

MEMORANDUM

TO: Chairperson and Members
Boston School Committee

FROM: Carol R. Johnson
Superintendent



SUBJECT: FY2011 Budget Recommendation

DATE: March 24, 2010

Executive Summary

The proposed Fiscal Year 2011 (FY11) general fund budget totals \$821,382,404, representing a 0.4% increase from the FY10 appropriation of \$817,882,404. This proposed FY11 Budget provides the financial blueprint for carrying out Year 2 of the five-year Acceleration Agenda for the Boston Public Schools, which is designed to close achievement and access gaps and raise academic performance in every classroom of every school.

Despite the challenging economic climate, we are confident that we are moving in the right direction. Even after several challenging years of fiscal constraints, our investments are showing significant results:

- Earlier this month, we announced that the dropout rate has reached its lowest point in two decades.
- In addition, the State released new four-year graduation rates, with Boston exceeding 60% for the first time. These improvements are the direct result of our investments in “Graduation for All” – such as Credit Recovery, Advanced Placement, Newcomers Academy, and the Re-Engagement Center.
- Boston students demonstrated significant gains in Mathematics, outscoring their urban peers across the country on the National Assessment of Educational Progress (NAEP).

- Our students continue to make progress on the MCAS exams – not just at the passing level, but also in the “proficient” and “advanced” categories.

While many sacrifices have been made to balance the FY11 budget, we are confident that the investments contained in this budget will continue to move the Acceleration Agenda forward.

Budget Overview

The FY11 budget recommendation prioritizes the important work that happens in the classroom and demonstrates the City’s continued commitment to education.

Like school districts throughout the country, Boston Public Schools faces another incredibly challenging budget year. The cost of doing business continues to increase, while public and private resources remain scarce. However, we cannot let the national economic conditions prevent us from achieving our critical mission: offering a first-rate public education to the children and families of Boston.

We are pleased to present today a balanced FY11 budget that prioritizes teaching and learning in the classroom, identifies resources for turning around our lowest-performing schools, and makes strategic investments to maintain and expand high-quality program offerings, such as arts and physical education classes, that families value.

The FY11 general fund budget, totaling \$821,382,404, represents a 0.4% increase from the FY10 appropriation of \$817,882,404. The increase of the City appropriation is noteworthy at a time when the state is expected to reduce local aid and Chapter 70 support for education by up to 4%. Once again, Mayor Menino has affirmed his unwavering commitment to public education. We are grateful for his tremendous support and confidence in Boston’s schools.

In addition to our general fund appropriation, the Boston Public Schools expects to receive \$156 million in public grants in FY11, including \$31 million in stimulus funds. Taken together, the general fund and external funds budgets enable the Boston Public Schools to make investments that accelerate student achievement.

These investments occur in a context of increasing costs and a challenging revenue environment. As such, this budget requires sacrifices. The proposed FY11 budget eliminates 292 positions on the general fund. We have prioritized classroom teaching positions throughout the budget planning process. As a result, central departments have taken a larger proportional cut than schools. These cuts to central departments follow reductions already taken in FY09 and FY10.

Full Time Equivalent (FTE) Positions on the General Fund, FY10 vs. FY11

	FY10	FY11	Variance	% Change
Schools				
Teachers	4,230.7	4,220.3	(-10.4)	(-0.2%)
Other Staff	2,297.3	2,250.9	(-46.4)	(-2.0%)
Schools Total	6,528.0	6,471.2	(-56.8)	(-0.9%)
Central Total	1,799.1	1,563.7	(-235.4)	(-13.1%)
District-wide Total	8,327.1	8,034.9	(-292.2)	(-3.5%)

What This Budget Accomplishes

The FY11 budget provides supports and interventions in our lowest performing schools while maintaining and in some cases expanding high quality programs that families value.

Despite the fiscal realities, we continue to make investments in key areas that advance the goals of the Acceleration Agenda to ensure that all students perform at the highest levels:

- Some of our most important and urgent investments are designed to transform low-performing schools. In addition to our general fund support for the 12 state-designated **Turnaround Schools**, we plan to leverage School Improvement funds to bring about dramatic improvements in these schools.
- We are also focused on closing achievement gaps by expanding programs that support students who require additional focus.
 - This budget continues our commitment to **early childhood education** and stopping achievement gaps before they start. We have invested \$21 million in kindergarten programs for three, four, and five year-olds.
 - This budget includes an \$11.7 million increase (25%) in funding to expand programs and services for **English Language Learners**.
 - In addition, Boston Public Schools is increasing funding for **students with disabilities** by 5%. The FY11 budget includes funding to adopt a state-of-the-art information management system and an electronic Individual Education Plan system.
- We continue to make **arts expansion** a top priority. Through the generous support of Edvestors, we are targeting \$700,000 to expand access to enrichment opportunities in arts and music.

- We are building on the successful work achieved through **Parent University** in FY10, where hundreds of parents of BPS students participated in three day-long sessions, taking courses that increased their capacity to effectively support their children's education. This budget includes \$350,000 in investments to continue and strengthen that work.

Identifying Efficiencies and Additional Savings to Protect the Classroom

In order to make these investments, we identified efficiencies and additional cost savings.

In crafting this budget, we adhered to the same core principle that guides us through every challenging budget process: to make as few reductions as possible in spending that directly benefits students and families, especially at the classroom level.

In keeping with the Acceleration Agenda core strategy of providing effective, efficient, and equitable services, we continue to strive to spend our resources in more efficient and strategic ways. This budget includes the following efficiency gains and strategic reductions:

- We are **eliminating our \$3.6 million deficit in Food and Nutrition Services** by hiring a vendor to co-manage our food services operation. In addition to providing cost savings, this initiative will also improve food quality. Schools that currently receive pre-packaged meals will transition to having meals that are cooked fresh daily.
- We are beginning our special education reform by reconfiguring compliance-driven models of administration to focus on improving student achievement. In response to the Council of Great City Schools' special education review, we are taking the first step in this effort. In the FY11 budget, we have reduced a significant number of our **Evaluation Team Facilitator clerk** positions. Technological advances will allow for increased productivity among our special education staff.
- We have **consolidated academic administration and support**, streamlining the organizational structure to provide more efficient service to schools.

While the cost savings achieved from working more efficiently are substantial, they were not enough to balance our budget. In order to prevent a school closing process for the fall of 2010, we have identified several one-time savings that will enable the district to balance the budget in FY11 and allow sufficient time for thoughtful community engagement about school closings. These one-time savings include deferring maintenance for buildings and not purchasing new school buses for FY11. We will continue our capital investment of approximately \$30 million in our buildings in FY11.

The Road Ahead: FY12 and Beyond

A Growing Gap between Revenues and Expenditures

Even with the significant reductions included in the FY11 budget, we face substantial challenges in FY12 and beyond. FY11 represents the second year of President Obama's two-year package of stimulus or ARRA funds. This funding has enabled us to save jobs and make new investments in FY10 and FY11. When that funding source – which currently provides Boston Public Schools with \$31 million each year – no longer exists in FY12 and beyond, the gap between revenue and expenses will be that much wider.

In addition, the education reform legislation passed in January lifted the cap on charter schools. New charter schools will likely open their doors in Boston in FY12, resulting in reduced funding for Boston Public Schools and more empty seats.

Finally, the annual increases associated with personnel costs far exceed any anticipated revenue growth. In FY11 alone, we have projected that the cost of maintaining the same level of services that we provide today will total more than \$28 million. Of this total, approximately \$20 million represents increases for health insurance and advancement on the salary schedule.

These three factors suggest that the Boston Public Schools will face a substantial gap in FY12 and beyond.

Identifying Resources through Reform and Advocacy

We know that even more difficult choices lie ahead. We simply cannot afford to continue to operate the school system in its current form. We must address complex, structural challenges. We must reorganize or “right-size” the district to be more cost-effective – so that we can invest as many dollars as possible in our educational priorities.

Unfortunately, school closings remain a very real option. Dismantling a school community in any way – whether to reprogram, consolidate, or close altogether – always feels disruptive to those directly impacted. But in this environment – when the capacity of our buildings exceeds the number of students we serve and we have fewer resources to create educational programs that address the needs of our diverse students – we must address that inefficiency in order to put those wasted dollars back in the classroom where they are needed most.

Thanks to Mayor Menino's additional investment, this budget does not require closing large numbers of schools for the 2010-2011 school year. To do so at this late date would be far too disruptive to families and staff. **However, we see no alternative to beginning a thoughtful and inclusive process this fall for closing and consolidating some schools beginning in school year 2011-2012.**

Collective bargaining is another area where reform can help us improve quality and redeploy resources in ways that advance student achievement. We are preparing for contract negotiations with the Boston Teachers Union and all of our unions. We must work in collaboration with union leaders this spring and summer to negotiate a fiscally responsible contract that ensures fair compensation for hard-working teachers, reflects the fiscal realities that confront us in the next

few years, and grants flexibility to use funds where they will have the greatest impact on student achievement.

While reforms can enable the district to make better use of its existing resources, we must also proactively identify new resources. In these difficult times, we need your help in advocating on behalf of our children in order to sustain the progress we have made. We are grateful to those who helped pass the Education Reform bill to help turnaround our lowest-performing schools. We applaud those who have helped make Massachusetts one of only 15 finalists for additional federal funding through the “Race to the Top” program. And we ask for your continued support to urge the Legislature to restore general education funding through Chapter 70 and reimbursement for extraordinary special education costs through the “circuit breaker” program.

Conclusion

We are grateful to the families and staff who took time to make their voices heard at budget hearings this winter. This revised budget reflects many of your comments and concerns. For example, we are no longer recommending that some middle school students receive MBTA passes instead of yellow school bus transportation. We heard you, and we appreciate your input.

We also recognize the difficult decisions that school communities have made in order to balance their budgets. We applaud the school leaders, staff, parents, and students who serve on School Site Councils for undertaking the painful but necessary work of identifying areas for reduction.

While these are difficult financial times, we have faced difficult times before. We will respond to these challenges as we have those that have come before: by remaining focused on our students and retaining an unwavering commitment to provide all students with a world class education.

As we look to FY12, we recognize that a financial solution cannot come from external sources. It must come from within, by confronting complex structural problems. As soon as this budget is approved, our work begins to develop a solution that transforms the district from the current state of structural challenge to a position of financial stability that allows us to reinvest in schools.

We respectfully request your support of this budget. Staff will be available to answer any questions that you may have. Thank you.