



# Financial Update

Presentation to School Committee  
December 5th, 2018

# Agenda

## FY18

- Fiscal year ended on June 30, 2018
- BPS ended the year within budget for the 28<sup>th</sup> consecutive year

## FY19

- Current fiscal year, running through June 30, 2019
- We are confident we will close the year on budget
- Smooth implementation of new Partnership fund

## FY20

- Fiscal year beginning July 1, 2019 and running through SY19-20
- Preview of emerging plans for FY20 proposal to come on February 6<sup>th</sup>, 2019, including adjustments to the Opportunity Index

# FY2018 Budget Close

- **BPS ended the year within budget for the 28th consecutive year**

Budget	\$1,093,310,749.00
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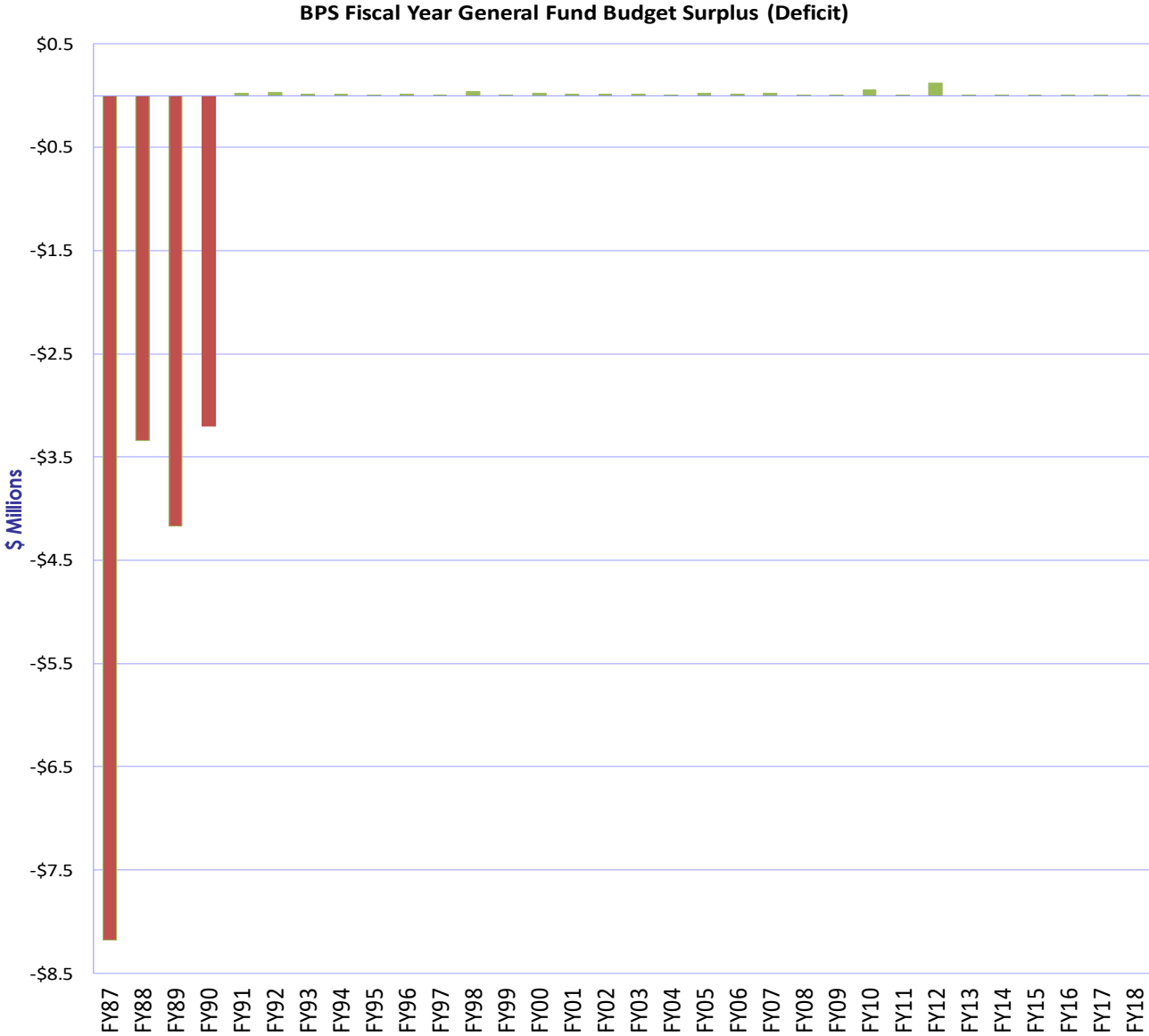
Actual Spending	<u>\$1,093,289,519.78</u>
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<b>Net Surplus</b>	\$21,229.22
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# FY18 over and under-spending vs budget

- Every year, we strive to manage to the approved budget as closely as possible. And every year, we see areas where we spend more or less than projected during the budget process
- During FY18, there were a number of notable areas of spending above or below budget:
  - Our biggest area of over-spending was in transportation. This was due to a combination of not reaching aggressive savings targets as well as dealing with some unexpected costs that happened after the budget season.
  - We were able to off-set the over-spending in transportation with a series of areas in which we were under budget:
    - Our spending on teachers in Suitable Professional Capacity (SPC)
    - Overall salary spending (due to higher than anticipated salary savings from vacancies and turnover)
    - Benefits

# Continued fiscal responsibility



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# We are confident we will close the year on budget

- It is not unusual to project a moderate deficit at this early point in the year and the deficit projection is likely to come down as we get more clarity on items such as
  - Transportation costs
  - Salary savings
  - New classrooms and potential special education services
- In FY15 at this time we forecast \$16M deficit which necessitated spending and hiring freezes
- For the last three years at this time, we forecast more moderate deficits in the range of \$2-\$6M and closed without freezes
- As of October 31, our projected deficit is \$2.9 million for FY19, and we are confident we will close the year on budget

# FY19 Budget variances

- A number of expenses are higher than expected:
  - Transportation
  - Food & Nutrition Services
  - Utilities
  
- While other expenses and revenues are off-setting those items:
  - Hiring Initiative (teachers in Suitable Professional Capacity)
  - Average salaries



# Transportation update

- Fixed cost increases
  - Health insurance and Other Post Employment Benefits (OPEB)
  - The Charlestown yard rent increased to \$850K, an increase of 68%
  - Property costs - bus yard and garage maintenance
- Collective bargaining agreements
  - USW Local 8751 CBA was settled with Transdev
  - 5 of the 6 collective bargaining agreements are settled and contain annual Cost of Living Adjustments increases
- School choice and special education programming
  - We still service 250+ unique locations
  - The number of students who require door to door transportation has risen by 256 students, or 5%, to 5,652.
  - The number of students who require monitors has risen by 92 students, or 8%, to 1,261.
- Supplies and materials
  - The rebounding oil market is driving the per gallon costs of both our fuel products up. Diesel and propane prices have increased by 9% and 7%, respectively.

## Update on SELWEL resources

- As discussed at the end of the FY19 planning process, additional investments in SELWEL supports remained our biggest priority
- An additional 20 FTE (\$2.4M ) was invested in this school year

	<b>FTE</b>	<b>Cost</b>
<b>Nurses</b>	8.7	\$1,035,713
<b>Psychologists (including bilingual)</b>	7	\$860,331
<b>Pupil Adjustment Counselor / Social Worker</b>	3	\$365,445
<b>Assistant Director of Behavioral Health Services</b>	1	\$132,780
<b>Supplies</b>	Non personnel	\$23,000
<b>Total</b>	<b>20</b>	<b>\$2.4M</b>

# Partnership funding through the Opportunity Index

## Reminder of the changes in FY19

	<u>FY18</u>	<u>FY19</u>
<b>Which schools get resources?</b>	Primarily <b>schools with legacy partnerships</b> that developed over time on a case by case basis	Schools with the highest concentration of <b>student need</b> , as determined by the Opportunity Index
<b>Who selects partners?</b>	<b>Central office</b> determines which partners to fund and which schools they partner with.	<b>Schools</b> made partnership decisions based upon which partner(s) best meet the needs and priorities of their school community
<b>How many partners are funded?</b>	<b>13</b> through Partnership Fund <b>79</b> Total	<b>84</b> through the Partnership Fund <b>123</b> Total
<b>How much money?</b>	<b>\$5.8M</b> from Partnership Fund <b>\$8.6M</b> Total	<b>\$6M</b> from Partnership Fund <b>\$9M</b> Total

# Timeline and supports in implementation

## December 2017: Distribution of Partnership Funds

- Opportunity Index One Pagers
- School & Partner Info. Sessions

## January 2018: Preference Form Submission

- Liaisons
- 1:1 School Planning Meetings
- Catalog, Showcase, PartnerBPS

## Jan.-March 2018: Partnership Brokering

- Regular communication between central office, schools and partners

## Feb.-Aug. 2018: Procurement & Agreements

- Streamlined procurement process
- Guidance, templates & training

## Sept '18-Jun '19: Implementation & Monitoring

- Partnership Learning Network
- Ongoing support for partners & schools

## Jun '18-Oct '19: Analysis & Reporting

- Analysis of Equitable Access
- Baseline data for Holistic Student Outcomes

## Results to date of partnership shifts

- Expanded funding to a broader set of partners: 84 Partners, 27 newly funded
- Increased overall Partnership Investment: On track to invest 5% more than FY18
- Increased ownership and accountability through **school-based agreements**
- Funding towards **18 school-based partnership coordinator** positions
- Distributed central office support through **Partnership Fund Liaison structure**
- **Streamlined procurement and contracting** processes for partners and schools
- Utilized **PartnerBPS.org** as a way to centrally manage the Partnership Fund Process, school partner selection and results

### Strategies to Mitigate Negative Impact

- Rollover funding for Mass Insight Schools
- Central funding for Boston Debate League City Wide Tournaments
- Case by Case Soft Landings for schools most impacted

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# Preview of FY20

- **We are confident we will be able to present a strong FY20 proposal for your review in February and March**
  - The Mayor continues to support education as a top priority for the City and is committed to maintaining historic levels of investment
  
- **We plan to release school budgets in the coming weeks that will not only sustain the substantial investments from FY19, but make additional resources available to schools**
  - Our priorities continue to be additional supports for high need students and stability for our schools, particularly lower performing schools
  - We do expect affects to be felt from declining enrollment, and we are working to mitigate those wherever possible
  
- **We continue to inject increasing stability into BPS' financial health – for the third year in a row, the work of the long term financial plan informs our budget**
  - Continue focus on operational efficiencies to enable a student-centered investment plan
  - Data-driven and analytical approach to resource allocation
  - New level public access for budget information, including the planned launch of a revamped budget website in February

# Enrollment update

## Summary of major enrollment shifts

### Overall

- Overall enrollment declined by about 1200 students compared to October of last year. This is the largest single-year decline the district has experienced in the last ten years, and this is the first time in the last 6 years in which there have been 2 consecutive years of enrollment decline.

### Charters

- Projected enrollment in Commonwealth Charters for next school year is in line with the growth from last year, and is not expected to have a significantly different impact on BPS enrollment.

### K1

- K1 enrollment is down 75 students this year. We expect this is a one year phenomenon and that K1 enrollment next year will be back to its peak level from the SY1718 school year.

### Middle Schools

- Enrollment in traditional middle schools has declined by roughly 1800 students since 11/12. Enrollment in the remaining middle schools will likely be relatively stable over the next 2 years, as larger cohorts of students are moving through the middle grades. But the decline will begin again in a few years when those cohorts are replaced by smaller cohorts currently in the upper-elementary grades.

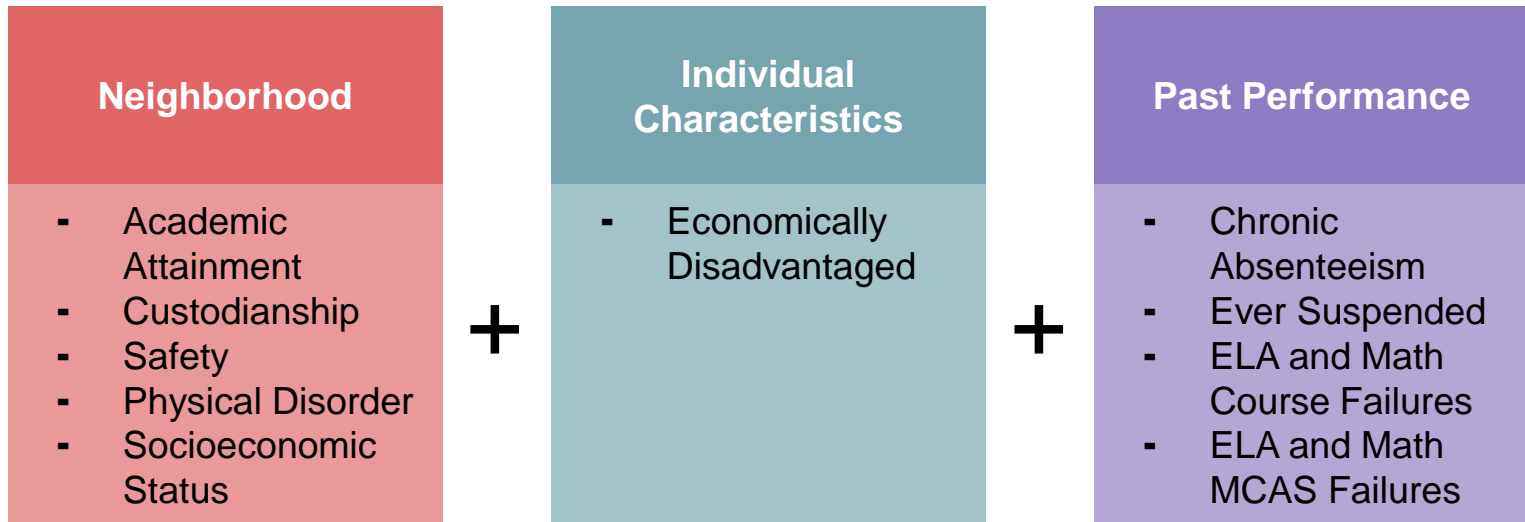
### High Schools

- High Schools are feeling financial pressure because of historically small 9th and 11th grade cohorts this year that will result in historically small 10th and 12th grade cohorts next year.



# Opportunity Index

The Opportunity Index is **a tool to identify student need** through all available and significant sources of data outside of what the system historically accounts for



Each school receives an Opportunity Index Score between .01-.99; this score is a weighted composite of the neighborhood factors, individual student characteristics, and student past performance of each school's population.

## Opportunity Index

After conversations with groups across the city, we explored potential revisions to the underlying model

### Conversations

**Over the last few months, we spoke with:**

- School leaders
- Community groups
- Non-profits
- EL task force
- OG task force
- Educational experts

### Themes on the Model

**We heard a few major themes:**

- Gentrification
- Immigrant students
- Exclusion of students with other needs

### Actions

**We've taken action based on this feedback:**

- Clarified the purpose and rationale of the OI
- Identified other variables to include
- Reexamined old variables
- Tested new variables

## Opportunity Index

Based on this feedback, we made changes to the underlying model

### New Variables

**We added a number of student specific characteristics:**

- How often a student moved
- If a student lives in public housing
- Whether or not the student was a recent immigrant

### Changes to Existing Variables

**Revised past performance indicators to be continuous variables**

- Chronic absenteeism → Attendance rate
- Ever suspended → Number of suspensions

**Changes to neighborhood level factors**

- Socioeconomic status → Median Household Income
- **Added** % of Population that is Foreign Born
- **Removed** Custodianship, an aggregate metric of neighborhood care

All of these changes are predictive of student achievement.

# What's ahead: Overview of the BPS budget process

