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For Immediate Release

***New York City's Contract for Excellence: Closing the Funding Gap or
a Funding Shell Game?***

Use of Contract for Excellence Funds to Replace City Funds is a Violation of State Law

**New Data Analysis Presented to City Council Education Committee Hearing on
Contracts for Excellence**

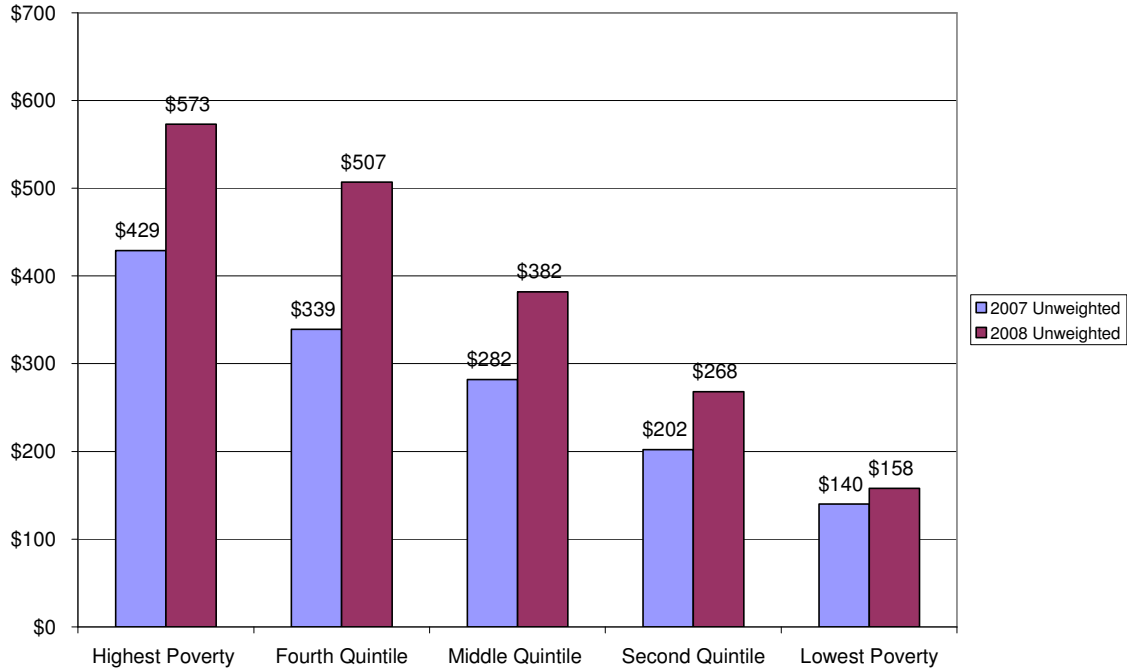
New York, NY--The Alliance for Quality Education and the Public Policy & Education Fund released a report today that evaluates the equity impacts of the Contract for Excellence on school funding in New York City. The report found that the Contract for Excellence is effective at closing the funding gap between the highest and lowest poverty schools. However, budget cuts implemented by the Department of Education that took more funds from the highest poverty schools than from the lowest poverty schools undermine equitable funding progress made through the Contract for Excellence. The use of Contract for Excellence funds to make up for disproportionately larger cuts to higher poverty schools is supplanting in apparent violation of state law. The law creating the Contract for Excellence requires that the Department of Education use these funds to “supplement and not supplant”-- meaning the City must use those funds in addition to the local funding, rather than as a substitution for local funds. The Alliance for Quality Education is calling on the state Commissioner of Education to order New York City to restore supplanted funds.

Key Findings

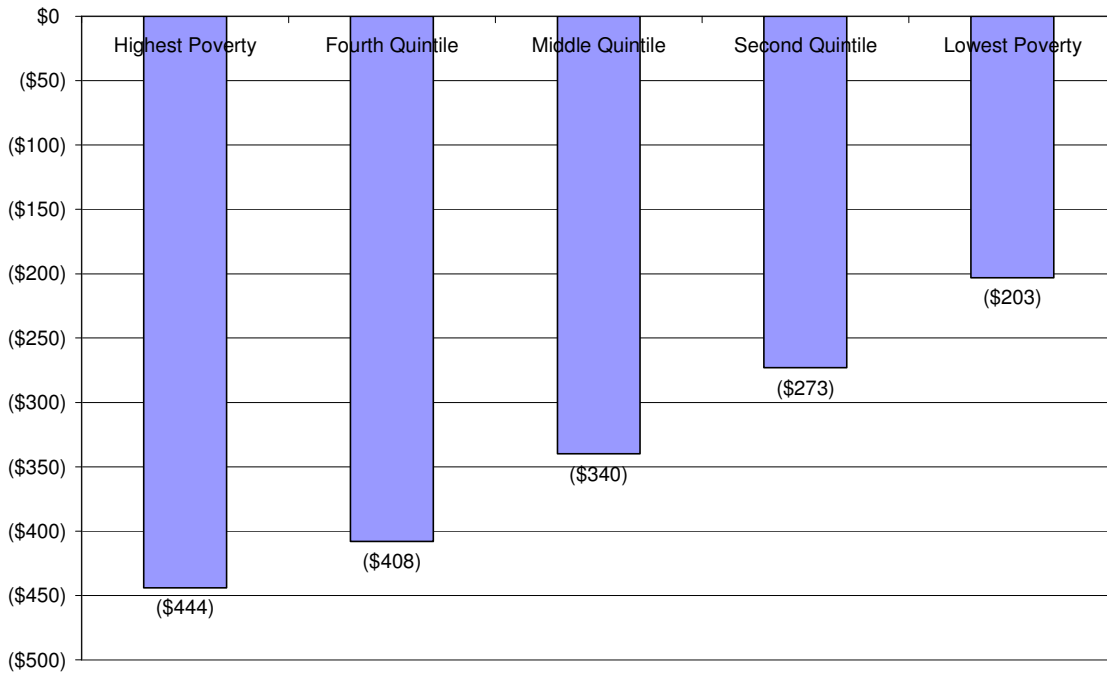
- In 2007-08 and 2008-09 the New York City Contract for Excellence provided \$704 more per pupil to the schools with the highest poverty than to those with the least poverty.
- The “funding gap” is a measurement which compares funding levels after first factoring in the higher costs involved in educating students living in poverty. Under this calculation, the Contract for Excellence successfully reduced the funding gap.
- In 2008 Contract for Excellence funding directed \$573 per pupil to highest poverty schools compared to \$158 per pupil to lowest poverty schools, a difference of \$415 per pupil before factoring student need into the comparison.
- While the Contract for Excellence provided the largest increases to the neediest schools, the DOE distributed cuts in the exact opposite manner with the largest cuts going to the schools with the highest poverty and the smallest cuts going to the schools with the least poverty. Enacted cuts to the highest poverty schools were \$444 per pupil while those to the lowest poverty schools were only \$203 per pupil--a difference of \$241 per pupil.
- The result was that instead of providing \$415 per pupil more for the highest poverty schools, the Contract for Excellence funds only provided \$174 more per pupil because the first \$241

per pupil were used to make up for the larger cuts in the poorest schools. Substituting the Contract for Excellence funds for City funds violates the restriction on supplanting.

2007-08 Contract for Excellence Funds, Unweighted Per Pupil



Enacted Budget -- Reductions in City Funding per Pupil by student poverty



Funding Streams Impact on the Per Pupil Funding Gap in 2008

| | |
|---|---------|
| Enacted City Budget Cuts Increased Funding Gap Amount | -\$241) |
| Contract for Excellence Gap Closing Amount | \$415 |
| Final Gap Closing Amount after Supplanting | \$174 |

“The good news is that the Contracts for Excellence funding is promoting equity and delivering funding to high-need students, as it was intended in the law,” said Billy Easton, Executive Director, Alliance for Quality Education. “But when it comes to city budget cuts last year the DOE made the poorest schools carry the largest share of the burden. Using these state funds to replace city dollars is defined in law as supplanting and violates state law. Now it is up to the state Commissioner of Education order the city to restore the city funds that were replaced by Contract for Excellence dollars. New York City’s students cannot afford to have their educational opportunities shortchanged in a shell-game with the budget.”

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