



# BPS FINANCIAL CONTEXT AND FY17 PLANNING

## Reminder of the “why”

**Do more of what works for kids.**

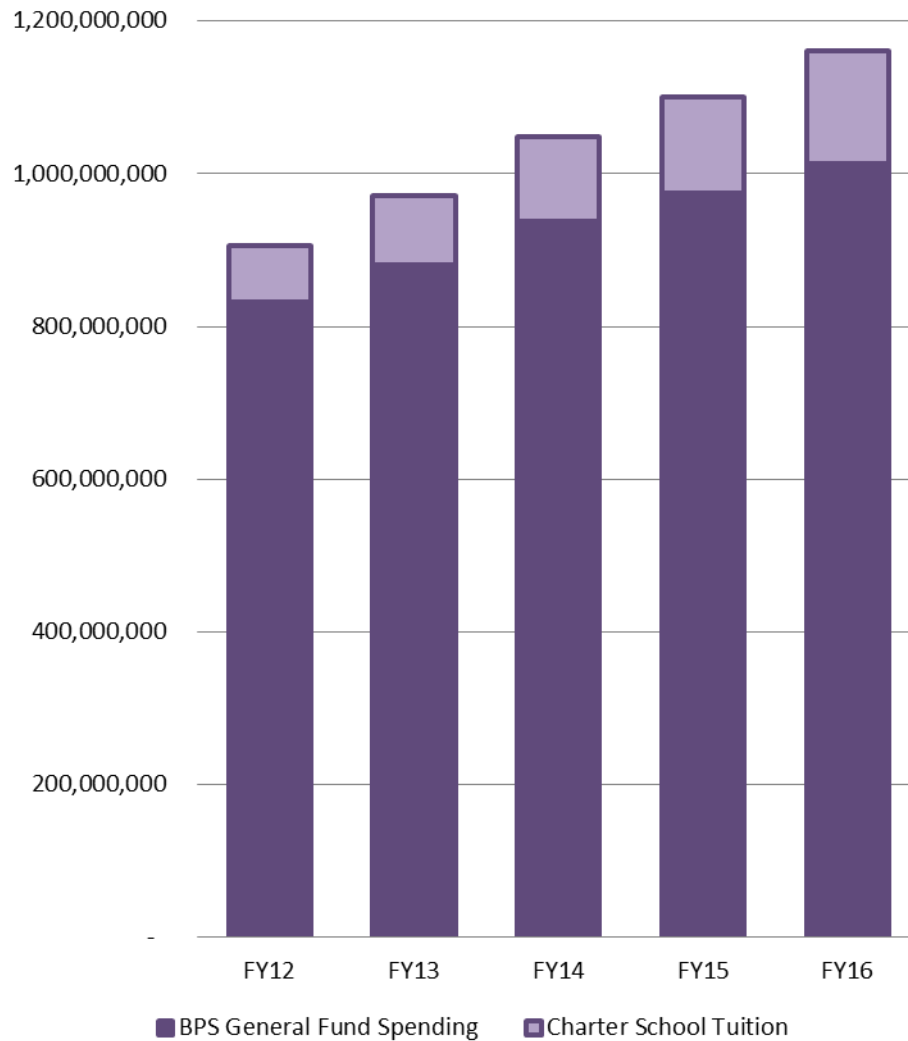
## Topics for discussion

Background and context

Historic trends in the BPS budget

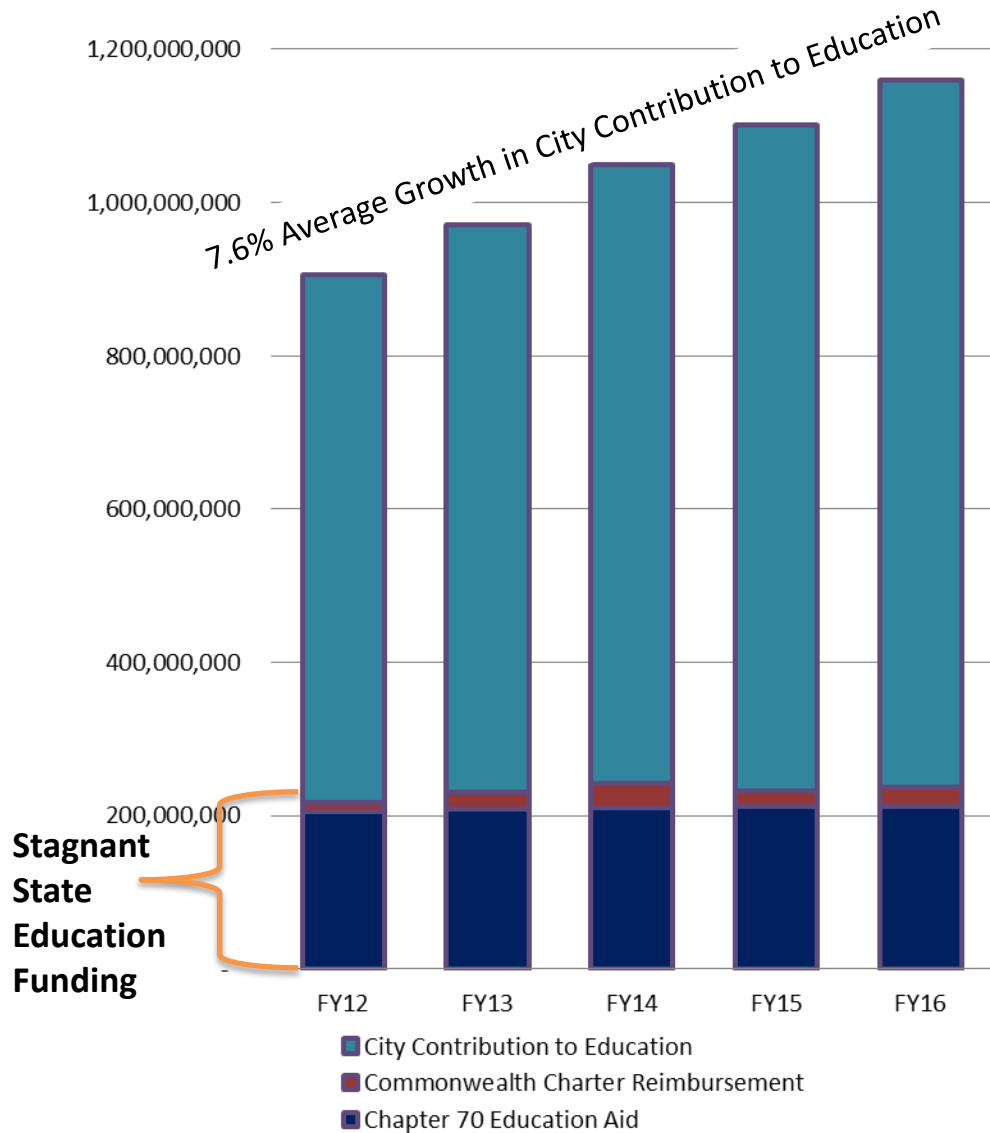
Preliminary planning for FY17

# City of Boston: General Fund Support for All Education



For the past five years, General Fund Spending for Education, including BPS and Charter Schools, has grown rapidly, at an average rate of 6% a year.

# City of Boston: Revenue to Support Boston Education



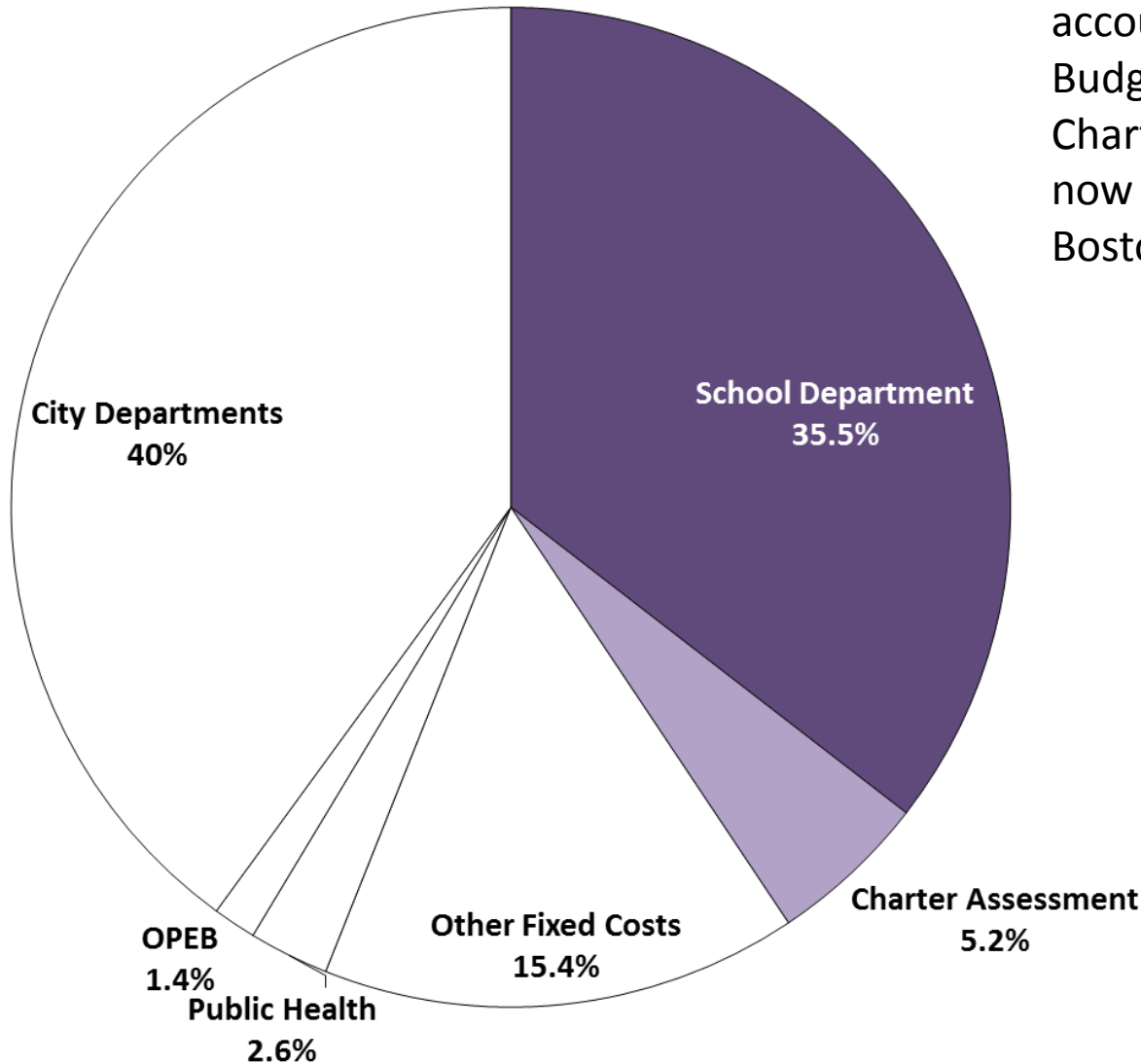
At the same time, State Revenue to support Education has been stagnant:

- Boston’s Chapter 70 Revenue has grown by <1% per year.
- The Commonwealth has not fulfilled its obligation to fund Charter School Reimbursement, to the tune of \$30M in lost revenue for Boston over the past 2 years.

**This has led to a 7.6% average annual growth in the City’s Contribution (net State Education Funding) to Education in Boston.**

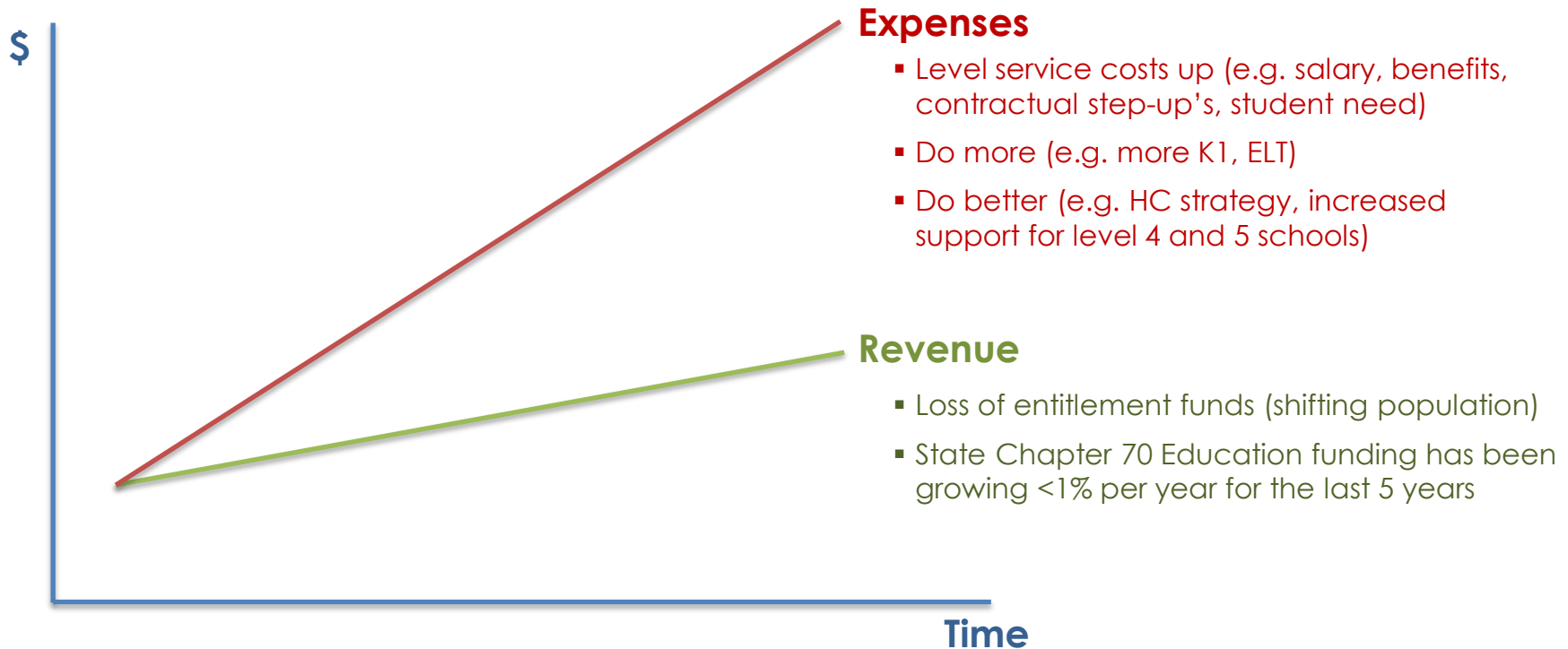
## City of Boston: Education as a portion of Boston's Budget

General Fund FY16 Spending

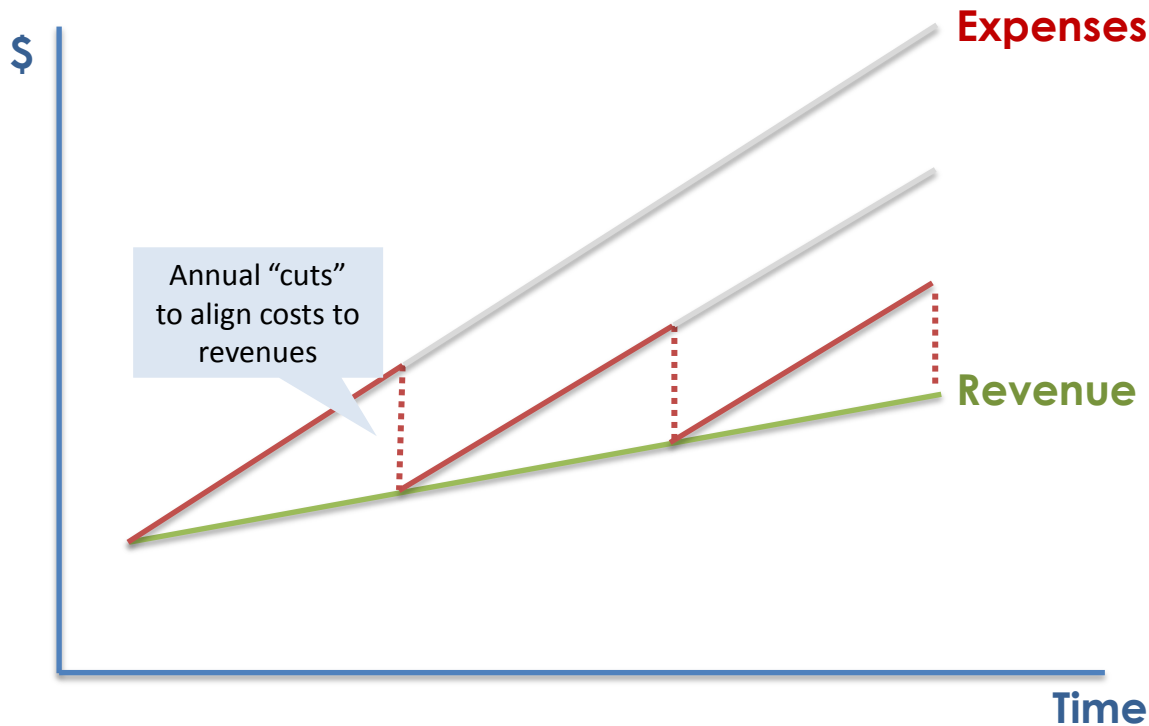


BPS has traditionally accounted for 35% of Boston's Budget. With the growth of Charter Schools, Education now accounts for 40% of Boston's budget.

## We face a structural deficit, where expenses consistently go up faster than revenues



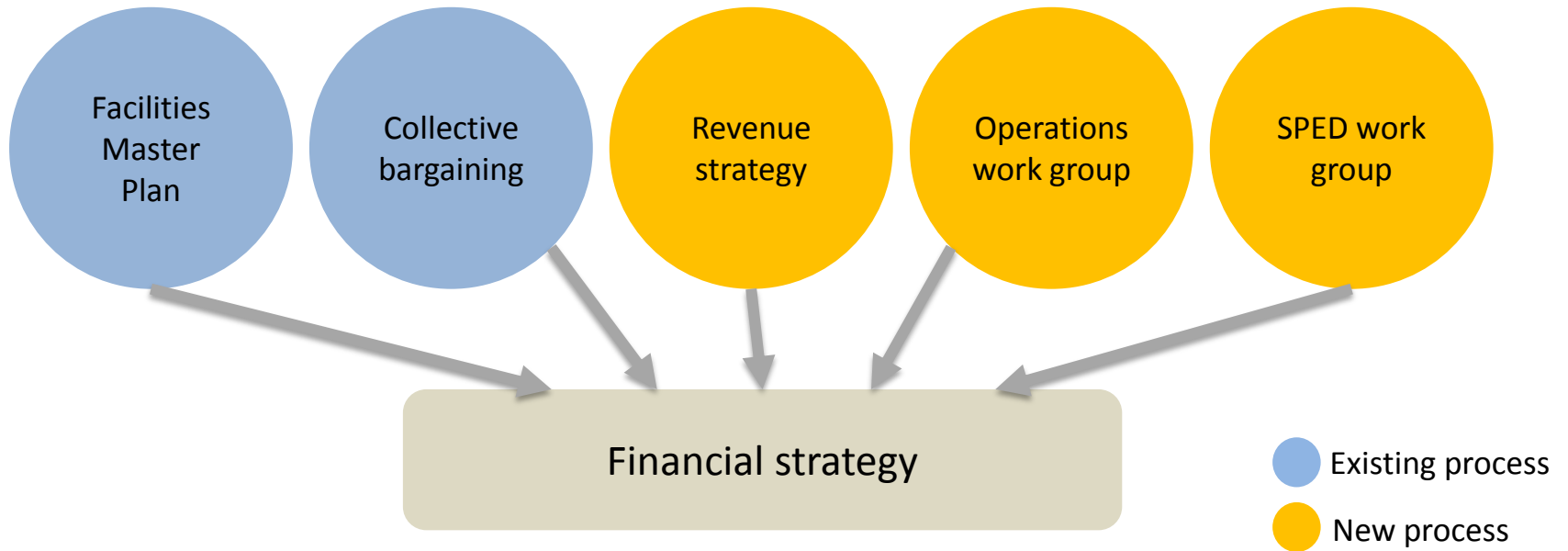
## And our annual budget cuts don't solve the long term problem



A long term financial plan means **stepping back** and identifying the **bold, multi-year** changes that **reverse our structural deficit** and allow us to **reinvest** in what works best for kids.



## We are proactively taking steps to improve our financial picture for future years



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## We think about our budget in five broad categories

### Schools

*Expenses within a school's budget, as well as funds held centrally that are disbursed to schools throughout the year.*

- Teachers
- Support staff
- Aides

### School Services Budgeted Centrally

*Programs/services for schools that are budgeted centrally.*

- Special education
- Facilities and maintenance (including custodians and utilities)
- Programs such as safety services and psychological services

### Central

*Funds used for leadership and institutional support for the district .*

- Central office departments (i.e., Office of Human Capital, Finance)
- Programs that support schools (i.e., professional development, curriculum design)

### Benefits

*Funds used for employee benefits.*

- Health insurance
- Medicare
- Unemployment compensation
- Workers compensation

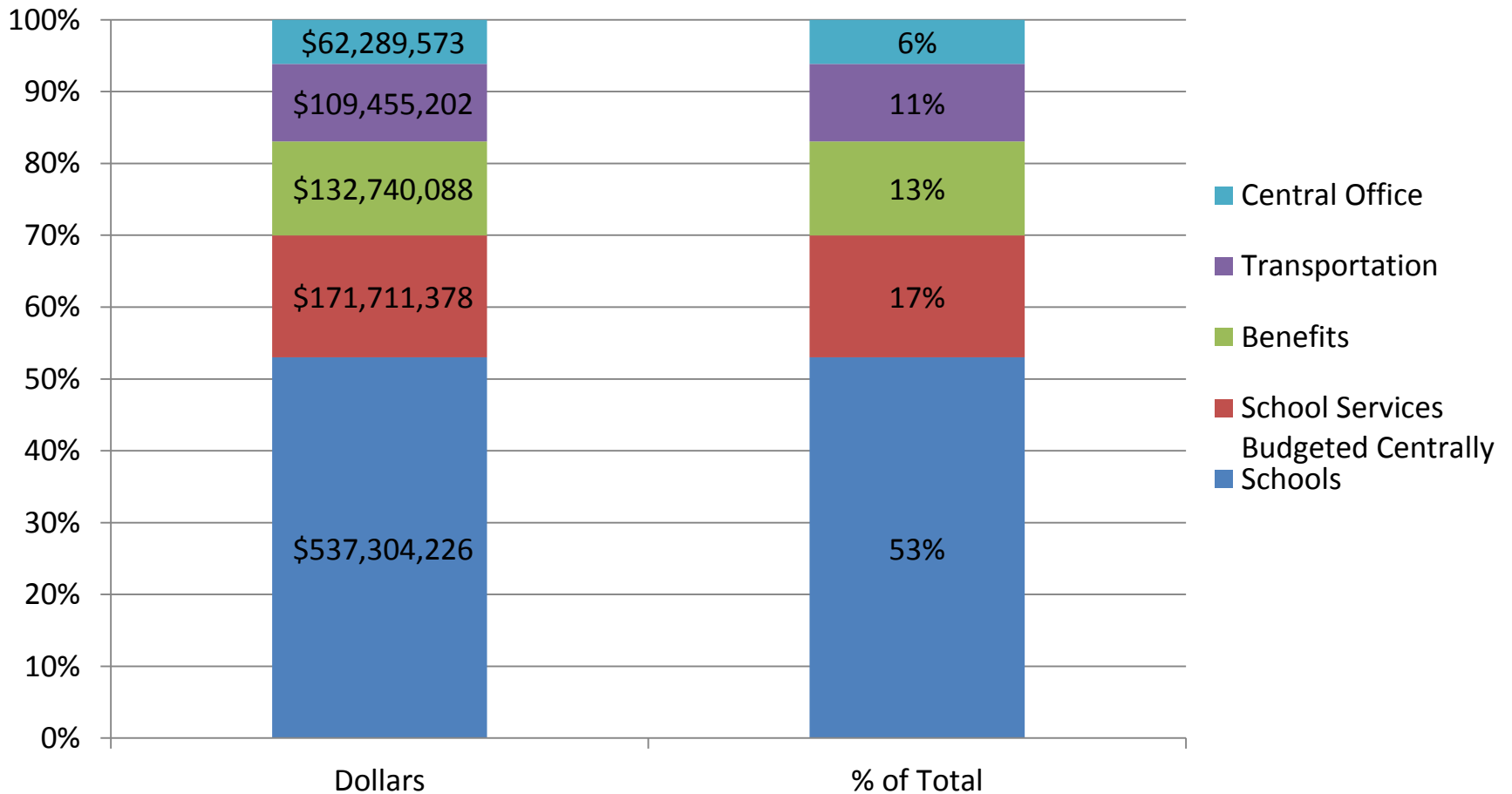
### Transportation

*Funds used for transportation for students.*

- Yellow bus services
- MBTA
- Transportation for special education students, homeless students, and after school programs

# BPS spends \$1.01B per year of general funds, with almost all going towards schools and school services

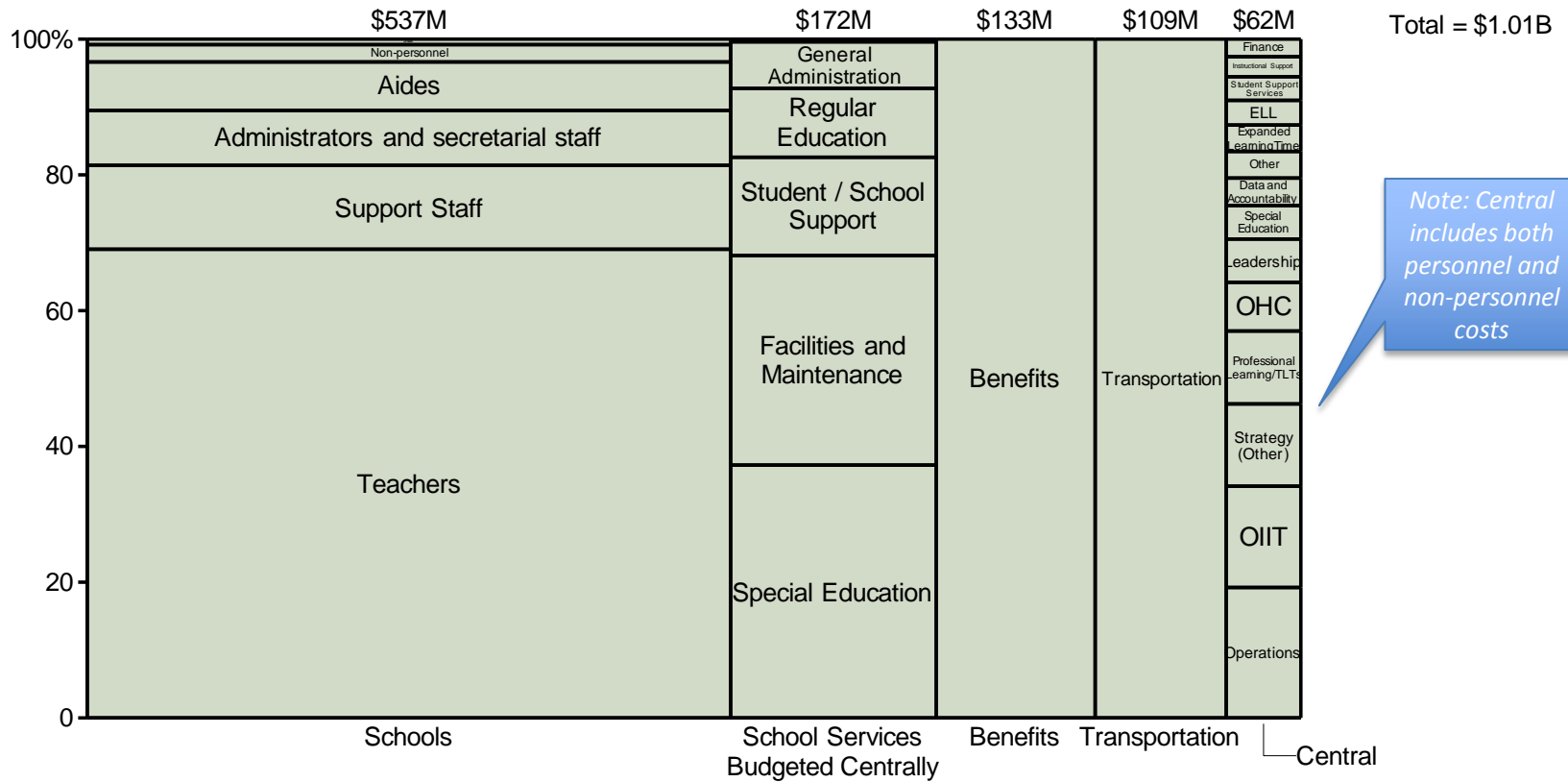
**FY16 Budget**  
*(General Fund only)*



Note: FY16 budget accurate as of 11/10/15

# This spending supports the key functions and cost items for the district

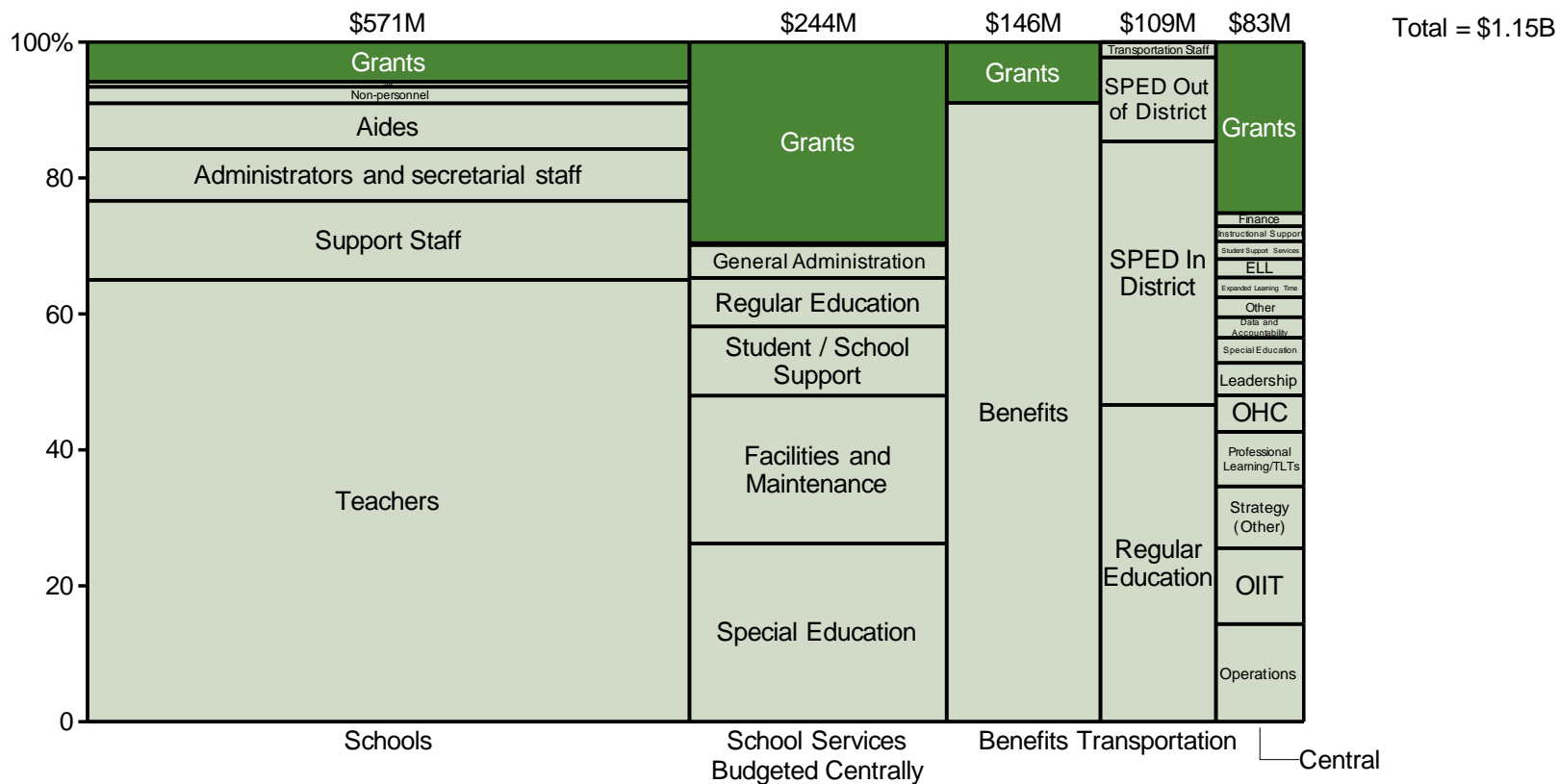
**FY16 Budget by Service Area and Function**  
(General Fund)



*To read this chart:* The full rectangle = the total FY16 general funds budget (excludes grants).  
The area of each rectangle corresponds to the size of the budget for that specific category (like a two dimensional a pie chart)

# The district also has \$139M in grant funding, for a grand total of \$1.15B

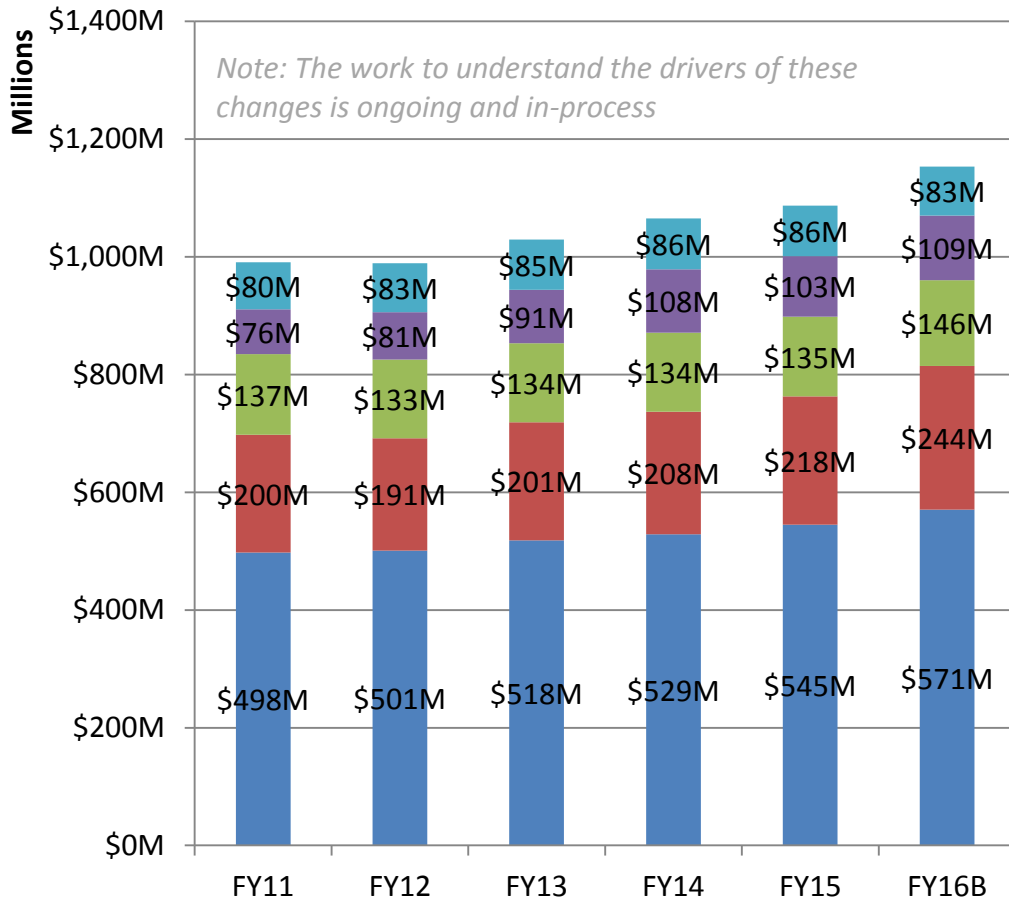
**FY16 Budget by Service Area and Function**  
(All Funds)



*To read this chart: The full rectangle = the total FY16 general funds budget (excludes grants). The area of each rectangle corresponds to the size of the budget for that specific category (like a two dimensional a pie chart)*

# Total expenditures have been increasing 3.1% annually, with the highest growth seen in transportation, school services, and schools

**Expenditures by Service Area, FY11-FY16B  
(All Funds)**

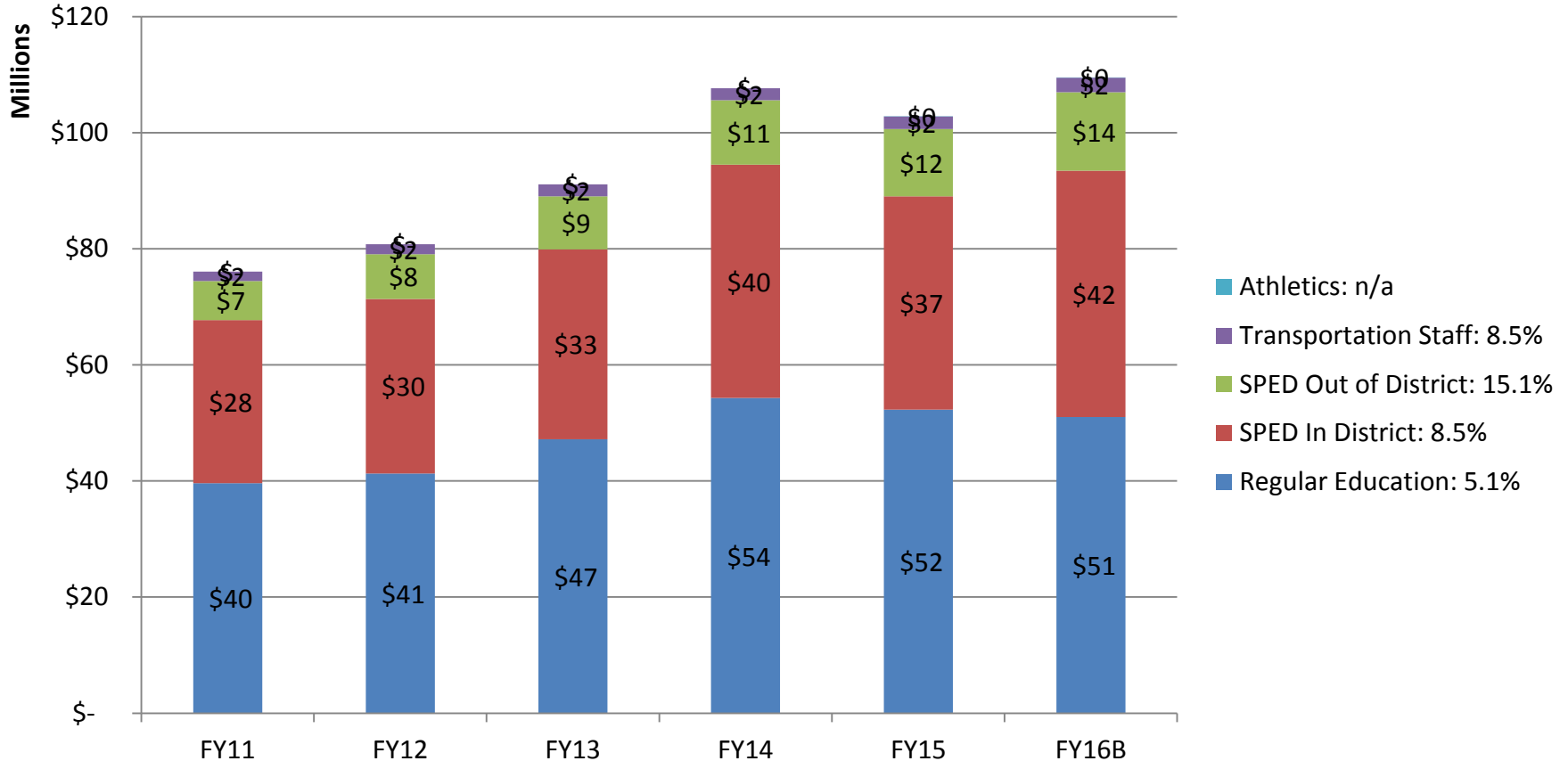


	% Annual Growth	% Change FY11-16	\$ Change FY11-16
Central Office	0.8%	4%	\$3.1M
Transportation	7.5%	44%	\$33.4M
Benefits	1.3%	7%	\$9.0M
School Services Budgeted Centrally	4.0%	22%	\$43.7M
Schools	2.8%	15%	\$73.1M
<b>Total</b>	<b>3.1%</b>	<b>16%</b>	<b>\$162.4M</b>

# Of the \$33M increase in transportation, \$22M has come from SPED-related costs, both in district and out of district

**FY11-FY16B Transportation Expenses (All Funds)**

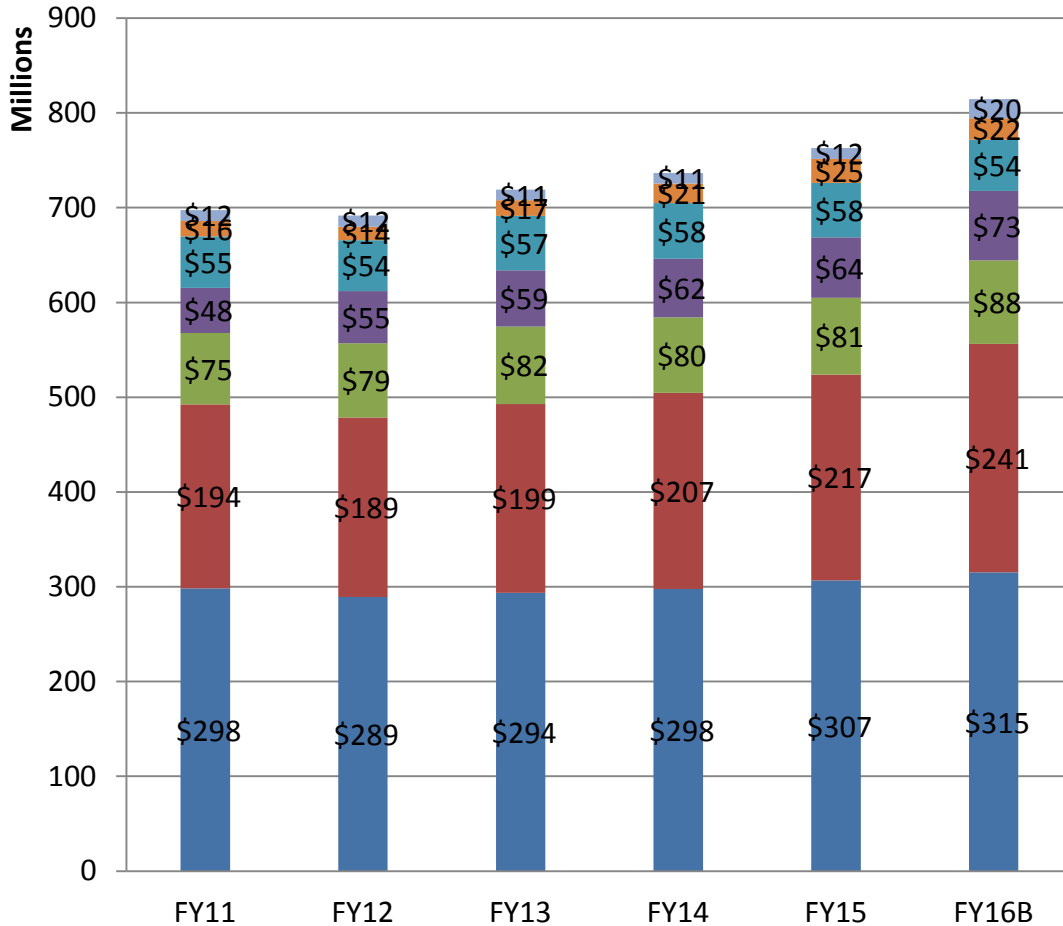
*% Annual Growth Rate: 7.5%*





# Within schools budgets and school services budgeted centrally, ELL and SPED account for 62% of increased spending

School and School Service Spending, FY11-FY16B

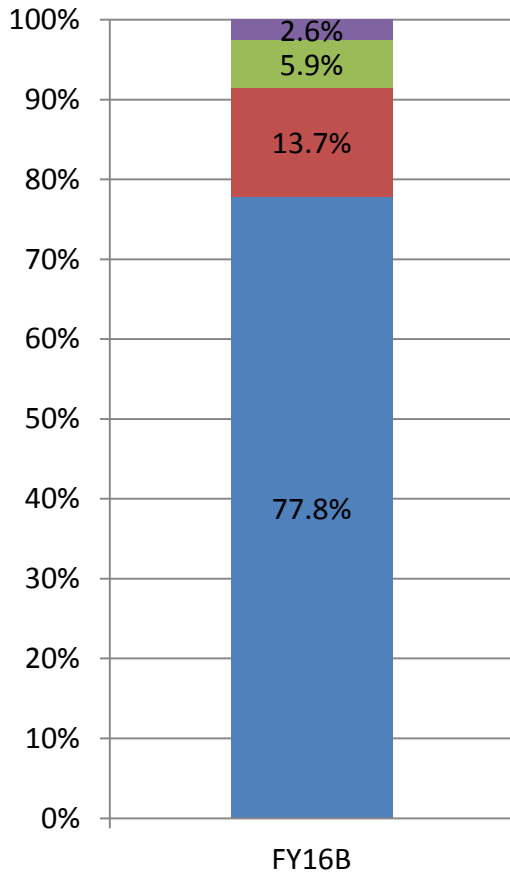


\$72M, or 62%, of the increase from FY11-FY16 has gone towards services for SPED or ELL

	% Annual Growth	% Change FY11-16	\$ Change FY11-16
Other	11.9%	75.6%	\$9M
General Administration	6.8%	38.8%	\$6M
Physical Plant	-0.1%	-0.7%	\$0M
Bilingual / SEI	8.9%	53.3%	\$25M
Student / School Support	3.3%	17.4%	\$13M
Special Education	4.4%	24.2%	\$47M
Regular Education	1.1%	5.6%	\$17M
<b>Total</b>	<b>3.1%</b>	<b>16.8%</b>	<b>\$117M</b>

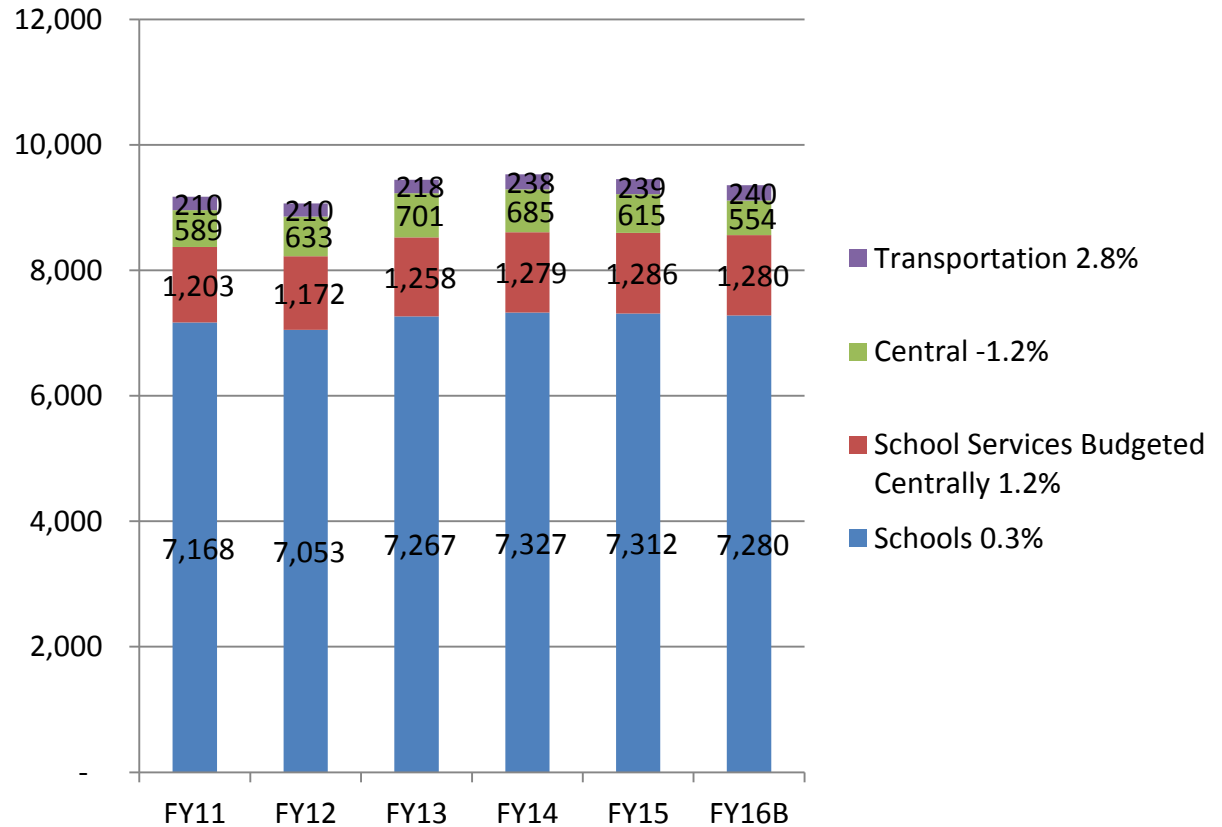
# Over time, the number of FTEs in BPS has been relatively constant, with slight declines in recent years

**FY16B FTEs**



**FY11-FY16B FTEs by Service Area (All Funds)**

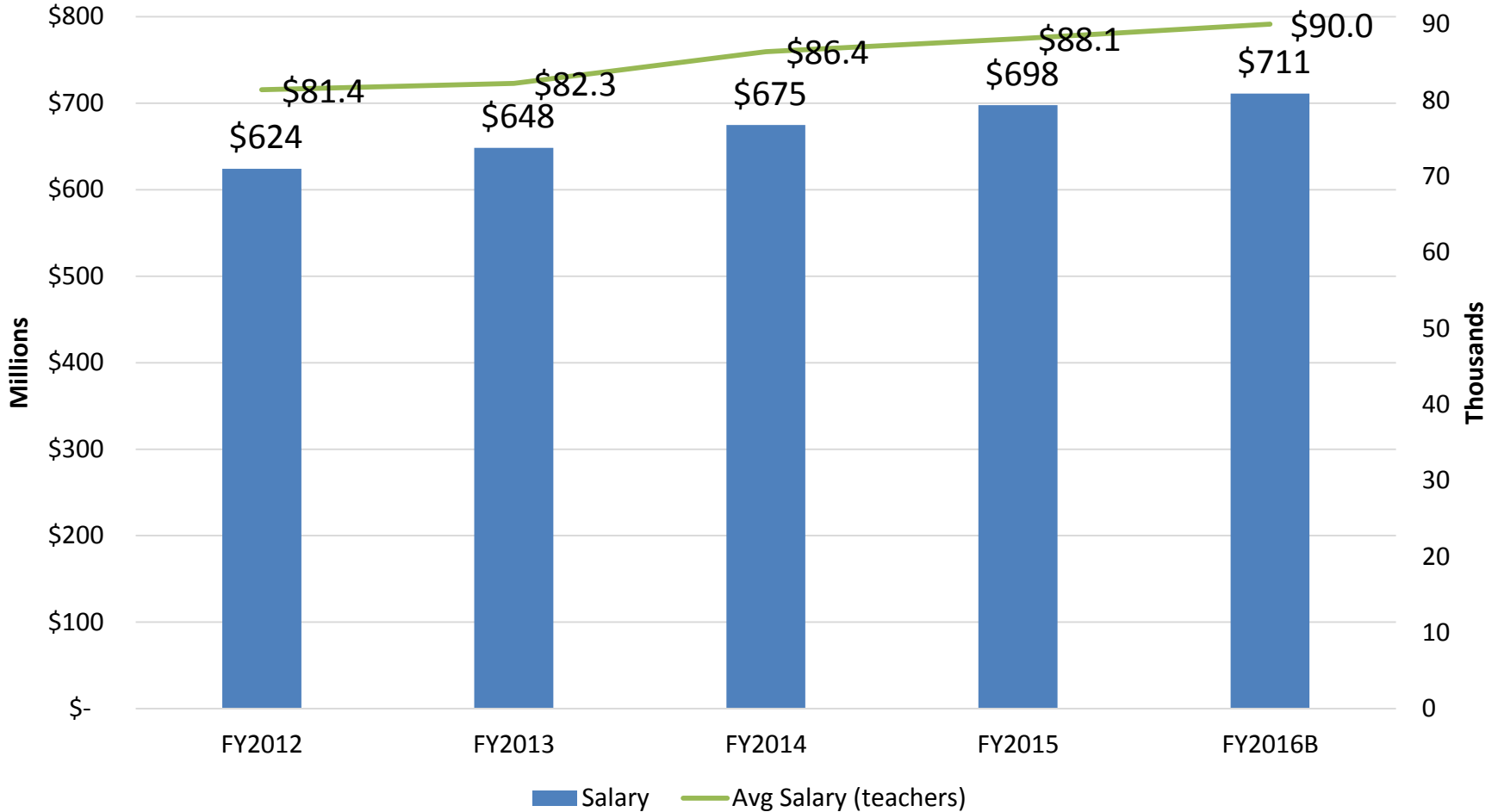
*% Annual Growth: 0.4%*



Note: These FTE counts are not adjusted for some part time positions, such as bus monitors and food service workers, which are coded as a full FTEs though the positions are part time. The increase in central after FY11 was driven by +30 FTEs in SPED and +10 in operations. Going into FY13, the increase was driven by +25 in welcome centers and +20 in engagement.

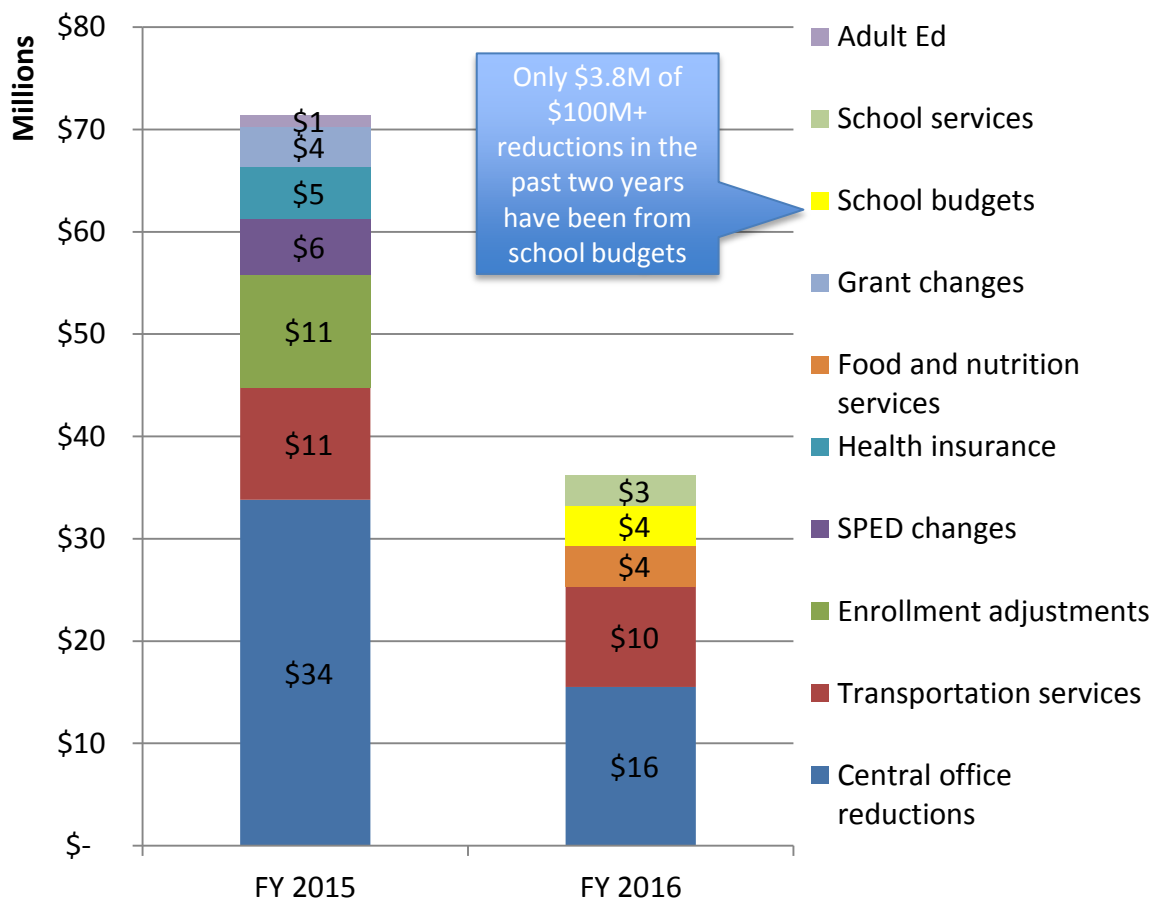
While total FTEs have been relatively flat, we are spending \$87M more on salaries vs FY12 as average salaries have risen, including an 11% increase in average teacher salaries

Overall Salary Expenses and Average Salary, FY12-FY16B



# In past budget cycles, BPS has focused cuts on central administration to protect schools

**Proposed Cost Reductions, FY15 & FY16**



**FY 2015**

*\$71.4M Reductions:*

- \$33.8M: Central office reductions (including 126.6 FTE reduction)
- \$11M: Enrollment adjustments
- \$11M: Transportation services
- \$5.5M: SPED changes
- \$5M: Health insurance
- \$4M: Grant changes
- \$1.1M: Adult Ed

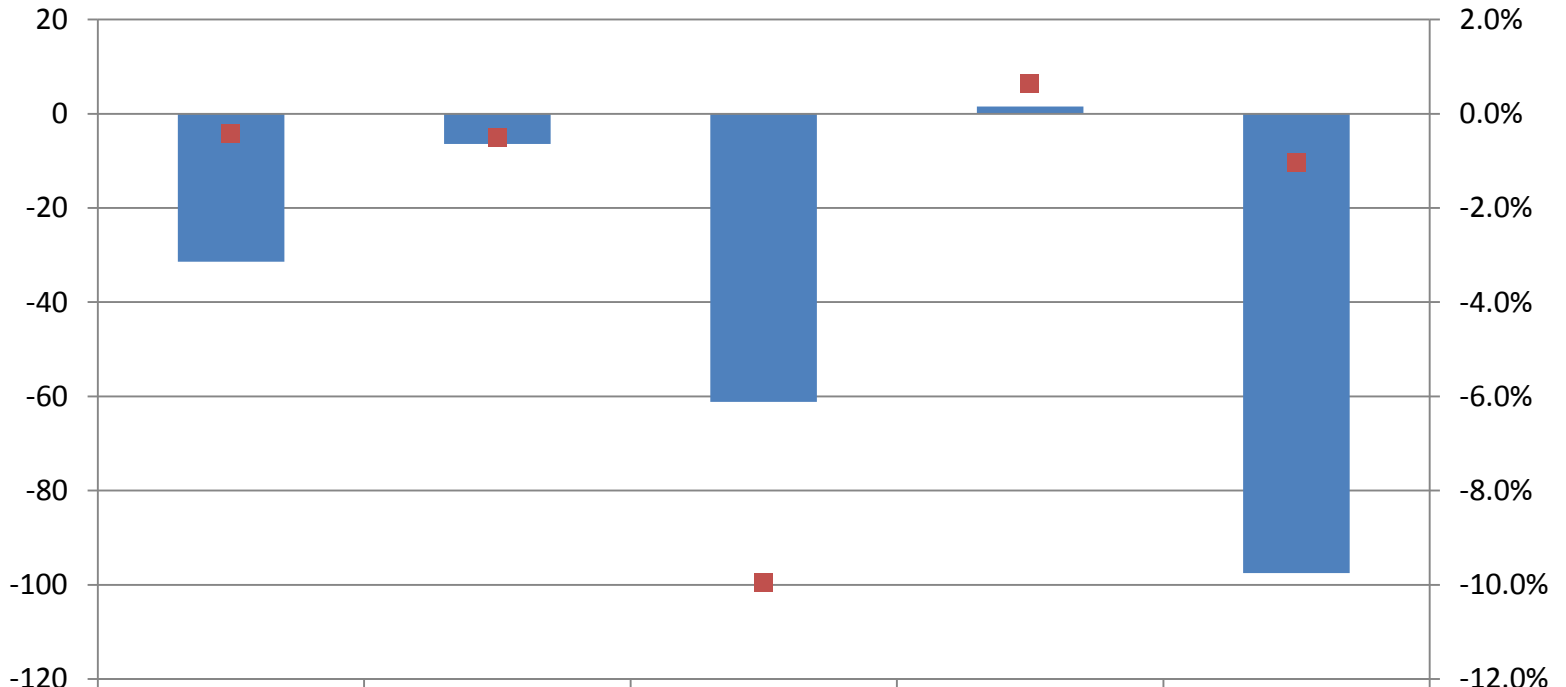
**FY 2016**

*\$36.1M Reductions:*

- \$15.5M Central office reductions (including 134 FTE reduction)
- \$9.8M Transportation services
- \$4M Food and nutrition services
- \$3.8M School budgets
- \$2.9M School Services

# As a result, the majority of FTE changes have been to the central office

FY15 to FY16B FTE Changes by Service Area (All Funds)



	Schools	School Services Budgeted Centrally	Central	Transportation	Grand Total
# Change in FTEs	-31	-6	-61	2	-98
% Change FY15-FY16	-0.4%	-0.5%	-10.0%	0.6%	-1.0%

■ # Change in FTEs   ■ % Change FY15-FY16

Note: These FTE counts are adjusted for some part time positions, such as bus monitors which are coded as a full FTE though the work is part time. Additionally, the FTE for "food service workers" has been reclassified as "schools" though the budget team is in the process of re-allocating those FTEs to the school budget codes

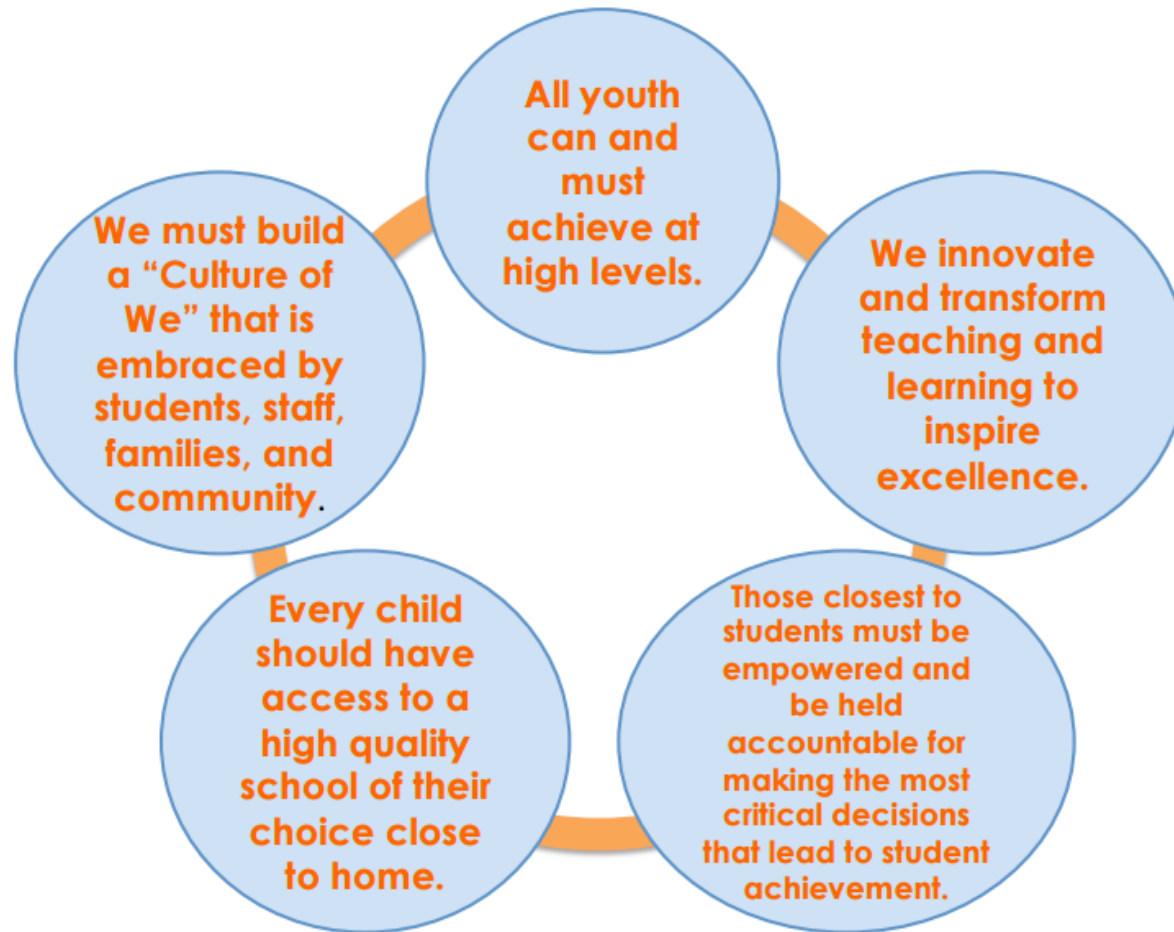
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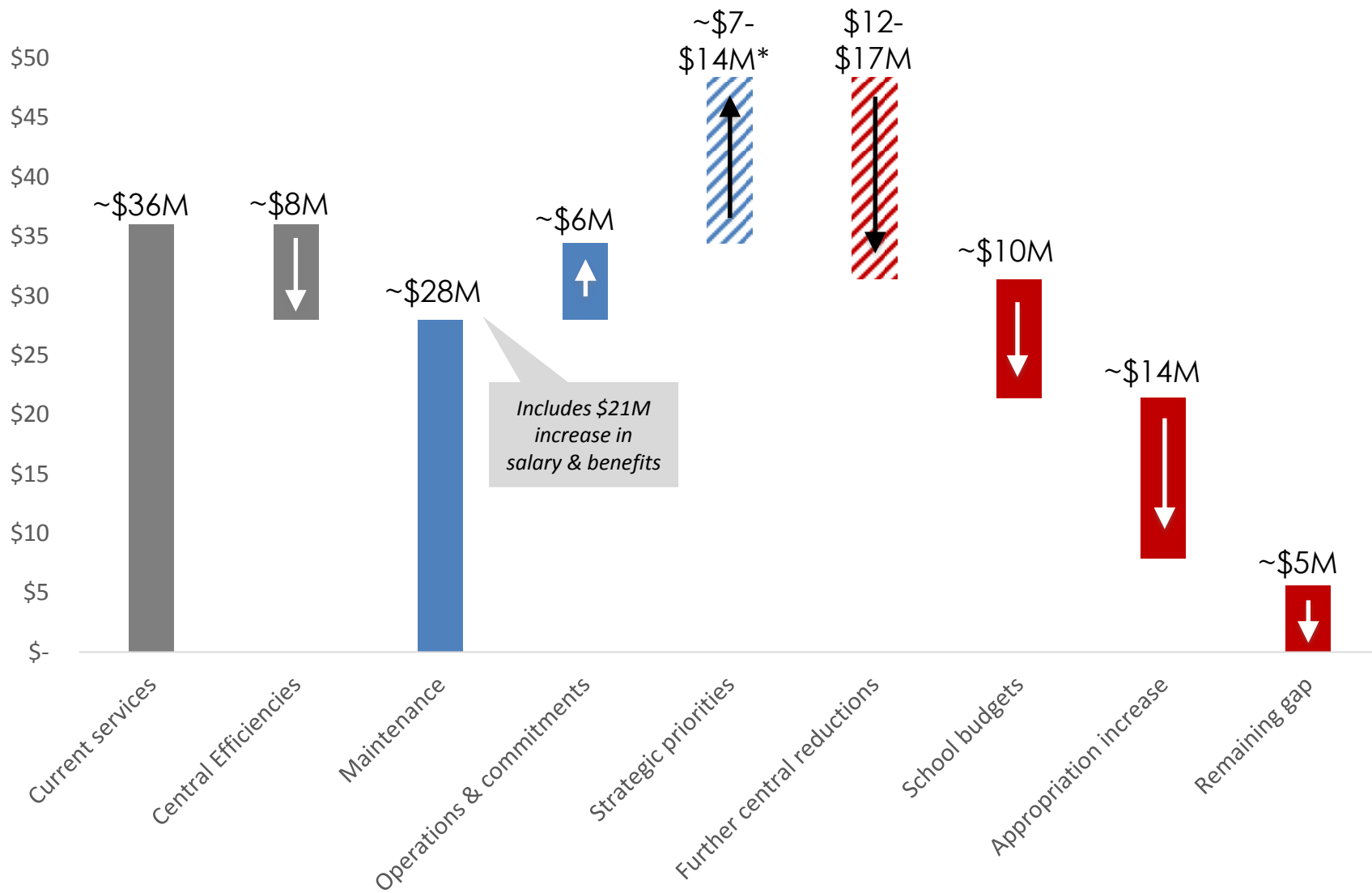
Historic trends in the BPS budget

Preliminary planning for FY17

## As we contemplate tradeoffs for FY17 and beyond, our decision-making is guided by our core values



# Preliminary FY17 overview



\* Strategic priorities will only be funded pending success in achieving efficiencies



## What's driving up costs for BPS in FY17?

- Rising cost of salaries and benefits for existing employees
- Adjusting where we are running over-budget today (transportation, custodians, early hiring)
- Inflation / general cost-of-doing business for non-personnel expenses
- Slightly off-set by small decline in overall enrollment projection

## What are some of the potential FY17 investments?

### **Basic Operations and Past Commitments**

- Deferred maintenance to support health and safety in our schools
- Turnaround supports
- ACC move
- Classroom expansions

### **Strategic Investments**

- Extended Learning Time, Cohort 2
- Supports for Special Education transitions to new service models
- Expansion of K1 seats
- 100 Day Plan

## The following changes were included in WSF school budgets released this Monday

- High school staffing assumptions
- Special education weights
- Projections reconciliation (adjusting funding based on actual enrollment)
- Putting guardrails on the costs of our early hiring initiative

## We are still early in the budget process with important steps ahead of us

- Partnering with schools to navigate changes to their budgets
- Continuing to partner with central departments to identify possible efficiencies or reductions in service
- Engaging with our community and the School Committee for feedback and to iterate on our plans