack of consistency and the rapid changes to programming, especially early in the pandemic, compounded the negative effects of the paradigm shift on student learning.

While the City, with financial support from the State and the federal government, has acted to address educational losses and remedy them wherever possible, it remains to be seen what positive effect such initiatives will yield. The City expects its Summer Rising program will have helped students address learning losses over the summer, and is determined to help students return to school in September, hoping to avoid additional losses through more remote learning. Whether through testing or the development of new achievement metrics, assessments of student progress will be key in allowing the DOE to determine the extent to which these programs are helping students overcome learning losses.

The significant drop in student enrollment compounds the problem of interrupted learning. According to State data, the City lost 4.9 percent of its pre-K through 12th grade enrollment during the pandemic. A significant portion of these students, particularly those in younger grade levels, may have lost significant early learning opportunities, which can have lasting impacts. The City projects that only about half of those students will return to the system in the coming school year.

Second, the lessons learned from the pandemic may have changed some facets of providing public education for good. Remote learning, while not generally as effective as in-person instruction, has proven demonstrably better than nothing. Mental health has become an increasing focus in City schools, and the earmarking of \$300 million

in federal relief funding to promote mental health reflects that. Such programs are likely here to stay, and can offer needed support to students and their families. Snow days may be a thing of the past as the City can now pivot fairly quickly to remote instruction, and all students have access to digital devices.

The pandemic has also highlighted the importance of many wraparound services that schools provide in their communities. The free grab-and-go meals provided to all New Yorkers at food hubs throughout the City helped many people survive through the initial phases of the pandemic, and the necessity of the Learning Bridges program and the RECs for families of frontline workers has demonstrated the importance of child care services.

Another legacy of the pandemic is the massive influx of State and federal education aid. On one hand, this has allowed the City to implement a vast array of programs designed to improve outcomes for students and address the impact of the pandemic, while normalizing the City's relationship with the State budget. On the other hand, it has also led the City to compound the structural risks in its out-year budgets. While the City did not use any of the funds to address several existing budgetary imbalances (such as costs for Carter cases, charter school tuition and student transportation), it also created a number of new ones, including the recurring costs of the 3-K program and 3,800 staff members who are currently supported by nonrecurring federal funds. The City is relying on future revenue increases that may or may not be realized, depending on the nature of the pandemic recovery. Should these revenues not materialize, the City may be forced to cut services or find new revenue sources or partners.

Finally, the pandemic has exposed and worsened several pervasive inequalities. While disadvantaged children have seen more negative effects from the pandemic, this is in part because

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they have had fewer opportunities. Remote learning depends on Internet access and digital devices, and while the City acted to provide devices to all students who requested them, delays in the process and unfamiliarity with the devices blunted the positive impact. It is also clear that Internet access is not readily available to many households with school-aged children. Additionally, many households may not have enough space and/or devices for parents as well as children to all work and learn from home together at the same time. Such obstacles may have contributed to the drops in pandemic attendance rates across the City, and in many instances these were also neighborhoods most severely impacted by the pandemic's health and economic effects.

The uncertainty and the novel education policies that are the result of the pandemic have made it all the more imperative that the DOE communicate clearly and frequently with families to keep them apprised of changes to school operations and, thus, to students' educations. The department will also need to develop alternative methods of assessing student achievement and learning progress in order to make clear how they are helping students recover from the impact of the pandemic, to address the lingering inequalities in the provision of education services, and to promote educational excellence throughout the City's school system. As access to vaccines expands to include younger children, the City can leverage the DOE's infrastructure to offer effective protection against the virus and increase safety systemwide as its students return to school buildings. These steps will be necessary for the City to provide high-quality education in the future, and to persuade the students and families who sought alternatives during the pandemic to return to public schools.

With the spread of the new Delta variant and increasing calls for schools across the country to change their reopening policies, the COVID-19 pandemic continues to create uncertainty for

school systems in the coming months, and to disrupt learning into yet another year. Despite communication challenges and administrative hurdles, the resourcefulness and resilience demonstrated by educators and staff, as well as students and families coping with the unprecedented challenges of the past year and a half, will remain essential in the coming months. That same flexibility, together with lessons learned from the beginning of the pandemic and a renewed emphasis on prudent long-term financial planning, will remain essential for the DOE to manage this newest phase of our pandemic response and enable high-quality education for public school students in the years to come.

## APPENDIX A

### Detailed Uses of Federal Emergency Funds for Education (in millions)

	FY 2021	FY 2022	FY 2023	FY 2024	FY 2025	Total
<b>CARES Act</b>	<b>\$761</b>	---	---	---	---	<b>\$761</b>
Emergency School Aid*	721	---	---	---	---	721
Funds in Other Agencies	41	---	---	---	---	41
<b>CRRSA</b>	<b>265</b>	<b>1,262</b>	<b>452</b>	<b>172</b>	---	<b>2,151</b>
Curriculum Supports	---	200	200	62	---	462
3-K Expansion (New)	3	334	---	---	---	337
Programmatic Support	2	202	52	15	---	271
Information Technology Supports	2	155	70	6	---	233
Restoration: Equity & Excellence	---	54	54	54	---	162
Operational Supports	1	146	5	5	---	156
Restoration: Temp. FSF Reduction	---	150	---	---	---	150
Hold Harmless Mid-Year Adjustment	130	---	---	---	---	130
Restoration: Professional Dev.	---	31	31	---	---	62
Restoration: Expand Arts Instruction	---	15	15	15	---	46
Restoration: 3-K Expansion	---	44	---	---	---	44
Restoration: Air Conditioning	---	8	8	8	---	25
Restoration: Per-Session Savings	---	21	---	---	---	21
Restoration: Comp. School Supports	---	5	5	5	---	15
Restoration: Comm. Schools OTPS	---	6	6	---	---	12
Positive Learning Collaborative	5	5	---	---	---	10
Community Schools Sustainability	3	3	3	---	---	10
Restoration: Health Ed. Works	---	2	2	2	---	6
Other Adjustments	119	(119)	---	---	---	---
<b>ARP</b>	---	<b>1,885</b>	<b>1,325</b>	<b>1,217</b>	<b>726</b>	<b>5,153</b>
3-K Expansion (New)	---	---	469	753	376	1,599
Operational Supports	---	931	230	39	7	1,206
Academic Recovery/Student Supports	---	500	250	100	---	850
Funding Realignment (Mayorality)	---	124	5	5	196	330
Mental Health for All	---	80	86	86	48	300
Special Education Services	---	176	104	---	---	280
Preschool Special Education	---	22	88	94	47	252
Community Schools Expansion	---	10	51	51	26	138
Curriculum Supports	---	20	20	20	10	70
Restorative Justice Expansion	---	12	15	15	7	49
Programmatic Support	---	---	---	37	---	37
PSAL Expansion	---	6	6	7	4	23
Restoration: Comm. Schools OTPS	---	---	---	6	3	9
Community Schools Sustainability	---	---	---	3	2	5
City Artist Corps (Mayorality)	---	5	---	---	---	5
<b>Total</b>	<b>\$1,026</b>	<b>\$3,147</b>	<b>\$1,777</b>	<b>\$1,389</b>	<b>\$726</b>	<b>\$8,065</b>

\*New York State used this federal funding to supplant a portion of its own school aid in FY 2021

Note: Totals may not add due to rounding.

Sources: NYC Office of Management and Budget; OSC analysis



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## ENDNOTES

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