



Budget Update Boston School Committee

December 2, 2009

Executive Summary

- **FY10 budget update**
 - Facing revenue and expenditure pressures but on track to balance
- **FY11 budget development will face a gap due to**
 - Cost increases
 - Grant reductions and restrictions
 - Increased investments in academic priorities
- **Framework for funding the core and advancing the Acceleration Agenda**
 - Maximize existing resources
 - Aggressively pursue new resources
- **FY11 budget development timeline**
- **Preparing for the future**

FY10 Budget Update

- **Existing Pressures on FY10 Adopted Budget**

- Revenue

- Circuit breaker (\$5.3 million)
- Title IIA – Teacher Quality Improvement (\$3.2 million)

- Expenses

- Additional Costs (\$3 - \$4 million)
 - Programmatic expansion (K1, school choice enrollment, etc.)
 - Clear enrollment variances
 - Ongoing assessment of district liability (collective bargaining and accreditation)

- **Potential Future Pressures**

- Commonwealth of Mass 9C cuts

- \$600 million mid-year reductions in state budget
- Not clear if additional reductions will be required
- \$2 – 3 billion projected shortfall for FY2011

Challenges for FY11: Costs, Revenues, and Investments

Cost Increases (General Fund)

- Step Increases / Wage Deferral
- Benefits
- Transportation, Utilities & Debt Service
- Collective Bargaining

Grant Revenue

- Federal Grants
- State Grants
- Earned Indirect Rate
- New opportunities

Investments

- Programmatic Changes
- Acceleration Agenda

Challenges for FY11: General Fund Cost Increases & Grant Revenue Declines

General Fund Cost Increases

- Step Increases / Wage Deferral (\$12.4 million)
- Health Insurance (\$7.6 million)
- Transportation, Utilities & Debt Service (\$3.1 million)

Grant Revenue Decline and Restrictions

- **Federal Grants**
 - Title I (- \$4.4 million)
 - Title IIA (- \$3.2 million from class size reduction)
 - Safe & Drug Free Schools (- \$750,925)
- **State Grants**
 - Circuit Breaker (- \$7.0 million, with -\$5.3 million in FY10)
 - Other grants (- \$1.3 million)
- **Earned Indirect (- \$1.5 million)**

Potential future pressures

- **Legislation lifting the cap on Commonwealth charter schools could significantly reduce BPS revenues**

Plan for FY11: Resource Allocation Framework

Maximize Existing Resources	Use Existing Resources	<ul style="list-style-type: none"> • General Fund • FY10 ARRA Title I, ARRA IDEA • Title I • Private Funds
	Reallocate Existing Resources	<ul style="list-style-type: none"> • General Fund: Annual Budget Process
	Confirm Expected Resources	<ul style="list-style-type: none"> • School Improvement Grants • FY11 ARRA Title I, ARRA IDEA
	Free Up Constrained Resources	<ul style="list-style-type: none"> • Collective Bargaining Strategy • Legislative flexibility
Pursue New Resources	Target Public and Private Grants	<ul style="list-style-type: none"> • Competitive Grants • Innovation Grants • Race-to-the-Top • Institutional Advancement

Plan for FY11: Examples of Investments and Funding Sources

Acceleration Agenda Investments	FY11 Funding Source
Turnaround schools	School Improvement funds; ARRA Title 1
Circle of Promise	External funds and partnerships
Advanced Placement expansion	Federal Dept. of Education grant
Arts Advantage	EdVestors; Wallace foundation
Athletics	Red and Blue Foundation
Parent University	External funds; ARRA Title 1
Formative Assessments	ARRA Title 1
Institutional Advancement	Barr Foundation; General Fund
Special education reform	ARRA IDEA
ELL program expansion	General Fund reallocation of existing resources
Physical education	General fund; grants

FY11 Budget Timeline (Tentative)

Nov. 18	Release of Acceleration Agenda, 2009 – 2014 (draft)
Dec. 2	School Committee Budget Update
Dec. 2 – 4	City sets target appropriations for departments
Dec. 23	Release of School Budgets
Dec. 31	Central Departments submit budgets
Jan. 8	School Budgets complete
Feb. 3	Superintendent's recommended budget to School Committee
Feb. – Mar.	School Committee budget hearings
Mar. 24	School Committee votes on budget

Preparing for the Future

Multi-Year Budgeting

- **Financial environment marked by uncertainty and change**
 - ARRA “Cliff Effect,” Grant reductions, Race to the Top
- **Multiple financial scenarios possible**
- **Preparation is critical**
- **For FY11, BPS will implement a multi-year budgeting framework that prepares the district for potential changes in revenues, costs, and investment requirements**
- **The result: increased capacity to fund key priorities and earlier identification of resources for strategic investments that advance Acceleration Agenda goals**

New School Allocation Approach

- **The difficult financial climate requires a new approach to funding schools**
- **BPS will adopt a school funding system, like weighted student funding, that is solidly based on student need**
- **This new approach will be more equitable, transparent, and predictable, enabling schools to make greater academic progress**