



# Budget Update

*FY14, FY15, FY16*

Presentation to School Committee  
December 3, 2014

# Overview: FY14-FY16

**FY14**

- Fiscal year ended on June 30, 2014
- BPS ended the year within budget for the 24<sup>th</sup> consecutive year

**FY15**

- Current fiscal year, running through June 30, 2015
- We are currently facing budget pressures and identifying solutions

**FY16**

- Fiscal year beginning July 1, 2015 and running through SY15-16
- We project that rising costs and decreases in external funding will present a challenge

# FY2014 Budget Close

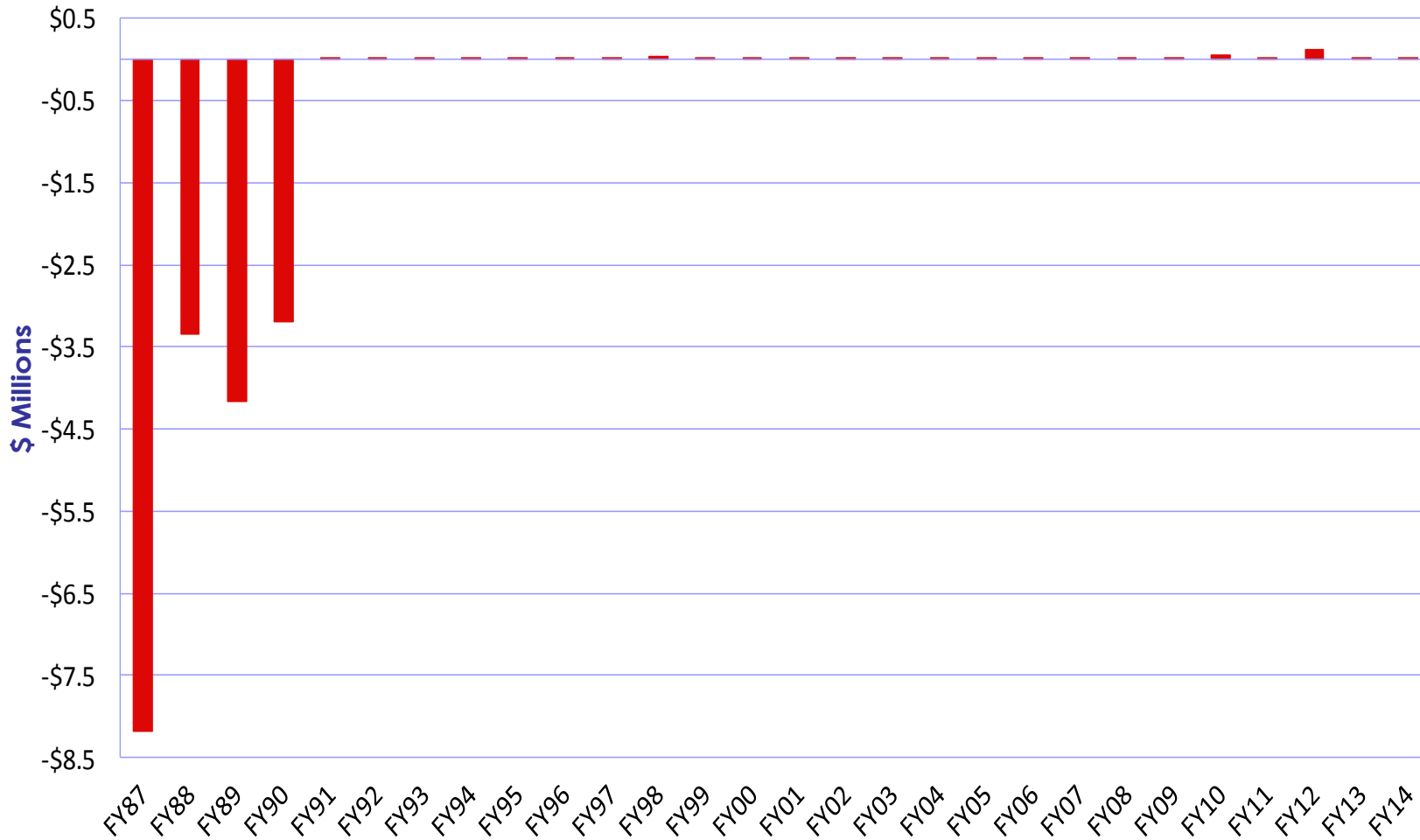
- **BPS ended the year within budget for the 24th consecutive year!**

Budget	\$ 937,961,741
Actual Spending	<u>\$ 937,949,085</u>
<b>Net Surplus</b>	<b>\$ 12,656</b>

- **BPS continues to perform in the top quartile of urban school districts throughout the country**
  - Based on the Council of the Great City Schools key performance indicators for financial management

# Continued Fiscal Responsibility

BPS Fiscal Year General Fund Budget Surplus (Deficit)



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# FY2015 Budget Investments

**Our FY15 budget funds investments to close gaps and ensure all students are college & career ready**

- Expands K1 seats across the city
- Extends hiring autonomy to all schools to hire qualified, diverse candidates early
- Introduces a new school choice process
- Prepares to implement the Common Core standards and PARCC assessments
- Invests in technology to support teachers, families, and students
- Supports Extended Learning Time in schools across the district
- Makes additional investments in services for some of our highest-need students
- Reorganizes Central Office to be more efficient & improve school support

# We currently project a potential shortfall of ~\$16 million in FY15

- As of October 31, our anticipated shortfall is \$16.1 million
- Major contributing factors include:
  - Changes in transportation policy and unrealized savings initiatives
  - A projected external fund deficit in Food and Nutrition Services
  - Projected costs for the early hiring initiative
  - Interventions at Madison Park
  - Opening of classrooms after July 1 that were for higher needs special education students than projected
  - Review of central office positions
  - Agreements made with the State for supplemental funding for the Dever and the Holland Level 5 schools to support rapid turn-around
  - Anticipated shortfalls for out-of-district vocational education tuitions

# We are taking action to address our budget pressures in FY15

- Implemented a **freeze on hiring** for all non-classroom positions in the district
- Continue to work with the city's financial team to **broaden the menu of strategies** available
- **Analyze current spending patterns** and make adjustments where appropriate
- Review the possibility of using **external funds** to cover any and all expenditures



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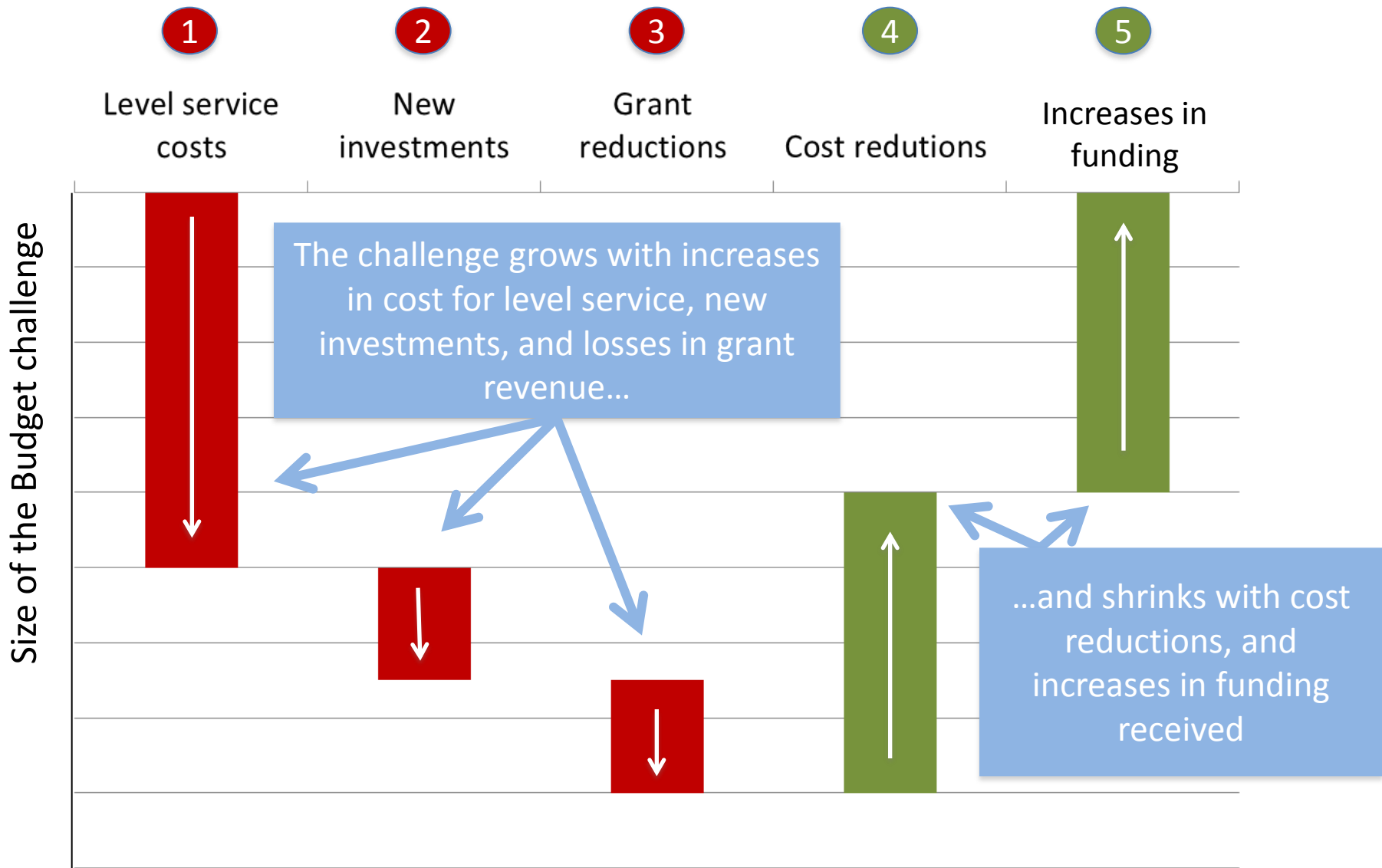
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# Factors that shape the BPS budget challenge



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## Projected level-service cost increases range from \$55-65M

- Employee step increases
- Health insurance and other benefits
- Collective bargaining
- Expansion and bubble classrooms
- Increased transportation costs
- Special education out-of-district placements
- Continued increase in homeless transportation
- Continuation of inclusion roll-out
- To be determined: costs associated with the new student assignment system, increases in SPED identification / high needs population, increasing compliance, etc.

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## The cost of new investments will depend on priorities and tradeoffs

- Potential areas for investment include:
  - K1 expansion
  - High school reform work
  - Facilities master planning
  - Expanding inclusive practices
  - Interventions for struggling schools
  - Restoring deferred maintenance
  - Expansion in the number of autonomous schools
- Any new investment will require a commensurate reduction in spending elsewhere

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## Preliminary estimates indicate a decline of ~\$14 million in external funds

Grant	Reduction	Comments
Title I carry-forward	-\$8M	Grant ends
Title I	-\$3.2M	Continued 10% loss
Investing in Innovation (I3)	-\$1M	Grant ends
Title II	-\$578K	Assume 10% hold harmless
IDEA	-\$545K	Continued 3% loss
Title III	-\$235K	Assume same FY14 9% loss
Perkins	-\$119K	Assume same FY15 9% loss
School Improvement Grant	-\$84K	Reduction in year 2 of grant
E-rate	TBD	Indications of shifts in federal funding
Summer Learning Project	TBD	Formal grant period ends; pursuing renewal
<b>Total</b>	<b>-\$13.7M</b>	

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## We are making cost reductions to begin to address the challenge...

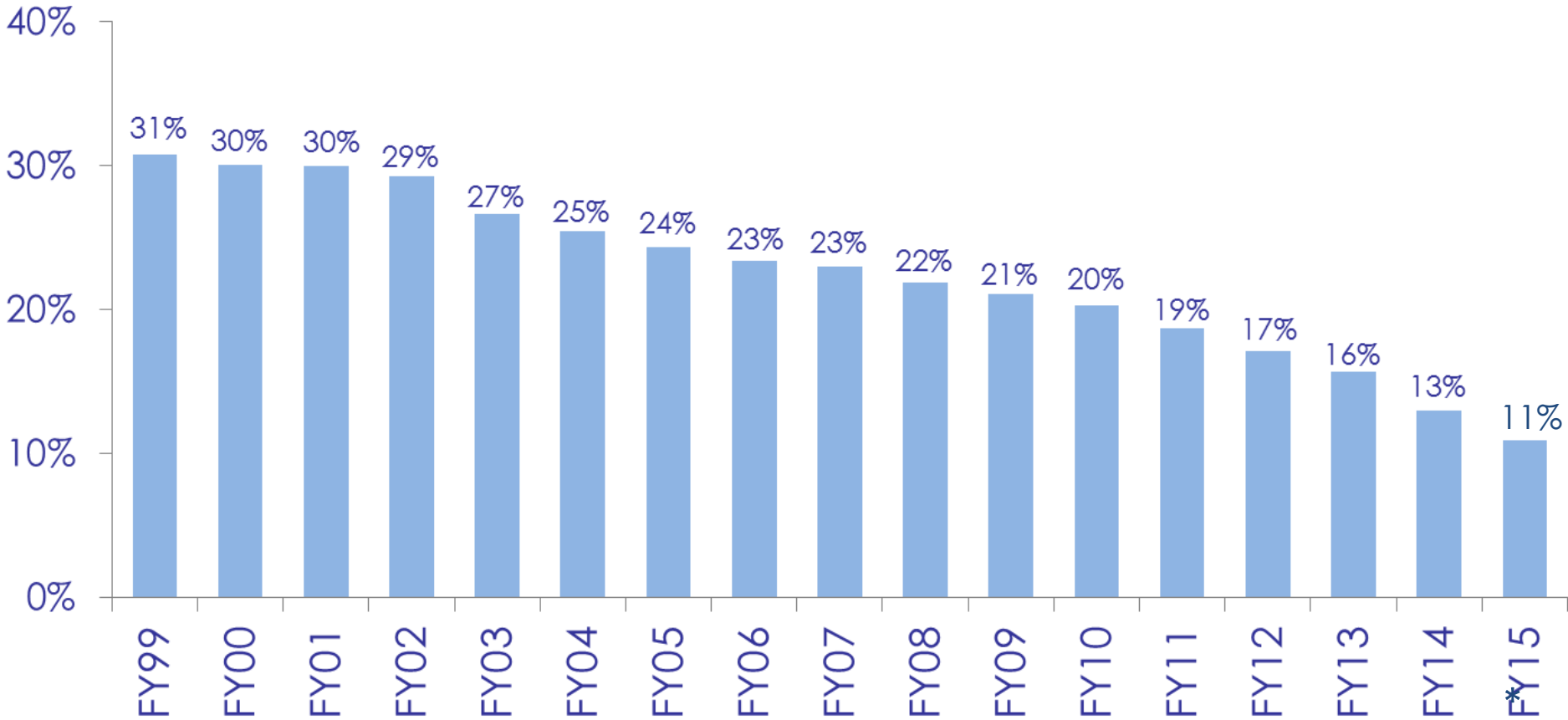
- Hiring freeze (immediate)
- Strict review of salary adjustment requests (immediate)
- Reduced food / catering (immediate)
- Fewer cell phones (for FY16)
- One-device policy for adults (for FY16)
- Reduce and increase efficiency of car fleet (for FY16)

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## ...and we are exploring larger tradeoffs & opportunities for balancing the budget

- **Cross functional work-groups**
  - Central services
  - Student assignment
  - Compliance
- **Departmental budget development**
  - Defined service budgets
  - Level-service projections
  - Proposals for reductions and investments
  - Tradeoff decisions

**5 The City has been generous in increasing the BPS budget every year, but there is pressure on City resources due to reductions in net Chapter 70 funding**





# BPS FY16 Budget Timeline (tentative)

Late-Nov.	Enrollment projections to schools for review
Dec. 12	Budget allocations provided to schools
Jan. 6	School budgets due back to Budget Office
Jan. 8 – 16	Budget reviews (“budget collaboratives”)
Jan. 20 – 30	Staffing reviews (“Probable Org”)
Feb. 4	Superintendent’s recommended budget to School Committee
Feb. – Mar.	Budget hearings
Mar. 25	School Committee votes on BPS budget

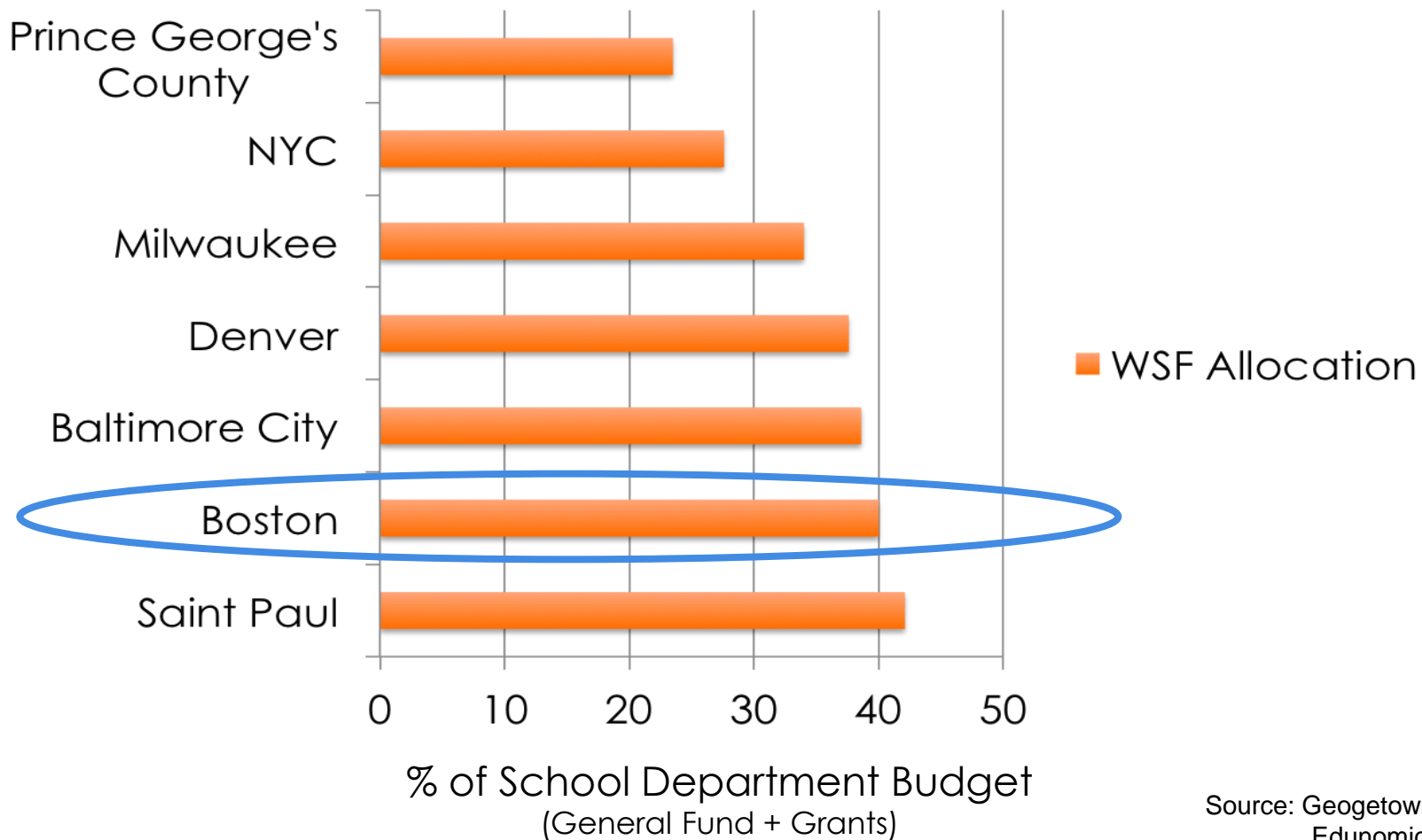
# Questions?



# We will once again fund schools using Weighted Student Funding

Principle	Description
Student focused	Provides resources based on students, not on buildings, adults, or programs
Equity	Allocate similar funding levels to students with similar characteristics, regardless of which school they attend
Transparency	Easily understood by all stakeholders
Differentiation based on need	Allocate resources through a comprehensive framework that is based on student needs
Predictability	School allocation process is predictable and is structured to minimize school-level disruption
School empowerment	Empowers school-based decision-making to effectively use resources
Alignment with district strategy	Supports the Acceleration Agenda, our five-year strategic plan

# Boston ranks #2 among large urban districts that use weighted student funding in directing resources to schools



Source: Georgetown University, Edunomics Lab

# Causes for FY15 Projected Deficit for Transportation

	Cost-Saving Scenario	Original Savings Estimate	Current Savings Estimate	Change
1	Bell Times Changes and Combining Schools on Buses	\$1,000,000	\$0	-\$1,000,000
2	Middle Grades to MBTA -- 7th and 8th ONLY with shuttles for less accessible schools (MBTA routes more than 1 mile)	\$8,000,000	\$2,000,000	-\$6,000,000
3	Eliminate Legacy Routes	\$100,000	\$0	-\$100,000
4	Eliminate/Charge for External Services	\$350,000	\$100,000	-\$250,000
5	Eliminate/Charge for "Unscheduled" Early Outs	\$200,000	\$60,000	-\$140,000
6	Eliminate/Charge for "Late" Bus Service	\$500,000	\$500,000	\$0
7	Eliminate/Charge for school on non-BPS school days	\$300,000	\$20,000	-\$280,000
8	Eliminate MBTA Shuttles for High Schools within 1 mile of MBTA route/hub (except West Roxbury HS)	\$1,000,000	\$750,000	-\$250,000
		\$11,450,000	\$3,430,000	-\$8,020,000

# FNS Revenue & Expenses Comparison between FY14 & FY15

	FY14 Actuals	FY15 Projections	Variance	% Change
Revenue	36,333,779	37,046,433	712,655	2%

Expenses	FY14 Actuals	FY15 Projections	Variance	% Change
Food	20,283,008	23,109,493	2,826,484	14%
Labor	14,542,131	15,500,805	958,673	7%
Other Non- Personnel Costs	3,208,639	3,320,884	112,245	3%

<b>Deficit</b>	<b>1,700,000</b>	<b>4,884,748</b>	<b>3,184,749</b>
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