


BOSTON PUBLIC SCHOOLS



OFFICE OF THE SUPERINTENDENT

MEMORANDUM

TO: Chairperson and Members
Boston School Committee

FROM: Carol R. Johnson
Superintendent 

DATE: February 1, 2012

SUBJECT: Fiscal Year 2013 Preliminary Budget

For the second year in a row – and for just the second time in ten years - BPS staff are presenting the School Committee with a preliminary budget that is fully balanced and successfully closes a \$28 million projected funding shortfall.

This budget reflects the transparency and equity that last year's shift toward weighted student funding made possible. The difficult decisions we made last year to fill empty seats and adopt a new funding structure – as well as a significant increase in the city's target appropriation for next year – have allowed us to absorb a \$21 million loss in state and federal funding while actually *increasing* our direct appropriation to schools by more than \$20 million.

The proposed Fiscal Year 2013 (FY13) general fund budget totals \$856,549,900, representing a 3.1% increase from the FY12 appropriation of \$830,908,156. This level of increase is extraordinary given the national economic challenges and demonstrate our city's commitment to investing in education. When rising benefits and salaries are taken into account, as well as the substantial loss of federal and state dollars, BPS would require approximately \$884 million next year to maintain level services. By aggressively identifying new sources of grant funding and making strategic reductions and service delivery changes, we were able to close the remaining gap while continuing to improve school quality, invest in teacher support and effectiveness, and enhance the choices our families have within our school system.

This proposed FY13 Budget provides the financial blueprint for carrying out the Acceleration Agenda for the Boston Public Schools, which is designed to close access and achievement gaps and raise academic performance in every classroom of every school.



The fiscal environment

The most challenging economic conditions in more than a generation have magnified already intense financial pressures on our budget. The federal stimulus has ended, and Congress has not reauthorized \$10 million in education jobs funding that supported more than a hundred positions in FY12. In addition, reductions in federal Title I funding and a drop in projected state appropriations will combine to create a \$21 million negative fiscal impact in FY13.

Even before the recession began in 2008, we knew we would have to confront at least four major trend lines that were drawing resources away from our classrooms:

- **Health care:** The city's efforts last year to renegotiate health insurance structures will result in a small savings of approximately \$47,000 in FY13 compared to FY12. Given the fact that benefits consume approximately 15 percent of our budget, this is a significant accomplishment. It is worth noting that the rise in health insurance costs will resume in FY14 by an estimated \$7.7 million.
- **Salary increases:** Salaries represent 65 percent of our budget and are increasing. Approximately 9 in 10 BPS employees are represented by a bargaining unit. Adjustments are difficult even during economic emergencies. The step-and-lane system, previously negotiated cost of living adjustments and longevity pay mean that most of our employees receive at least two types of salary increases every year, regardless of the economy. These increases come with no consideration of student performance or budget challenges. In FY13, we project an \$11 million increase in employee step increases.
- **Transportation:** A majority of our students rely on bus transportation to get to school every day. BPS also provides – and pays for – bus transportation for charter school, private school and parochial students who are not enrolled in the Boston Public Schools. State law requires BPS to drive charter school students to their schools even if they are outside their home zone, which is a much higher level of service than is provided to most students in BPS. Transportation costs are expected to rise by \$2.6 million in FY13 and \$20.3 million in FY14 as the number of charter school students in Boston increases.
- **Charter schools:** The enrollment cap is gradually increasing and more students are expected to move into public charter schools, which means additional costs for BPS (such as transportation) even as money is diverted from our system. This requires BPS to become more competitive even as our relative resources decline.

Despite these challenging times, BPS has increased the graduation rate to the highest level it has ever been. Our drop-out rate is the lowest it has been in more than 20 years, and our students are outperforming their urban peers in nearly every measure. The achievement gap is narrowing, and we are leveraging additional resources and new authority to turn around underperforming schools. We are leading the national conversation about Common Core standards and our influence helped secure tens of millions of dollars in federal Race to the Top funds for Massachusetts.

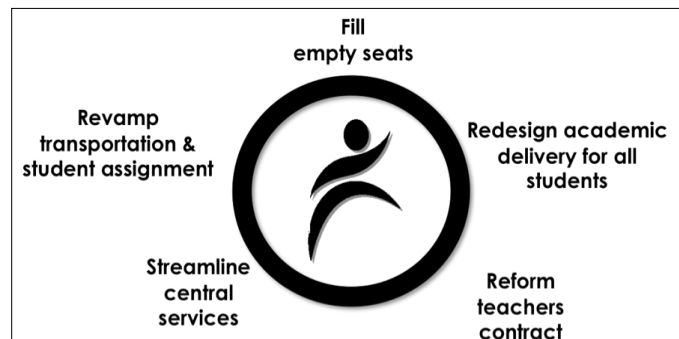
We must protect this progress and continue the improvements outlined in the Acceleration Agenda. This year, we face new challenges and opportunities as the financial landscape shifts again.



The work continues

At the direction of the School Committee and the Superintendent, BPS launched “Redesign and Reinvest” in 2010. This ongoing effort will protect our academic progress by permanently closing the budget and capacity gaps that direct dollars to buildings and rising costs, rather than to students, high-quality teachers and classrooms. Redesign and Reinvest addresses five key challenges, outlined at right.

The School Committee vote in December 2010 to close and merge some schools created flexibility to fill empty seats while eliminating administrative overhead and positions. In 2011, our Facilities Plan expanded access to high-performing schools and directed funds for renovations and relocations so these successful programs could accept more students in the 2012-2013 school year and beyond.



FY13 will be the second year of our weighted student funding formula, which we developed with a two-year time frame in mind. This year, as last year, we are supporting schools in the transition to the new system to mitigate some of the budget impacts that would have occurred had the change been implemented in a single year.

The other important reforms in our ongoing reform process are underway but will take time. Our collective bargaining team has met with the leaders of our teachers union more than thirty times to discuss contract reforms. In his State of the City address last month, Mayor Thomas M. Menino called on the community to develop a new school choice plan this year that will help students attend schools closer to where they live. As you will see in this budget, we are also continuing to streamline central services with an eye toward efficiency and stronger service delivery for families and schools. These critical changes will improve outcomes for students and create more high-quality options while putting BPS on a path to financial predictability and stability.



FY2013 budget details: Improvements to school quality and equity

Investments in school improvement

- The FY13 budget is the third and final year of state-funded support of 11 Turnaround Schools. These funds are primarily used for an extended school day. Our ongoing negotiations with the Boston Teachers Union include calls for affordable flexibilities around extended days for all schools.
- As part of the School Improvement Grant, BPS will also make additional investments in literacy coaches for low-performing schools
- Continued expansion of access to AP, IB, honors and dual enrollment courses throughout the BPS school network

Reforming vocational education

- BPS will propose that Madison Park Technical/Vocational High School become an Innovation School, which would enable new flexibilities around scheduling and staffing. This effort is paired with an aggressive partnership strategy to raise external funds and collaborate closely with the local business community to provide real-world vocational and academic training for students. In 2012, BPS will revisit how our weighted student funding strategy can be adjusted to better support vocational programming through the existing school funding model.

Health and wellness

- This budget supports the hiring of **five new school nurses** to add to our existing team of 107 positions.
- After a review, BPS proposes to **increase the funding weight for students with emotional impairments**. This change will result in an additional \$3.5 million, sent directly to schools, to improve clinical social-emotional support for thousands of students.
- Through a combination of general revenue and external grants, Food and Nutrition Services will **offer breakfast to 4,500 more students in FY13, a 20% increase**. During the 2012-2013 school year, 29,366 students will receive daily breakfast. We will expand Grab-and-Go breakfast options and make it **available at every school**. Currently, breakfast is only available at 58 schools.

Weighted student funding

- Soft landings: We have identified groups of schools that are particularly impacted under the following rules:
- Schools with more than a 15% reduction in their general budget will have their loss reduced by 40%
- Schools with more than a 5% reduction in both enrollment and their general fund budget will have their loss reduced by 33%
- Facilities expansion schools implementing their growth strategy in September 2012 will receive one-time support of \$80,000
- In addition, three K-8 schools with more than one location will each receive a \$100,000 increase to the foundation budget to ensure an administrator/supervisor can be on-site at all times. These schools are the Kilmer, Beethoven/Ohrenberger and Roosevelt.
- We will spend the next year working on strengthening the funding mechanisms for alternative education, special education schools and inclusion programs.

Enrichment programs

- This budget supports year four of the **Arts Expansion Initiative**, which has increased the number of students receiving arts instruction during the school day by 14,000 students in three years. Through a combination of general revenue, grant funds and private contributions, annual spending on arts instruction has increased by \$2 million from 2009 to today's \$18 million spending level – putting 24 more arts teachers to work across our schools.
This budget increases our allocation to **Boston Scholar Athletes** program by 50%, to \$300,000.



FY2013 budget details: Enhancing school choice, community and access

New school options

- BPS will open the **Margarita Muñiz Academy**, our first dual-language high school and, pending state approval, the **Dudley Street Neighborhood School**, a new Horace Mann Charter School in partnership with Boston Teacher Residency/Boston Plan for Excellence.

Expanding high-performing schools with strong demand

- 6th grade programs will begin this fall at **Lee Elementary School** and **Gardner Pilot Academy**.
- A **9th grade full-inclusion program** will be added at the Harbor School this fall as we plan for a full-inclusion high school in the future.
- **Another Course to College, Boston Arts Academy, Boston Community Leadership Academy, New Mission High School, Fenway High School, Edward M. Kennedy Academy for Health Careers, and Mission Hill K-8** will begin to grow their enrollment this fall as part of the 2012 Facilities Plan, which combined renovations and relocations to ensure stronger alignment of BPS facilities with student needs.

Expanding early childhood education and accreditation

- BPS proposes to add **132 K0/K1 seats**, primarily in the Circle of Promise, at the Dudley Street Neighborhood School, Mission K-8, Orchard Gardens, Trotter and JFK.
- The FY13 budget also continues this year's expansion of K0/K1 early childhood classes to meet **increased demand for state-mandated services for 3- and 4-year-old students with disabilities**. BPS is adding approximately 20 classes this school year through a series of program models, and we anticipate similar demand next year.

Expanding learning time

- The FY13 budget continues our highly successful vacation-week **Acceleration Academies**, designed to connect students with great teachers in intensive academic programs.
- We will continue to expand **summer learning**, adding five new schools and 100 students thanks to additional grant funding.
- BPS is one of 20 school districts out of 600 selected as a finalist for the highly competitive **federal i3 grant**. This grant is expected to support extended learning time in two BPS middle schools next year.
- BPS will seek to add additional schools with extended learning time in part with resources identified via a potential **Supplemental Education Services waiver**, now under review at the state and federal level.

Stronger access to information

- This budget supports the full implementation of our **Student Information System**, which allows teachers to take attendance on their BPS-issued laptops and then enables us to immediately contact families when students are late or absent, even from a single period. This year we will activate the **parent portal**, which will give families the power to view real-time report cards and other data and will give students the ability to process homework assignments and download class information on-line.



FY2013 budget details: Investments in teacher effectiveness

Race to the Top

- The state's receipt of this federal grant designates \$32 million over four years to BPS, allowing us to dramatically increase support for teacher professional development and for principal and headmaster leadership.

Teacher and school leader evaluations

- Stronger evaluation systems are already in place in our 11 Turnaround Schools and will roll out to all schools during the 2012-2013 school year.
- These evaluations are tied in part to measures of student performance as required by state guidelines.
- Professional development opportunities are linked to the results of each evaluation, connecting skills development directly to areas of necessary teacher support.
- Race to the Top funds will support the implementation, training and refinement of these tools at the school and central office level.

Continued development for teachers

- This budget allows BPS to increase the Sheltered Immersion Observation Protocol training for teachers, which data shows improves instruction for all students – not just English Language Learners.
- Revamping professional development:
 - Prioritizing most important and highest-quality PD and creating incentives for staff to participate
 - Evaluate every professional development offering through teacher feedback cycles
 - Align PD with improved performance evaluation system, district priorities and staff needs
 - Guide professional development planning with the new PD Advisory Group, composed of teachers, school leaders and providers

Strengthening core instruction

- Alignment to Common Core framework
- Rollout of Academic Achievement Framework to all schools (currently in 80 schools)



FY2013 budget details: Closing the gap

The FY13 budget development process began with a \$28 million funding variance due mainly to a significant drop in federal and state grant funding. Our proposal to close the gap includes four major strategies:

Delayed investments (4.5 million)

- *Level-fund maintenance and repair budget rather than restore prior-year funding levels*
- *Reallocate technology savings from lease purchase program*

Management efficiencies (\$6.7 million)

- *Reduction in soft landing reserve*
- *Accelerate procurement to cover start-up costs and prepare for September opening of expanding schools*
- *Expand Grab-and-Go breakfast options and other models that lead to increased student participation in free and reduced lunch programs, leading to increased revenue and a decrease in the general fund subsidy*
- *Better alignment of professional development resources to provide a more cohesive approach*

Intentional reductions in investment levels (\$8.4 million)

- *15% reduction in Title I per pupil allocations (in response to a 20% reduction in revenue)*
- *Strategic reduction in vacant positions*
- *NCLB cost adjustments (fill rates, set asides, proportional programmatic costs)*

Strategic use of external funds to ensure continuity, focus and alignment (\$8.7 million)

- *Title I Supplemental Education Services and i3 (Summer Scholars, Acceleration Academies, Extended School Year support)*
- *Race to the Top college readiness, Common Core and Mass curriculum frameworks, data systems*
- *IDEA partial funding for expansion in early childhood classes and COSES positions*



FY2013 budget details: Weighted student funding

Consistent with the Acceleration Agenda plan to ensure resource equity for all students no matter what school they attend, we implemented a weighted student funding allocation process last year. Under the previous system, BPS allocated budgets based on the number of programs and students in each school but didn't necessarily make decisions based on specific student needs. This used to work well, but became less effective as BPS was forced to make difficult choices, layering cuts on top of cuts for several years in a row because of significant budget shortfalls.

Weighted student funding is more equitable, transparent and predictable, enabling schools to make greater academic progress regardless of the economy. **Under a weighted student funding formula, dollars follow students.** This means that BPS anticipates what each student needs each year and then delivers the appropriate funds to the school that student attends. Dollars no longer follow programs, buildings or schools. Instead, we allocate budgets solidly based on student need.

- **Weighted student funding is about spending limited dollars much more wisely.**
Our health care, salary and transportation costs are rising rapidly and are taking resources out of our classrooms. The shift to weighted student funding allows BPS to more efficiently direct dollars to where our students need them most; but it does not replace the need to make tough decisions about the way we spend money now. Weighted student funding allows us to focus on investing in programs that work, protect the progress we have made and put the interests of students first in every decision we make.
- **Schools receive funding based on their students,** and then decide how best to spend it.
Schools' budgets are based on who they are educating -- not the flat number of students or staff they usually have in the building. For example, schools with a higher percentage of students whose family income is at the poverty level would need more resources to educate students, or a student with language challenges might require more highly specialized staff. In these cases, the school would receive a higher per-pupil amount. This per-pupil amount would follow the student to whichever school he or she chose.



FY2013 budget details: Weighted student funding

Under a weighted student funding model, BPS calculates per-student funding by assigning a value to the various factors that go into meeting a student's academic needs, and then adding them up. Every student has a different one, which is based on his or her grade level, educational needs, and learning challenges or ability. A school's budget is calculated by adding the individual funding estimates for every student projected to attend that school in the fall.

Here is how we calculate an individual pupil weight:

Grade-level

These weights are a function of class size. The weights are heavier in early grades because the student/teacher ratio is smaller. Our contracted class size maximum is not changing and the weights are set at target class sizes. In addition, incoming 9th grade students defined in our Leading and Lagging Indicators as "high-risk" or "off-track" receive an additional weight. This extra funding allows high schools to provide targeted resources to at-risk students.

Poverty

Students who come from a challenging home environment sometimes need extra support in the classroom. This is why we set higher weights for students who qualify for a free or reduced lunch program. In addition, schools that educate students living in poverty at a *higher level than the district average* will receive extra funding on top of this increased allocation. Schools with high concentrations of students living in poverty may also receive federal Title I funds, which are in addition to the general fund school allocation that flows through a weighted student formula.

English Language Learners

Based on feedback from schools and an analysis of resource data, we are recommending a change to the weighted student funding structure for English Language Learners this year. Previously, we provided common weights for all English Language Learners and distinguished only by grade level. The FY13 budget recommendation includes weights that change based on ELD levels to provide a more equitable distribution of resources across levels of need, which are determined programmatically and not at the school level.

Students with Disabilities

These weights are calculated based on optimal staffing levels for varying degrees of need as recommended by our Office of Special Education and Student Services. Our new Highly Specialized Setting programs are designed to replace existing Substantially Separate classes. We have based weights on class size targets set at one or two students lower than necessary staffing levels to allow schools flexibility to purchase additional resources if needed.

Emotional Impairment

The FY13 budget includes a weight for emotional impairment, which will help schools ensure appropriate supports can be in place for these students at all levels.

Vocational Students

This measure increases pupil funding by 50% for students in designated Vocational programs. This weight was developed based on the standards the state gives us in their funding formula.

School Foundation

All schools, no matter what size, receive \$200,000 to support a core administrative function. Typically, this will include a principal or headmaster, an administrative support position, and additional funding for overall school support. Principals and headmasters may create other positions based on funding levels determined through class size management and the weighted student funding model.