

# BOSTON PUBLIC SCHOOLS



## OFFICE OF THE SUPERINTENDENT

### MEMORANDUM

TO: Chairperson and Members  
Boston School Committee

FROM: John P. McDonough  
Interim Superintendent

DATE: February 5, 2014

SUBJECT: Preliminary FY15 Budget Proposal

---

Tonight we submit the preliminary FY15 budget for your review. It reflects our commitment to allocate resources equitably to meet the needs of students, along with our commitment to expand educational opportunities as recommended by the External Advisory Committee on school choice.

The FY15 general fund budget totals \$973.3 million, a 3.8% percent increase over FY14. We thank Mayor Walsh and the City of Boston for their continued commitment to education during this period of rapidly rising costs and reduced external resources.

As a district we face approximately \$60 million in rising costs and \$32 million in declining state and federal revenue. We must also make strategic new investments in the areas we know are critical to improving the quality of education, such as transitioning to Common Core academic standards and new technologies, strengthening our Office of Human Capital, implementing our new and more equitable school choice system, deepening dual language opportunities, expanding inclusive settings, ensuring access to our nationally acclaimed early education programs, and offering as many extended learning time and out-of-school learning opportunities as possible. Our key investments are highlighted below:

- **Weighted Student Funding:** We have increased by \$5 million the resources allocated to schools through Weighted Student Funding (WSF).
- **School choice implementation:** We are implementing the new Home Based school choice plan, including the recommendations from the External Advisory Committee

- (more K-8 pathways, more inclusive and dual language programs, and overlays for English Language Learners and Special Education to provide services closer to home).
- **Common Core and PARCC:** We are investing \$1 million in technology devices and another \$1 million in upgrades to technology infrastructure in preparation for the online Partnership for Assessment of Readiness for College and Careers (PARCC) assessments.
  - **Hiring autonomy:** We are investing in all schools to hire qualified, diverse candidates early (\$6.1M to make our early hiring initiative a success, \$400K to support hiring diversity).
  - **Extended Learning Time (ELT):** We are investing in ELT options by maintaining ELT at current and former turnaround schools (\$2.75M) and six other schools across the district (\$3.5M), maintaining Acceleration Academies during school vacations (\$1.4M), and expanding ELT to two new Level 4 schools.
  - **High-Need Students:** We are increasing resources for some of our highest-need students (\$3.2M for students with emotional impairment, \$5M for English Language Learners in grades 6-12, and \$1.5M for inclusion specialists in 26 schools).
  - **Technology:** We are renewing our investments in technology to support teachers, families, and students (\$1.2M to support Laptops for Learning and \$675K for continued use of the Student Information System).
  - **Facilities:** We are investing in upgrades to facilities (\$1M increase in funds for deferred maintenance).

While this budget allocates \$5 million more to schools through WSF compared to last year, just over half of the schools funded within WSF are nevertheless experiencing reductions in funding, while just under half will experience an increase. Key factors contributing to decreased WSF allocations include:

- **Corrections to FY14 enrollment projections:** Just over half of our schools are experiencing reductions in enrollment projections, driven mainly by over-projections in FY14 and corrections for FY15 based on actual enrollment trends.
- **Home-Based school choice implementation:** We are increasing capacity in some schools to serve students with disabilities and English Language Learners to align with the Home-Based overlays, which place programs closer to the communities we serve. This results in added funding for some schools and decreased funding in others as new programs phase in and existing programs phase out. It also leads to an increase in under-enrolled classes because of expanded options for students and families.
- **K-8 expansions:** These planned expansions allow students to remain in the same school throughout middle grades, which leads to higher budgets for these schools. It also leads to reduced demand for our middle schools, which means lower projected enrollments and therefore lower budgets.
- **Roll-out of inclusive programs:** As we phase out substantially separate classes and roll out inclusive classes across the district, maintaining both programs simultaneously results in under-enrollment in some classes.

Our costs are also rising. Contractual salary increases for educators and the growth of benefit expenses mean we still face a budget challenge of \$69 million even after the expected \$35.9 million increase in the general fund appropriation from the City of Boston. Resolving this

challenge is about much more than balancing the budget. It is about rethinking our entire approach to education so we can align ourselves in a way that is smarter, sharper, more effective and much more coherent.

In other words, simply balancing the budget is not our objective. This is an opportunity to make the Boston Public Schools much stronger.

With this mission in mind, our team has identified strategic realignments and cost savings that have narrowed our budget challenge by \$55 million, primarily by making adjustments in the following areas:

- **Realigning central office (\$22.3 million):** We will make strategic realignments to control cost in many central departments, most significantly in Human Capital, Academics, non-direct special education services and Engagement. We believe these adjustments will allow us to continue to serve students and families well while managing costs more efficiently.
- **Adjustments to enrollment projections (\$11 million):** We have corrected over-projections from FY14 so that FY15 projections are based on actual enrollment trends.
- **Transportation (\$10 million):** In addition to our continued efforts to better align school start times, we propose to expand the MBTA pass program to the 7<sup>th</sup> and 8<sup>th</sup> grade students who do not currently receive door-to-door service as part of an IEP. This is already the case for substantial numbers of students in nine BPS schools and five charter schools served by BPS transportation. Today, 1,862 7<sup>th</sup> and 8<sup>th</sup> grade students receive MBTA passes, and our proposal would expand this program to an additional 4,586 students in the next school year. Yellow bus door-to-door service would continue for all students who receive this as part of an IEP.
- **Decrease in health insurance premiums (\$5 million):** Yesterday we learned that we are expecting a decrease in health insurance premiums from \$95.3 million to \$89.9 million, a reduction of approximately \$5 million.
- **Strategic reductions in grant-funded services (\$4 million):** Of the anticipated \$32 million decline in external funding, we have identified \$4 million in programs and services that we will not continue in FY15.
- **Program consolidation (\$1.6 million):** We are identifying classrooms originally planned for FY15 where capacity has exceeded demand in entry-level grades as opportunities to consolidate.

Despite these strategic reductions, we are still facing a \$14 million budget challenge. Our efforts to fully balance our budget will continue over the next few weeks as teams of school-based and centrally based staff examine the budget proposal and recommend cost reductions to the Superintendent. These recommendations for balancing the budget will be presented to the School Committee at an upcoming meeting. We look forward to answering your questions as you consider the FY15 budget proposal. Thank you.