



FY16 Preliminary Budget Recommendation Update

Presentation to School Committee
March 4, 2015

Agenda

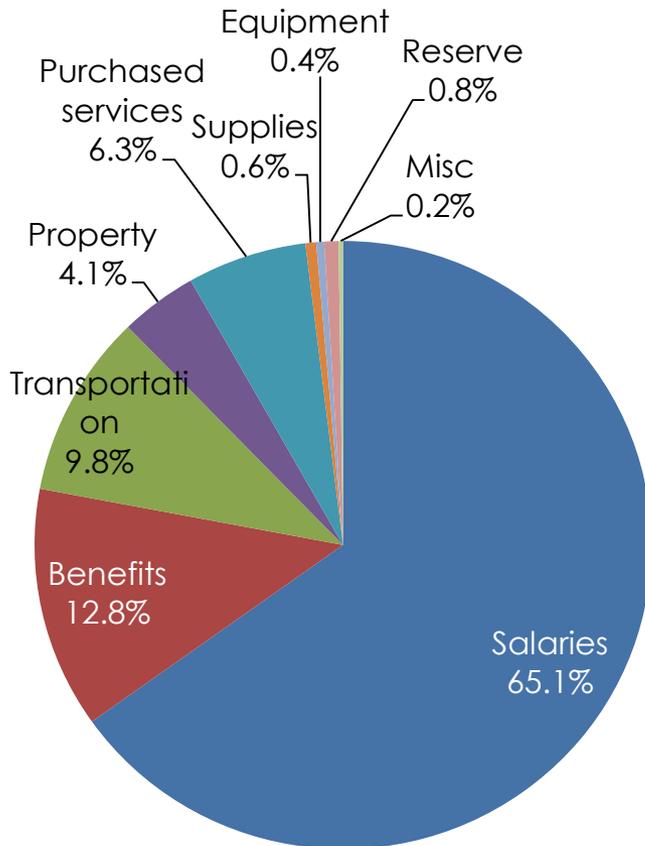
- Review of Budget Context
- Key investments
- How we are addressing the challenge
- Budget timeline

Review of Budget Context

- We are building the FY16 Boston Public Schools budget based on an assumed general fund appropriation increase from the City between **3-4%**
- Even with this increased funding, costs will rise faster than revenue and we are unable to present a fully balanced budget at this time
- The current estimated budget gap stands at **\$42-51 million** before identification of savings opportunities
- Addressing the remaining challenge will require strategies that begin to address structural imbalances
- Our intent is to align available resources in a way that positions the district to eliminate achievement and opportunity gaps

Why is this happening every year?

FY15 GF Budget by Account



*Illustrative based on FY15 data

- Costs are increasing faster than revenue is expected to grow
- Federal and State funding continues to decline
- The resources we do have are spread too thin
- Characteristics unique to Boston are costly (aging / small school buildings, transportation service, effective SPED offerings)
- The cost of meeting compliance each year increases and puts pressure on our ability to make innovative investments

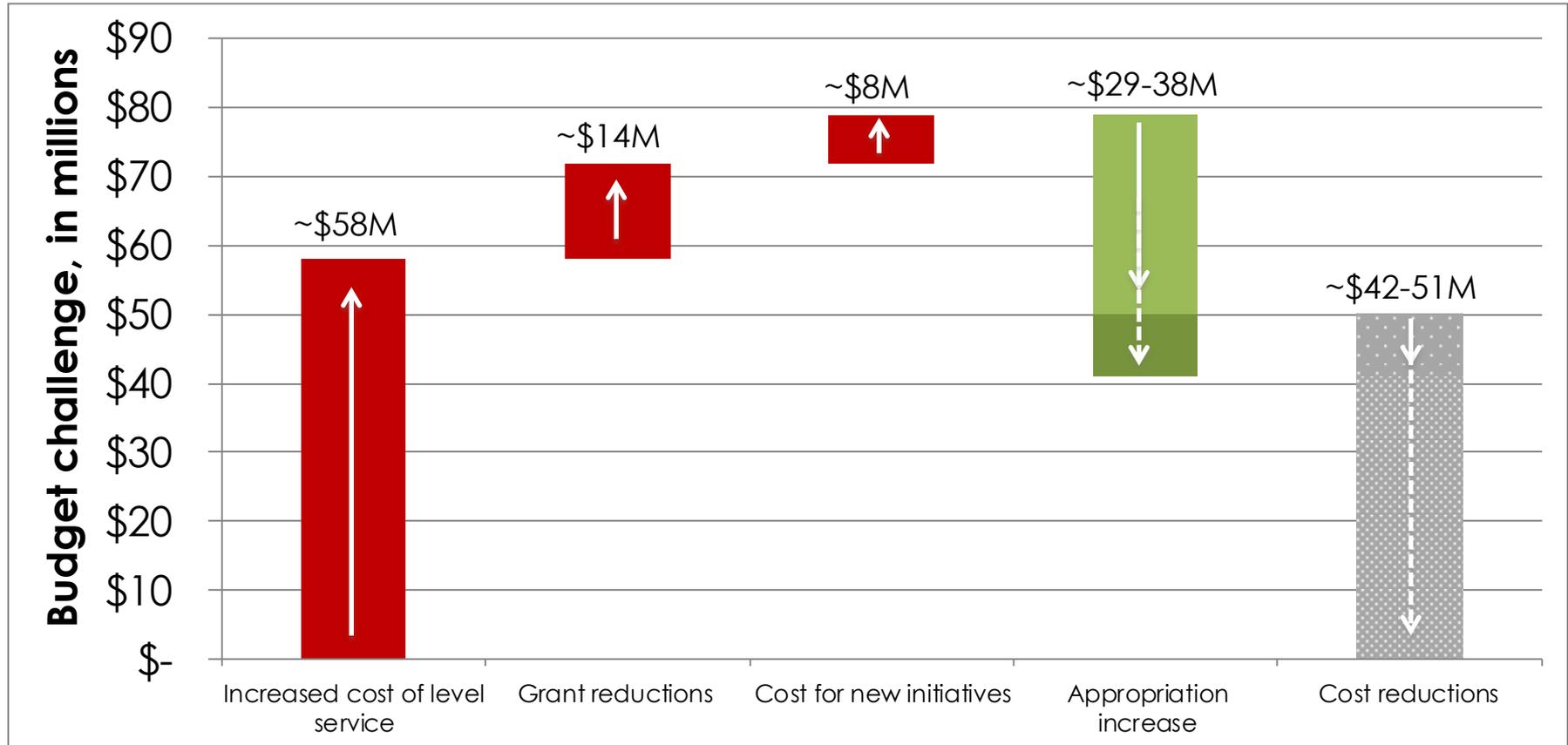
What contributes to this structural imbalance?

- A **compensation system** where the cost of salaries and benefits for employees exceeds any expectation of revenue growth.
- A **transportation system** that is the most costly model in the nation. We spend \$100 million, or 10% of our entire budget on transportation.
- Our **food service system** for students should be self-sustaining. We end up subsidizing this program each year from our general fund.
- We have **too many schools** where there are consistently under-enrolled classrooms and underutilized space.

The result of this impact is that we spread our resources too thin

- We need to invest in strengthening our schools to make BPS stronger.
- If we do not take action we risk harming every school in every corner of this city and we place all students at risk.
- This will require a long-term discussion. It will require very difficult decisions.
- We do not have the luxury to wait. We need to begin to address these issues now.

These factors drive an ongoing budget challenge



Despite an anticipated 3-4% increase in the General Fund appropriation, the budget challenge is \$42-51M

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While the budget is not finalized, we aim to be able to preserve current investments consistent with the vision of the Mayor and School Committee...

- Ensure a **strong educator** in every classroom, every day through early hiring initiative
- Build a **diverse workforce** reflective of the cultural, racial, and linguistic diversity of our students
- **Extend learning time** for current and former turnaround schools
- Continue strategies that **increase graduation rates and reduce drop-out rates**
- Build **cultural competency**
- Prepare students for success in the **21st century**, including implementation of the Common Core through Expeditionary Learning curriculum in grades 3-5
- Increase **support and accountability** for all schools through the network model
- Increase the district's capacity to **intervene in underperforming schools**

...and to build upon them through new investments that address opportunity and achievement gaps

- Increase resources going **directly to schools** through Weighted Student Funding: +\$20.6M
- Implement **Extended Learning Time** agreement: +\$5M
- Expand access to **K1** seats: +\$1M
- Increase access to **inclusive opportunities**: +\$620K
- **Digital Academy pilot** expansion: +\$500K
- Human capital strategy; school leadership, **compensation reform**: +\$340K

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As part of our FY16 budget proposal, we are recommending strategies that begin to address our imbalance and establish a foundation for future planning

- We will make significant **reductions in our central administration FTE count** and in non-salary spending.
- We will make recommendations for **significant efficiencies in transportation**.
- We will insist on a food service delivery system that provides high quality offerings and **operates within the revenue that it generates**.
- We will take a **first step** in what ultimately will be a **major alignment of our enrollment, our programs, and our school facilities**. This conversation will soon involve all schools.

Central services

Current Proposed Savings: \$21.5M

- We have engaged in a value-driven process to rethink central services
- Central office budget collaboratives to define what are core, operational services necessary to schools and what are “value-added” services – supports that advance the district’s priorities but are not required by law
- Generation of a proposed list of reductions drawn from the value-added services identified
- Prioritization of all proposed reductions to understand the impact on schools and programs and to ensure that any reduction can be implemented.

The impact of these savings will result in changes to service delivery

- A streamlined network model that reduces our K-8 networks from six to five
- A new model for alternative education that maintains quality service through a more holistic approach to support student
- Pooling resources for stipends and vacancies and establishing tighter controls for approval to reduce overall spending
- Consolidated central service functions to generate efficiencies, including human capital information management and payroll

Transportation

Proposed Savings: \$9.5M

- **Current state:** considering and planning for implementation of key policy decisions and efficiencies identified in last year's budget process
- **Next steps:** continue to work with the Middle School Transportation task force and community to determine final recommendations
- **Outcome:** to realize efficiencies and policy changes where appropriate to reduce our transportation budget

The impact of these savings will result in changes to service delivery in transportation

- Moving forward with the district policy to transition 7th graders to the MBTA (informed by final recommendation of the Middle School Task Force)
- Implementation of “straight-line” calculation for transportation eligibility
- Yellow bus stop consolidations
- Reduction of additional transportation services provided to partner organizations in support of youth

Food offerings

Proposed Savings: \$ 4.0M

- **Current state:** review of Food and Nutrition Services operations and offerings in light of best practices from comparable districts
- **Next steps:** build implementation plan for making key realignments:
 - Increase use of food commodities (maximize the use of state-subsidized USDA food)
 - Concentrate offerings by equalizing the number of menu options across schools
 - Realign staffing model by ensuring equitable and efficient allocation of food service workers across all sites
- **Outcome:** a self-sufficient and streamlined food program providing healthy, fresh meals for students

Proposed Savings: \$ 2.5M

School closures and classroom consolidations

- **Current state:**
 - **School closures:** criteria used (enrollment trends, student and family demand, academic performance) to identify initial list for consideration, and district leadership engaged to inform context and evaluate student impact
 - **Classroom consolidations:** consideration of whether the number of students projected are able to afford the associated staffing (General Education, Special Education, and ELL classrooms reviewed)
- **Next steps:** engage school communities and all affected groups to ensure decisions and roll-out are done responsibly and effectively, including any implications for student assignment overlays
- **Outcome:** a limited set of closures and consolidations that result in ability to focus resources in fewer schools and classrooms to best serve students, prepare new Superintendent for success, and begin the work of the Facilities Master Plan

Additional reductions needed to close the remaining gap of \$7-16M

- Closing the remaining gap will require difficult trade-offs in central office staffing and support
 - To accomplish this, each central office department will receive a targeted number of staffing reductions
 - Departments will submit recommendations based on value-add services while maintaining a baseline foundation to support compliance and core, operational services
 - Overall, we will need to reduce central office by an additional 60-150 FTEs

These reductions will significantly impact the capacity of central office to effectively support schools and move our work forward.

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We look forward to discussing the budget with you in a variety of forums

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| Feb 4 | Superintendent's recommended budget to School Committee |
| Mar 4 | Budget hearing (6 pm) and School Committee meeting |
| Mar 9 | Budget hearing (6 pm) |
| Mar 11 | Budget hearing (5 pm) and School Committee meeting (6 pm) |
| Mar 25 | School Committee votes on BPS budget |

* Additional budget hearing to be added week of 3/16

For more information...

A number of documents are already available on our website:

- Tonight's budget presentation
- Budget memo
- FY16 WSF School-by-School comparison
- WSF Templates for all schools

Website: bostonpublicschools.org/budget

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