



Investing in Student Success

10 Big Ideas to Unlock Resources in the Boston Public Schools

2016 Report from the BPS Long Term Financial Planning Process



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LETTER FROM SUPERINTENDENT TOMMY CHANG

As your new Superintendent, one of my top priorities has been to develop a long term financial plan for the Boston Public Schools (BPS). BPS has faced a number of difficult budget seasons in recent years because our costs have continued to increase faster than our growth in revenue. Our students, families, and staff deserve a long term plan that sets forth a strategic approach on how to effectively allocate resources throughout BPS to ensure that student success remains the highest priority. This effort began under my administration almost one year ago, and I am grateful for the hard work of the Long Term Financial Plan Advisory Committee and the internal and external contributors who have come together to shape this report

In this report, you will find an overview of BPS' past and present finances, and how our future will look if we continue on our current path. The report forces us to ask a provocative question: What will it take to change that trajectory, while at the same time investing in student success? This report is not a set of decisions or a plan ready for implementation. Instead, it is a set of ideas for us to consider and a starting point for a critical public discussion to create a long-term sustainable financial plan together as a community. I asked the advisory committee to strive to have this report ready at the start of our annual budget planning cycle for the 2017-18 school year, so that these long term considerations could begin to inform our short-term decisions and long-term planning.

I hope you'll join us this fall and winter as we engage in these discussions.

Please visit the BPS website:

bostonpublicschools.org/financialplan

Check back frequently for a continually updated list of opportunities to join discussions on this important issue. With your feedback, the BPS team will provide an interim update to the School Committee at the start of the FY18 budget planning process on February 1st on what we have heard.

I look forward to working together to ensure that we continue to provide the rich and high-impact educational opportunities that our students so deeply deserve.

Sincerely,



Superintendent Tommy Chang



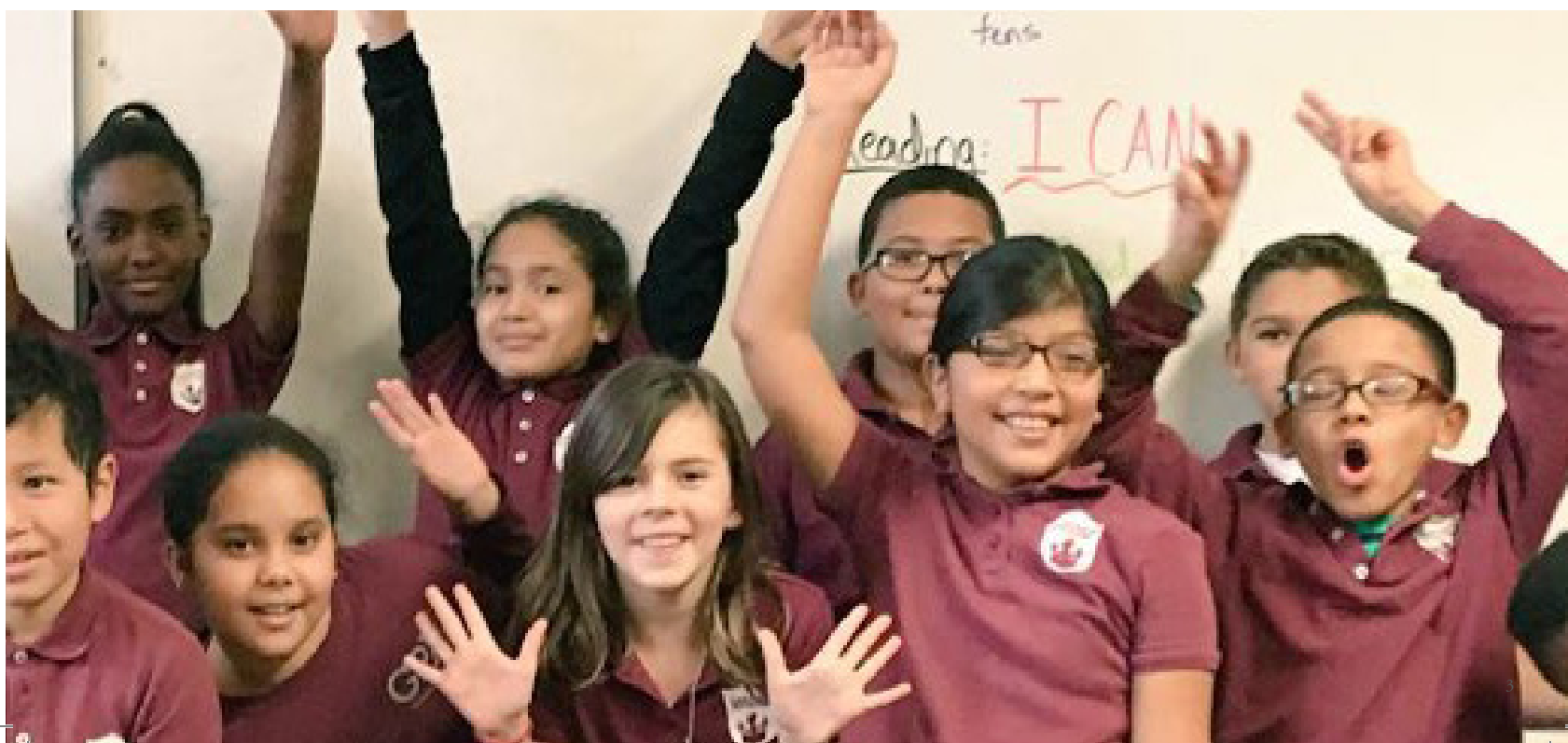
ACKNOWLEDGMENT OF ADVISORY COMMITTEE MEMBERS & STATEMENT FROM MEMBERS

The long-term financial planning work began in the Fall of 2015. Bringing together leaders from across the city, this committee united in commitment to identify and tackle long-term, complex issues that are beyond the scope of the annual budget process.

The Advisory Committee, in consultation with internal and external content experts, generated a comprehensive list of possible changes to address fiscal challenges, and evaluated the opportunities, challenges, and financial impact of each. The committee ultimately prioritized the “10 Big Ideas,” which are detailed in section three below, on the criteria of size, feasibility, and impact on families. Not every member of the committee supports every option. Attendance and participation does not imply agreement but, as a group, the committee agrees that this is the right set of choices for the Boston community to be discussing moving forward. The possible solutions are not a recommendation ready for implementation, but rather a starting point for community dialogue and decision making.

The Long-Term Financial Plan Advisory Committee is comprised of the following individuals:

- Maria Dominguez Gray, BPS parent and Executive Director of the Phillips Brooks House Association
- Rahn Dorsey, Chief of Education for the City of Boston
- Erika Giampietro, Special Assistant to the Superintendent of Boston Public Schools
- Katie Hammer, City of Boston Budget Director
- Carolyn Kain, Chair of the Boston Special Education Parent Advisory Council
- Eleanor Laurans, Chief Financial Officer of Boston Public Schools
- John McDonough, retired Interim Superintendent and Chief Financial Officer of Boston Public Schools
- Michael O'Neill, Chair of the Boston School Committee
- Richard Stutman, President of the Boston Teachers Union
- Will Thomas, Headmaster of Charlestown High School
- Sam Tyler, President of the Boston Municipal Research Bureau



INTRODUCTION

A long term financial plan is important because responsible financial planning enables rich opportunities for students. And when it comes to the opportunities that all students deserve, we feel impatient. We are proud of improvements made in recent years to graduation rates, test scores, and participation in advanced coursework, and we know we have some of the best schools in the country right here in Boston, but it is not enough. An overall graduation rate of 65% is not good enough. A graduation rate of 40%-50% for Special Education students is not good enough. And stark and persistent achievement gaps by race and socioeconomic status are certainly not good enough. A long term financial plan is necessary in order to preserve and expand high quality teaching and learning. We must be both thoughtful and urgent in taking action to benefit our students.

BPS is experiencing a structural deficit much like other large urban districts across the nation. If unaddressed, it will constrain our ability to serve students. That is why the first part of this report is dedicated to understanding the causes of that deficit. Establishing a clear understanding of the facts surrounding how BPS' budget has evolved is critical to determining the best path forward. In part two, we present a forward-looking projection of future budgets in a world without significant change, focusing the need to act urgently and decisively around difficult choices. Lastly, in part three, we present options for consideration – changes that, while not easy, could allow for the reinvestments and new opportunities that our students deserve. It is important to note that the choices we make for our future must be made through the lens of serving students better and more efficiently, not merely less expensively. The changes proposed are focused on ways in which we can consider redirecting current dollars to better serve students. It is also important to note that this report is being released before the November vote on a ballot question that, if approved, would lift the current statewide cap on Commonwealth charter school seats. If the ballot question is approved, it would shift the financial landscape so significantly for Boston that this report would need to be revisited.

EXECUTIVE SUMMARY

A long term financial plan is about much more than budgets. It is about strategic trade-offs, what schools should look like, and how to create opportunity as a city. The financial plan of Boston Public Schools sets the foundation for the educational services and enrichment opportunities that we provide to all students now and in the future to appropriately prepare them to be successful in a competitive society.

As the numbers below indicate, BPS is projecting that expense growth will exceed revenue growth by approximately \$20-25M annually for the coming years if no changes are made to historical patterns. At the same time, the ten ideas formulated by the Advisory Committee and outlined below total over \$100M. These ideas, if implemented, could unlock resources for the Boston Public Schools to both reinvest and address the challenge.

Part I details BPS' areas of disproportionately high and rising costs as well as pressures on revenue. What causes BPS' structural deficit?

After adjusting for cost of living increases, BPS spends 45% more per pupil than comparable districts, and spending has increased \$162M (+16%) over the last five years.¹ This level of cost increases demands that we take action to address our current and future needs. Internal and external studies point to the following four key areas of disproportionately high and rising costs. Note that this is not a commentary on whether this spending is good or bad, but rather a factual reflection that it is different than many other districts.



TRANSPORTATION

At 11% of BPS' FY16 budget (\$110M), transportation costs are significant and growing (7.5% annual growth rate from FY11 to FY16). These costs are driven by:

Enrollment and assignment policies: BPS' commitment to school choice allows students to attend schools far from home, and also guarantees transportation to those schools. BPS must also offer the same transportation for non-BPS students in charter, private, and some parochial schools, and these costs tend to be more expensive on a per pupil basis.

¹ Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

Operations: Buses are currently routed to be 49% full, due to a number of factors (a one-hour driving limit, small schools with students coming from wide geographic distributions, some far from home, and challenging traffic patterns). Compounding the cost of a large bus fleet, drivers' wages are high by national standards, even when controlling for cost of living.



DISTRICT FOOTPRINT

The number of schools and classrooms in BPS is greater than that of similarly sized comparison districts and drive high costs in facilities, transportation, and teaching and administrative staff. The following factors contribute to this footprint, resulting in a large number of both classrooms and schools relative to students served:

- Small physical school buildings
- A historical strategy and national movement to prioritize having small schools
- More building capacity than student demand requires at this time
- Twenty four unique grade configurations at BPS (for example, K-5, K-8, 6-8, 6-12, etc.)
- Student assignment policies that can lead to additional programming despite low demand



SALARIES & BENEFITS

Salaries and benefits account for more than 75% of BPS' budget, the majority of which is for teachers and other staff employed through the Boston Teachers Union. Knowing that teacher quality is paramount to effective student education, BPS invests significantly in:

High teacher salaries, paying teachers an average of \$16,000 more annually than districts surrounding Boston.² Lifetime earnings are also high, with the average BPS teacher earning more in a lifetime than their counterparts in any of the largest 112 districts nationally.³ Compared to other districts, BPS spends about \$1,450 more per pupil on salaries and benefits, or ~\$81M total above benchmarks, even after accounting for Boston's higher cost of living.⁴

Additional compensation for extending the school day, paying teachers more, on top of those salaries, to provide students with an extended school day. In order to extend the student day by 40 minutes in 57 K-8 schools, BPS will pay an additional ~\$4,500 per teacher (~5% of average salary). According to the National Council on Teacher Quality, "Boston Public Schools has one of the shortest elementary teacher work days in the country. Only two percent of the 100 largest school districts have an elementary work day as short as Boston's."

Early, mutual-consent hiring, improving teacher quality and diversity. While effective, this initiative is costly. Given that state law guarantees positions for tenured teachers, BPS pays \$10M-15M annually to compensate tenured teachers who do not earn teaching positions. (These teachers are placed in supportive teaching positions so that they have an opportunity to support students.)



STUDENT NEED

Rising levels of student need contribute to BPS costs in two key ways:

Special Education: Special Education spending accounts for over a third of the FY16 budget. These high and rising costs are driven primarily by a) a high identification rate (20% of all BPS students receive Special Education services versus a national average of 13% and Massachusetts average of 17%;⁵ b) increasingly higher-need students even within the Special Education population; c) investment in expanding inclusive settings;⁶ and d) BPS has a higher number of special education administrators per pupil than comparison districts.

English Language Learners: English Language Learners comprise 30% of all BPS students, up from 12% prior to 2010 and above comparison district rates of 16%. In addition, BPS has added programming for ELL students in the form of Sheltered English Immersion (SEI), Language Specific, Multilingual, Dual Language, and High Literacy Training (HILT) for Students with Interrupted Formal Education (SIFE) opportunities - programming that, while effective, has led to increased costs.

² 2016 BPS Analysis of Salary Schedules. Average salary is based on the average difference at each year of teaching for BPS and surrounding districts.

³ \$16K based on analysis of average Master's teacher salary at each step in select surrounding districts; lifetime earnings based on data from the National Council on Teacher Quality (NCTQ)

⁴ National Center for Education Statistics, "Children and Youth With Disabilities"; Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015); Massachusetts data from Massachusetts Department of Elementary and Secondary Education, Selected Populations Report

⁵ Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

⁶ Ibid



REVENUE

Boston's education revenue is not growing as quickly as education costs. While the BPS budget continues to grow each year, factors are affecting available revenue:

Swiftly Growing Charter School Assessment. Boston has seen its charter school costs rise dramatically, by 130% since the enactment of the 2010 Achievement Gap Legislation (\$89 million between 2011 and 2017). These costs are due to growing charter school student populations and tuition rates. Compounding this pressure, as Boston continues to spend more in support of education, higher charter school tuition rates are triggered due to the state formula.

Stagnant State Education Revenue. While charter school costs have risen, the Commonwealth has not fulfilled its obligation under the 2010 law to fund Charter School Tuition Reimbursement, totaling \$48 million in lost revenue for Boston over three years (FY15-FY17). In addition, the Chapter 70 Education Aid formula does not work for Boston. Despite the Commonwealth adding over \$900 million to Chapter 70 Aid since FY08, Boston's Chapter 70 Aid is only \$300,000 higher than it was in FY08. That is a 0.1% increase in Chapter 70 Aid as BPS' total spending has grown by 11% and funding from the City has grown by 30% to compensate.

Declining federal funding. Federal entitlement grants for BPS have declined precipitously in recent years, as the number of districts nationally eligible for high-needs grants has grown, increasing competition for a relatively fixed set of funds.

Part II explores what spending will look like in the future if BPS continues on the same path. What happens if nothing changes?

Without change, the district's financial situation will continue to worsen, forcing difficult reductions in service each year and limiting the ability to fund critical investments for students. Forecasts indicate that costs will continue to increase by 3-4% per year while revenue will increase by ~2% per year (a combination of state and federal funding declines balanced by city revenue increases). Together, this leaves BPS with a structural deficit, and would require approximately \$20M-25M in continued budget trade-offs every year if no changes are made, and that's before any investments in new or enriched programming would be possible.

Part III presents ideas identified by the Advisory Committee as the biggest opportunities to transform the district's financial future. What are the choices to fund the future?

Continued annual budget challenges can be avoided. But to do so will require bold changes to unlock resources. The Long Term Financial Plan Advisory Committee identified 10 big ideas to consider. Together, these ideas (which are listed in no particular order below) could unlock \$100M+ in annual savings to reinvest towards the future and avoid difficult trade-offs. It is worth noting that these are difficult changes and it is unlikely that all could be executed immediately.

- 1 Reduce long-distance BPS transportation by adjusting student assignment policies
- 2 Adopt State-Mandated Transportation-Eligibility Distances
- 3 Maximize Efficiencies in Transportation
- 4 Reconfigure the District's Footprint
- 5 Examine Teacher Wages and School Day Length
- 6 Advocate to Change Tenure Law
- 7 Ensure Special Education Identification and Administration Support Students Appropriately
- 8 Streamline Central Office
- 9 Advocate to Realign State Education Formulas
- 10 Advocate to Give Boston More Flexibility to Modify its Revenue Structure



PART I

What Causes BPS' Structural Deficit?



OVERVIEW

The long term financial planning process began by acknowledging a few basic facts about the BPS budget:

Expenses are growing: In FY16, BPS spent a total of \$1.15B. This is \$162M more (a 16% increase over five years) than BPS spent five years ago across both general and grant funds.

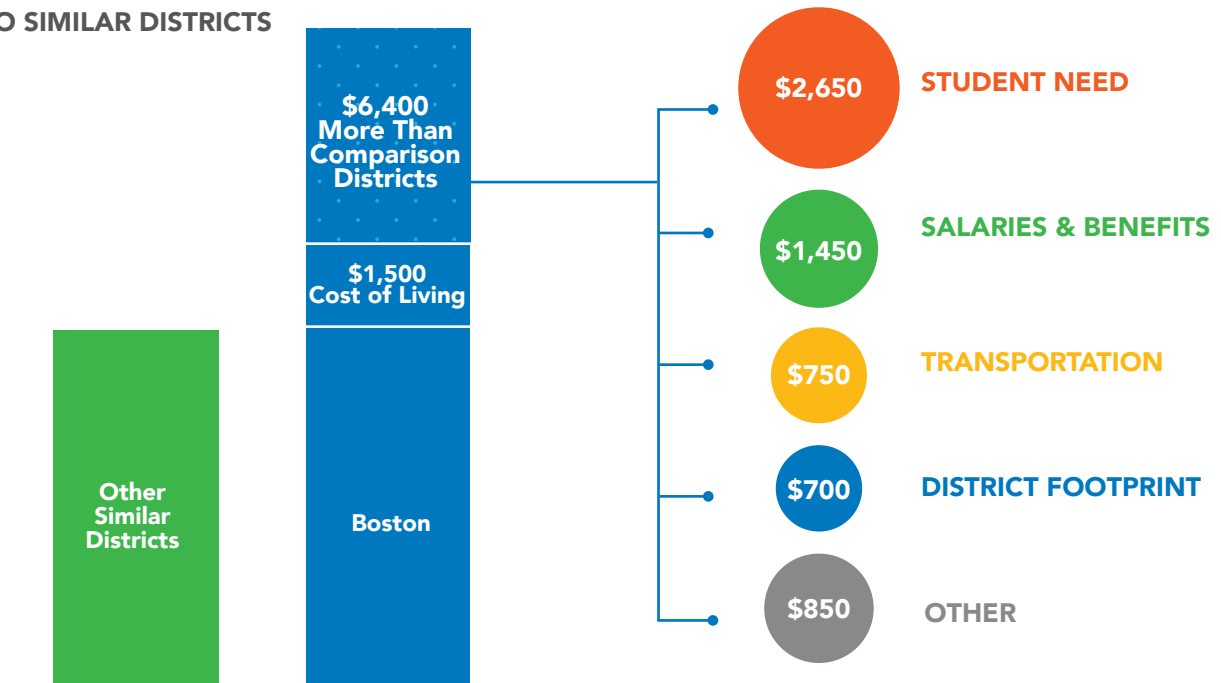
BPS outspends comparison districts: BPS spends ~\$20K per student compared to ~\$11K in comparison districts.⁷ Even after accounting for Boston's higher cost of living, BPS spends ~50% more per student than other urban districts.⁸

City funding for BPS has increased steadily: Given stagnant growth in Federal and State funding, the City of Boston has stepped up to shoulder an increasing investment in BPS each year for the past several years, at \$1.032B in FY17.

A structural deficit leads to difficult choices each year: Recent budgets have required difficult trade-offs to balance the budget because expenditures are increasing more quickly than revenue for Boston Public Schools.

These facts can seem contradictory: a system that receives more funding per student than most districts is forced to make difficult budget trade-offs each year. The reason for this is that, even though revenue for BPS is significant and growing, expenses are rising even more quickly. This is what economists call a "structural deficit." Even if the district balances the budget in one year, the gap comes back again in the next because expenses are increasing at a faster rate than revenue.

PER PUPIL SPENDING IN BOSTON RELATIVE TO SIMILAR DISTRICTS



Source: Boston Public Schools analysis of Education Resource Strategies report, December 2015

Why are BPS expenses high and growing quickly?

Over the last year, external and internal parties studied BPS' finances. Four key drivers behind BPS' high and rising costs consistently emerged:

- 1 Transportation, including costs related to both operations and school choice
- 2 District footprint, reflected in the number of schools, classrooms and programs in BPS relative to the number of students
- 3 Salaries and benefits, largely associated with collective bargaining agreements
- 4 Student need, including service for Special Education students and English Language Learners

Spending growth in the last few years has been concentrated in these areas – specifically, 84% of the \$162M increase from FY11-FY16 came from these four categories. These four areas are also where BPS' spending is proportionally higher than similar districts. Of the \$6,400 more per pupil that BPS spends after adjusting for cost of living, the vast majority comes from higher spending in these four categories (see graph below).

While total spending has increased by \$162M over the last five years, state and federal funding has remained stagnant. In order to pay for these rising costs, the City of Boston has picked up an increasing share of BPS' budget (up from ~70% in FY12 year to ~85% today) while also seeing the City's charter school assessment

⁷ Comparison districts are districts selected from the Education Resource Strategies national database for analysis that are of similar size and demographics to Boston

⁸ Education Resource Strategies (ERS) report on Boston Public Schools, "BPS Fact Base" (2015)

grow by 130%. This puts pressure on the entire City of Boston budget, requiring trade-offs with other city services outside of education.

For the past few years, BPS has tried to protect students and schools from spending reductions to the greatest extent possible by concentrating reductions in operations and central office. While this has been difficult, it has not addressed the structural underlying issues, which explains why each annual budget cycle continues to be challenging.

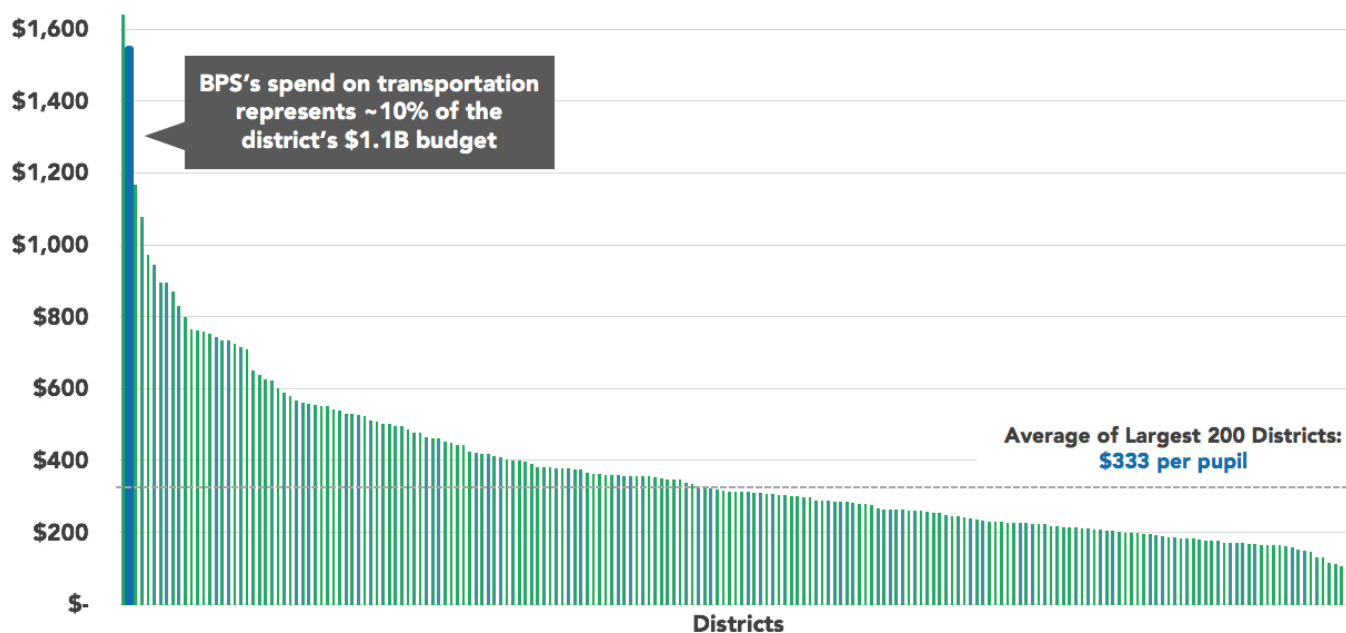
THE FIVE DRIVERS OF BPS' STRUCTURAL DEFICIT

The four areas of high and rising costs identified above (transportation, district footprint, salaries & benefits, and student need), in addition to pressure from revenue and legislation, are the five main drivers of BPS' structural deficit.

These five areas tell the story of how BPS got here, what the biggest risks to future sustainability are without any action, and where possible solutions for the future may be. Below is more detail on each.



PER PUPIL TRANSPORTATION SPEND 200 LARGEST PUBLIC SCHOOL DISTRICTS, 2013



Source: U.S. Census 2013 Survey of School System Finances



TRANSPORTATION

Busing in Boston began in the 1970s as a means towards equity. Today, BPS buses more students and further distances than comparison districts, providing families a variety of school choice options. In addition, as required by state law, BPS provides transportation to charter school, parochial school, and private school students residing in the City of Boston.

This commitment to school choice is a significant investment. In FY16, the district spent 11% percent of its budget, \$110M, on transportation. As the graph below shows, this total puts BPS above nearly all of the 200 largest districts in the country on a per pupil basis – an amount five times more than average.

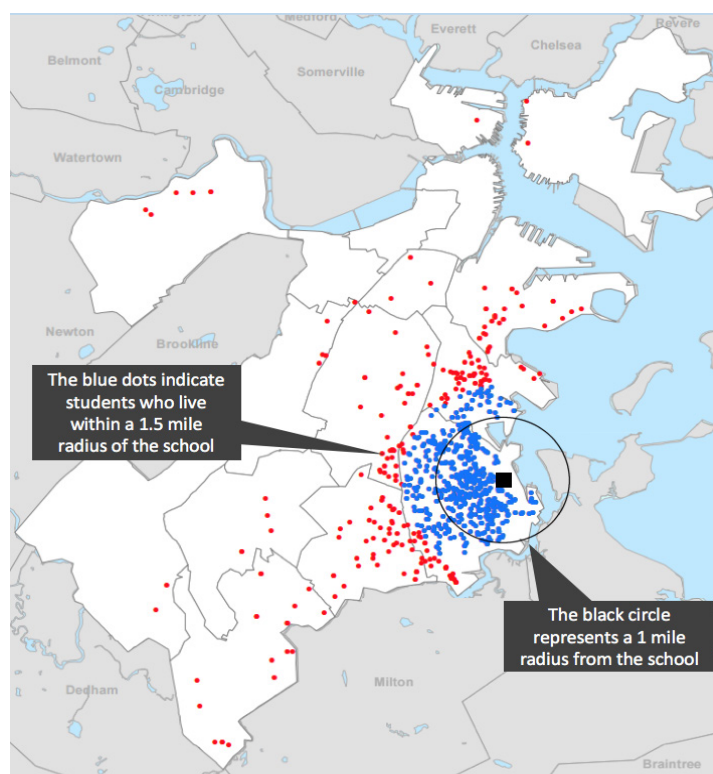
Meanwhile, the costs of transportation have continued to increase - up \$33M, a 7.5% annual increase, from FY11. While there are many factors that contribute, most relate to: 1) enrollment and assignment policies, and 2) operations.

Enrollment & assignment policies: How far students are from school and the transportation offered to get them there

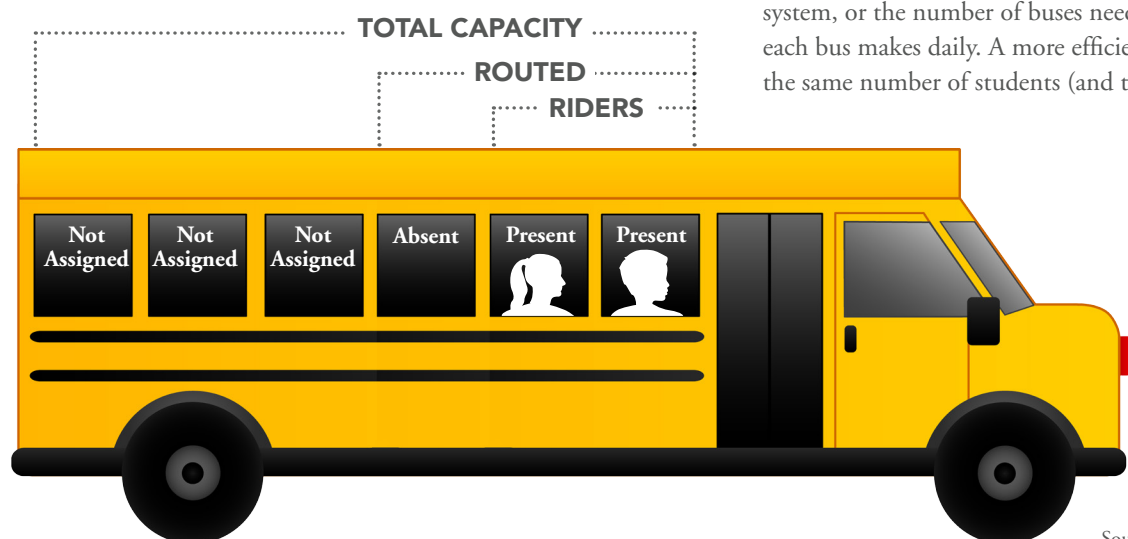
Last year, BPS provided transportation for 29,000 students. Most of those students (~24,000) were BPS students, but the district is also responsible for providing transportation for charter students (~4,800) and students attending private or parochial schools (~300). While non-BPS students are only 17% of riders, they account for 44% of schools serviced, and are more expensive on a per-pupil basis because many of these non-BPS schools draw students from far distances across the city.

Current transportation costs are high in part because BPS buses many students far distances. Commitment to school choice means that BPS provides transportation to students for any school that they attend, even if it is far from home. Before the 2014-2015 school year, school eligibility zones were large.

GEOGRAPHIC SPREAD OF STUDENTS AT A TYPICAL BOSTON PUBLIC SCHOOL



FACTORS OF BUS EFFICIENCY



Source: BPS Operations Management team

The 2015 shift to a home-based assignment system will eventually lower transportation expenses, but the policy choice allowing for grandfathering delays savings. The new system provides families with school choices closer to home; in the first year of implementation, the average student distance to school decreased from 1.3 miles to 1.0 miles. However, as part of the implementation process, students (and their siblings who may not yet be in school) were “grandfathered” into the old system, meaning that they can continue to attend their current schools until they age out and receive transportation. This policy, while providing important stability for families, slows the realization of savings associated with the new system.

BPS transportation eligibility policies are more generous than state requirements. While the state requires the district to provide transportation only to kindergarten through sixth-grade students who live more than two miles away from school, BPS offers transportation for elementary students who live more than one mile from school, middle school students who live more than 1.5 miles from school, and high school students who live more than two miles from school.

The recent move of 7th-8th graders from yellow buses to the MBTA helped decrease costs. In addition to expanding access to after-school programming, transitioning students from yellow buses (average cost of ~\$2K per general education BPS rider) to the MBTA (\$280 per rider) resulted in savings. However, the shift also meant more empty buses for the district’s middle schools; now only one grade’s worth of students are traveling to a 6-8 grade school instead of three grades, making it more difficult to fill buses efficiently.

Operations: How efficiently BPS manages routes, buses, and operational costs to transport students

In addition to policies that determine how many students are transported how far, another key driver of transportation costs – often influenced by these policies – is the level of efficiency in the system, or the number of buses needed and the number of trips each bus makes daily. A more efficient system uses fewer buses for the same number of students (and therefore, buses are more full).

⁹ Average bus driver salary from the Bureau of Labor Statistics

¹⁰ Education Resource Strategies (ERS) Report on Boston Public Schools, “BPS Fact Base” (2015)

On average, buses in BPS are routed to be 49% full (as of the start of the 16-17 school year), and even then, not every routed student rides every day. There are a number of factors that contribute to this inefficiency:

- 1 Imbalanced school bell times lead to more buses in the BPS fleet than necessary.** The district has three morning school bell times – 7:30, 8:30, and 9:30 – but these times are not evenly distributed across schools. Currently there are 109 7:30 schools, 128 8:30 schools, and 54 9:30 schools. The fact that there are more than twice as many 7:30 and 8:30 schools as there are at 9:30 means that there are many buses in the fleet that can only serve two schools in the morning and afternoon, and not three as would be the case in a perfectly efficient model. Additionally, the fact that some schools have longer school days than others creates a system where BPS has three start-time tiers in the morning (served by 570 buses) but, essentially, four dismissal times in the afternoon (served by 642 buses). If school day lengths continue to vary, then the larger number of buses needed in the afternoon is unavoidable, but simply adjusting which schools are at which bell times could produce a system where the size of the BPS fleet could be reduced by as many as 80 buses.
- 2 Serving small schools and maintaining a one-hour drive maximum limits the ability to fill buses.** Buses currently serve only one school per bell time (both by policy and by necessity given the time it takes to unload at each school). Combined with having many small schools, large geographic dispersion of student home addresses, a policy limiting rides to one hour, and narrow one-way streets and traffic in Boston, and buses end up being routed with fewer students.

- 3 Routed students don't always ride the bus.** Some students who are routed to a bus don't actually ride the bus (for instance, because a parent or guardian drops them off at school), leading to even lower ridership numbers. More validation is required, but initial data from a spring 2016 pilot suggest that 20-30% of routed students at three sampled schools did not ride the bus, even once, over the month-plus pilot.

Exacerbating the costs associated with these inefficiencies are high costs of operation:

- 1 Driver Pay:** According to the Federal Bureau of Labor Statistics, the BPS bus driver hourly rate at \$24.74 is 65% more than the national average.⁹ In addition, 14% of drivers are paid to be “standby” and are paid a minimum guarantee of hours whether they drive or not.
- 2 Transportation Contract:** A five-year transportation contract went to bid for the period beginning in FY14, increasing annual costs by nearly \$20M. The awarded bidder, Transdev, submitted a substantially lower cost bid than the incumbent company did, but even so costs increased significantly. Under the previous contract, some cost of the service was borne at a loss to the contractor based on the proposal submitted and awarded.
- 3 Rising Special Education Transportation Costs:** Compared to comparison districts, Boston spends 3.1 times more on transportation costs per Special Education student (\$3,691 versus \$1,189).¹⁰ These costs have increased by \$10M since 2009 to \$40M in FY17 (a 33% increase), primarily due to a rising number of students assigned door-to-door pick-up (versus walking to a corner bus stop).





DISTRICT FOOTPRINT

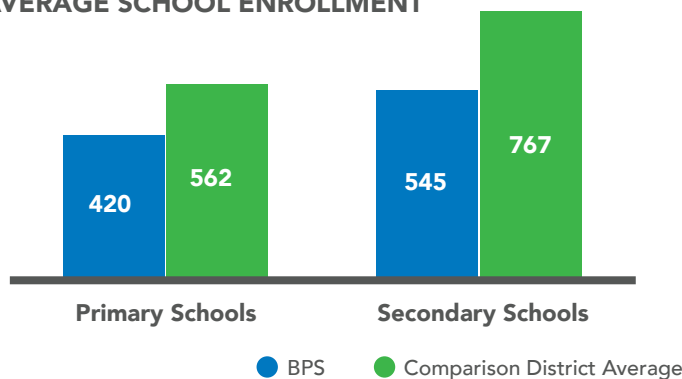
How BPS organizes its approximately 56,000 students – into schools and into classrooms – can be thought of as the district's footprint, which impacts costs in the following ways:

- **Concentration of Resources:** Overall, and most importantly, the more schools and classrooms there are for the same number of students, the more thinly spread are the resources for serving them;
- **Building Costs:** More schools leads to higher utility, repairs, and maintenance costs;
- **Transportation:** More schools leads to less efficient routing;
- **Teaching Staff and School Administration:** More schools lead to increased classroom costs (e.g. teachers, paraprofessionals) and increased fixed costs (e.g. school leaders and administrative assistants).¹¹

BPS has more schools and smaller schools than do other districts. This in part stems from the realities of the school buildings in Boston (as the oldest district in the country, nearly two-thirds of BPS buildings were built prior to World War II), but is also a result of a historical strategy and national movement toward small schools.

However, smaller schools mean more schools. And more school buildings are more expensive. Compared to comparison districts, BPS' schools are ~140 students smaller at the elementary level and ~220 smaller at the secondary level.

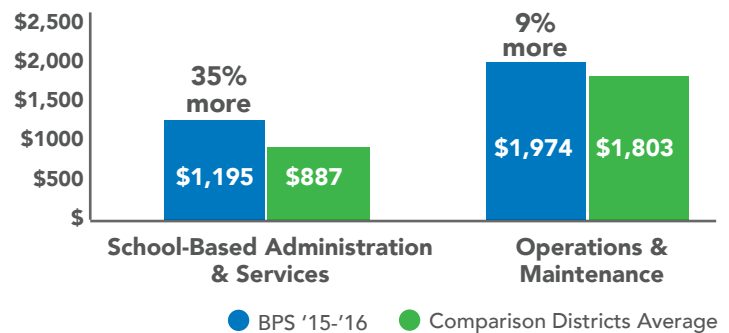
AVERAGE SCHOOL ENROLLMENT



Source: Education Resource Strategies report, December 2015

Because administration costs are 'fixed' across schools – every school gets a foundation budget to cover a school leader, administrative assistant, and other fixed costs – smaller schools cost more on a per-student basis. Compared to comparison districts, BPS spends 35% more per pupil on school-based administration services, and 9% more on operations and maintenance than comparison districts.¹¹

PER PUPIL SPENDING (BPS VERSUS COMPARISON DISTRICTS)



Source: Education Resource Strategies report, December 2015

There is more building capacity than student demand requires at this time. Although student enrollment has declined slightly since 1994, the number of schools in Boston has not changed at the same pace. The City is engaging in an effort now to examine this issue in more detail, with the Facilities Master Plan providing critically needed data to assess the amount of physical capacity in the BPS system.

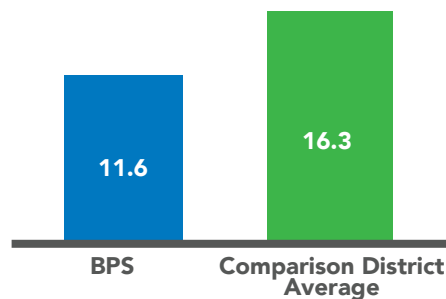
BPS operates 24 different grade configurations, increasing complexity and costs across the district. In addition to creating confusion for students and families managing multiple transition points, this many grade configurations also contribute to under-filled classrooms and thinning of resources across schools.

Student assignment policies and enrollment patterns for English Language Learners currently contribute to under-enrolled classrooms. ELL students are guaranteed appropriate supports at any school they choose to attend. This practice creates additional staffing requirements that some schools can't afford, and in addition, families sometimes make these decisions without full knowledge of school program differences. According to a recent Department of Justice Settlement Agreement, the language needs of ELL students in BPS must not limit their school choices. This means that a student needing significant language support may choose a school that does not offer specific programming in that language, and as a result, the school may need to hire a stand-alone ESL teacher to service that one student. This is not only costly for the school (internal analysis suggests that schools are paying an extra \$7M for this programming in FY17), but also may not be in the best interest of students, who could be better served in a language-specific program more suited to their needs. In addition, rapidly shifting ELL enrollment patterns, as well as ELLs joining the district mid-year, complicate predictions around where and how many teachers are needed. This also contributes to under-enrolled classrooms, especially ESL classrooms.

¹¹ Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

All of the above factors lead to under-filled classrooms and dilution of resources across schools. BPS educates approximately five fewer students per teacher than comparison districts.¹² This is driven by the above factors, as well as BPS having a greater number of Special Education and English Language Learner students who are served in smaller classes, and by lower contractual class size maximums than many other districts. While in some cases, small class sizes are used as an education strategy, BPS' structural and policy choices lead to classrooms that are left unintentionally under-filled. As a result, small classes in BPS are not necessarily found in the places where research indicates they are most effective (pre-K through 3rd grade), but rather in places where extra capacity has been created unintentionally.

STUDENTS PER ONE TEACHER



Source: Education Resource Strategies report, December 2015



SALARIES & BENEFITS

In BPS, like all school districts, most spending goes to salaries and benefits (62% and 13% of all BPS spending, respectively), for a workforce where almost 90% of staff are members of collective bargaining units, the largest of which is the Boston Teachers Union. Compared to other districts, BPS spends about \$1,450 more per pupil on salaries and benefits, or ~\$81M total above benchmarks, even after accounting for Boston's higher cost of living.¹³ These costs are rising, up \$60M from FY11 to FY16, which explains 37% of the total \$162M increase in expenditures between those years.

BPS proudly pays its teachers more than most other districts, both regionally and nationally – even after adjusting for the higher cost of living in Boston. When looking at neighboring districts and charter schools, BPS has both a higher base salary, and a faster salary growth rate. Compared to neighboring districts, BPS teachers are paid a higher salary at each year of experience, and are able to reach a salary level within nine years that would take teachers in some districts over 20 years to reach.

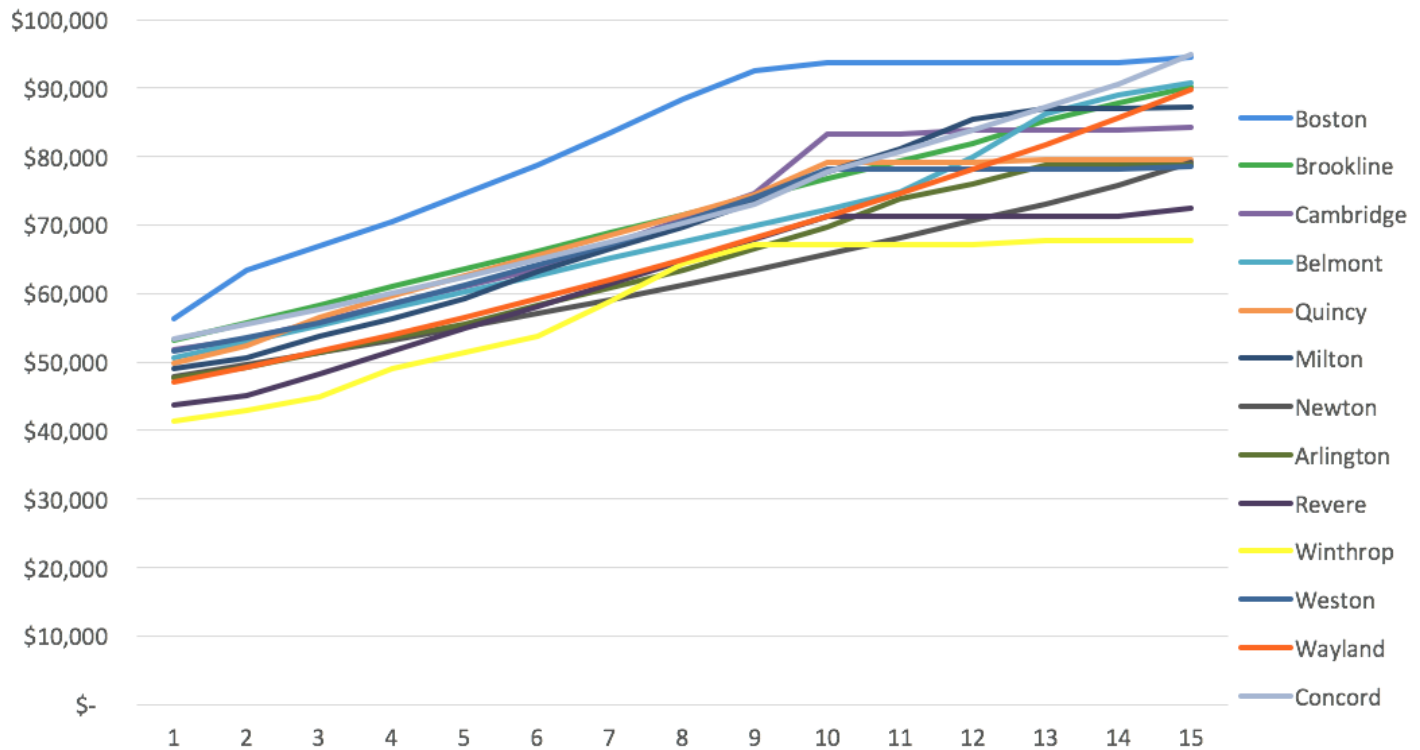
BPS also has higher teacher pay compared to other major urban districts. Compared to 112 other large districts across the country, average teachers at BPS earn the most in lifetime earnings, and are able to do so in a shorter amount of time.

¹² Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

¹³ Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

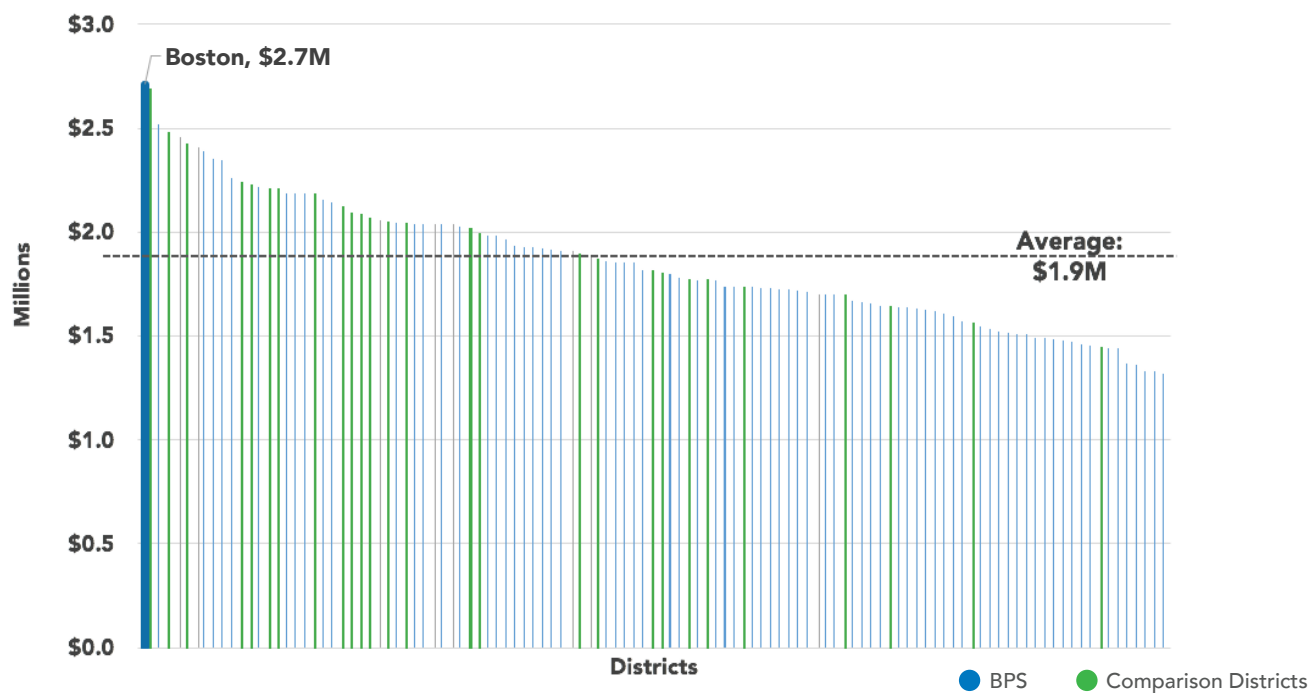


SALARY SCHEDULE FOR TEACHERS WITH MASTERS DEGREES, INCLUDING CAREER AWARDS, FY15



Source: Massachusetts Department of Elementary & Secondary Education

LIFETIME EARNINGS, UNADJUSTED FOR COST OF LIVING, FY14



Source: Analysis of National Council on Teacher Quality, "Smart Money: What teachers make, how long it takes them, and what it buys them". December 5, 2014.

¹² Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

Consistent and sizable pay increases have pushed – and kept – BPS teachers among the best compensated locally and nationally. Teachers in BPS receive pay increases based on their experience (an annual “step” increase) in addition to any across the board wage increases (referred to by some as “cost of living” increases), lane increases (if a teacher attains extra education credits), and career awards. The graph below tracks the earnings of a teacher with a Masters degree and no experience who began teaching in FY07. Through a mix of base increases, step increases, and career awards over their first 10 years of teaching, his or her salary would double from \$46K to \$93K, a \$4,758 or 8% annual raise each year. Average salaries for many non-teaching staff have also increased in-line with teachers (8% annually) since 2011.

In addition to these salaries, BPS will pay additional compensation for extending the school day. In order to extend the student day by 40 minutes in 57 K-8 schools, BPS will pay an additional-\$4,500 per teacher (~5% of average salary). This additional compensation is notable given that, according to the National Council on Teacher Quality, “Boston Public Schools has one of the shortest elementary teacher work days in the country. Only two percent of the 100 largest school districts have an elementary work day as short as Boston’s.”¹⁴

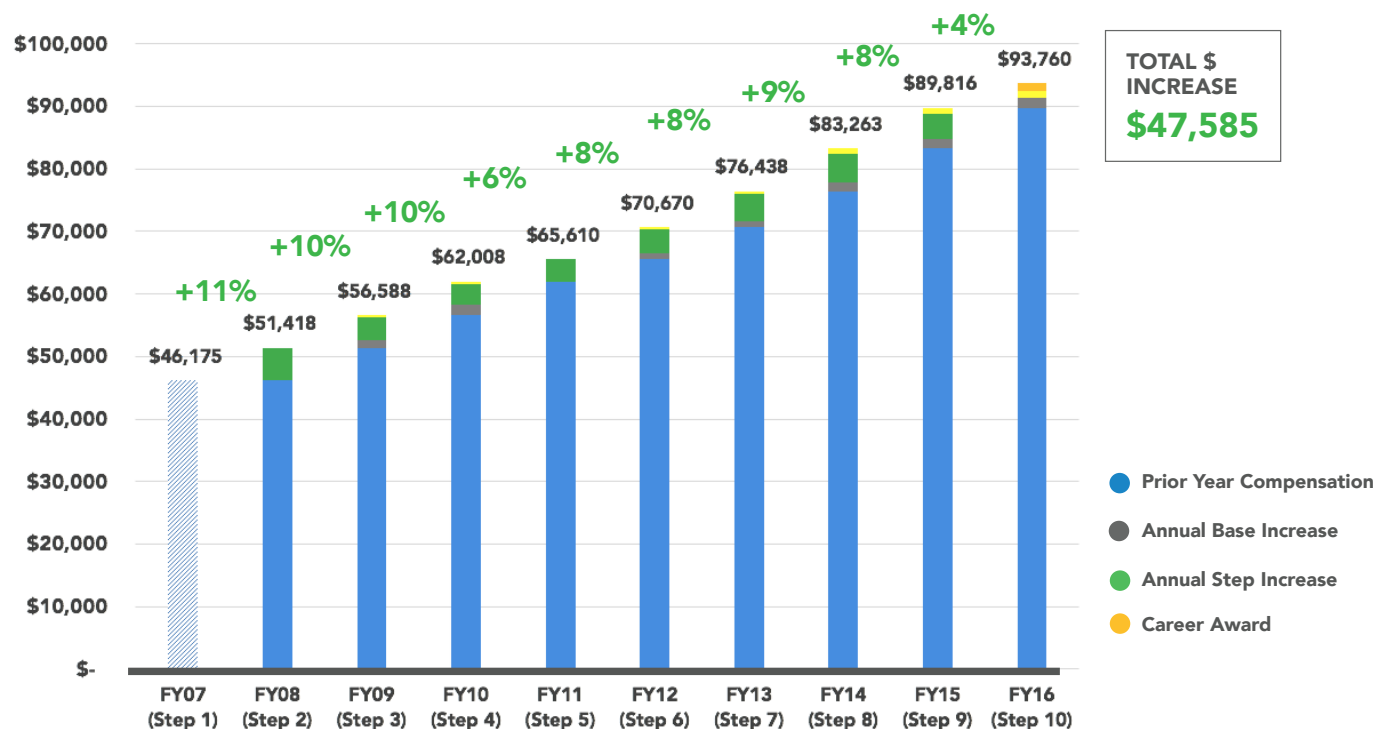
According to analysis by the non-profit National Council on Teacher Quality, Boston teachers have the fifth most sick and personal days, despite having one of the shortest school years -

19 days versus a national average of 12. And since there is no limit to the amount of sick and personal time a teacher can accumulate, a 2011 analysis found that the median Boston Teacher leaves BPS with over \$20,000 in sick leave buy-back. This policy costs the district ~\$9M-12M annually.

A new hiring initiative to recruit the best talent and give hiring autonomy to schools has created an expensive ‘excess pool’ of unplaced tenured teachers. Tenured teachers who are not selected by any principal for an open position remain in the excess pool (due to state law, the district must continue to employ tenured teachers who do not earn teaching positions), where they receive professional development while working with students in classrooms. This excess pool comes at an annual cost of \$10M-15M to the district, and the investment has been made based on the belief that hiring and retaining the best quality candidates is of critical importance to student outcomes.

Consistent with national and local trends, Boston’s health care costs increased dramatically between 2001 and 2012. Due to a series of the City’s employee health insurance reforms over the past several years, Boston has contained health insurance cost growth since a peak in FY12. While the City will continue to achieve savings through its 2014 Public Employee Committee (PEC) Agreement, health insurance costs are increasing at a faster rate due to pharmaceutical cost drivers, consistent with trends in the broader Massachusetts market. BPS’ annual healthcare costs have increased

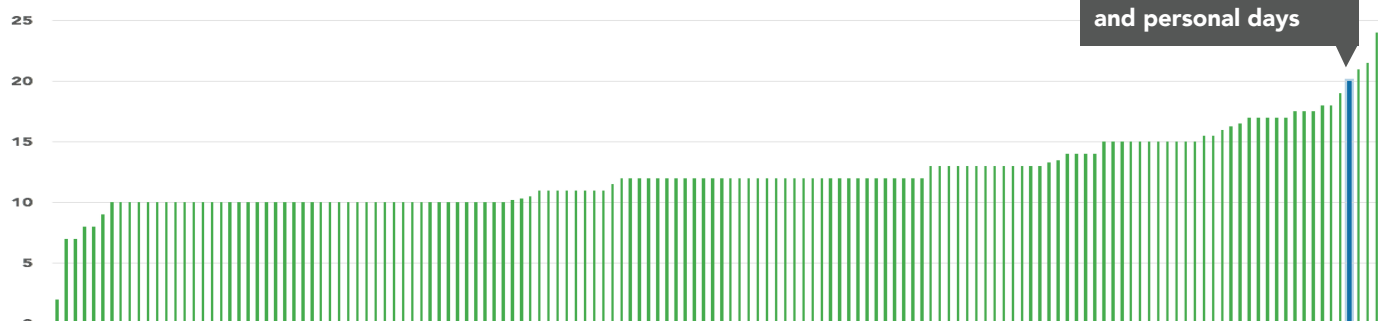
SALARY PROGRESSION FOR A MASTER’S DEGREE TEACHER, FY07-16



Source: Analysis of Boston Teacher Union Contract Salary Schedule

¹⁴ “Human Capital in Boston Public Schools: Rethinking how to attract, develop, and retain effective Teachers”, National Council on Teacher Quality, 2010

NUMBER OF VACATION AND PERSONAL DAYS AMONG THE LARGEST 150 DISTRICTS



Source: National Council on Teacher Quality

by 7%, in line with national health care cost increases. Other benefits like workers compensation are also in line with national averages. However, BPS also provides supplemental medical coverage on top of these benefits into a Health and Welfare fund, at a cost of \$1,605 per teacher and \$1,000 per paraprofessional and cluster substitute, at a total cost of ~\$9.5M per year.



STUDENT NEED

Today's ratio of Special Education students in BPS is both historically high for BPS and comparatively higher than other districts. The number of English Language Learner students has increased by 10K since 2010. One third of students with disabilities are also English language learners. The result is that BPS has more high-needs students than ever before. These trends are noted because they explain how Boston's spending differs from other districts. High identification rates in BPS are not necessarily evidence of over-identification; it may be evidence of under-identification in comparison districts. And early identification of need can save costs over time and lead to improved outcomes for students.

Special Education

Just over a third of the FY16 budget is dedicated to serving the 20% of BPS students with some type of Special Education need. BPS invests 53% more on Special Education than comparison districts – more as percent of the total BPS budget and more on a per pupil basis than any other comparison district.

These high and rising Special Education costs are driven by several factors:

- 1 BPS identifies a larger percent of its population as having Special Education needs than comparable districts in the state and nationally;

- 2 BPS identifies students as having more significant needs than in other districts, and at a growing rate;
- 3 BPS is investing in increasing inclusive settings available to high need students;
- 4 BPS has a higher number of special education administrators than comparison districts.¹⁵

Boston has a larger number of Special Education students than comparable districts in the state and nationally (20% of all BPS students receive Special Education services versus national average of 13% and Massachusetts average of 17%).¹⁶ This equates to 4,200 additional students receiving supports beyond comparison districts, adjusted for district size. While Special Education students do bring additional funding to BPS – through the federal entitlement grant associated with the Individuals with Disabilities Education Act (IDEA), and through the state's "Circuit Breaker" program – this additional revenue doesn't fully offset the additional and growing cost.

It should be noted that IDEA states that children with a disability who are deemed eligible for special education services are entitled to a free appropriate public education (FAPE) that emphasizes special education and related services designed to meet each child's unique needs. Boston's special education identification rate at 20% is high compared to the national average (13%), and slightly higher than the overall special education identification rate in Massachusetts (17%).¹⁷ However, the conversation should not be focused on if Boston has identified too many or too few students for special education, but rather whether Boston is appropriately meeting the individual educational needs of every student it serves in the least restrictive setting possible.

The types of disabilities facing BPS students are more significant than in other districts (and are becoming more so). For example, the number of students with autism spectrum disorder has almost doubled since the 2010-11 school year, leading to an

¹⁵ Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

¹⁶ Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

¹⁷ National Data from the National Center for Education Statistics; Massachusetts and Boston specific data from the Massachusetts Department of Elementary and Secondary Education "Selected Populations Report"

¹⁸ Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

¹⁹ Ibid

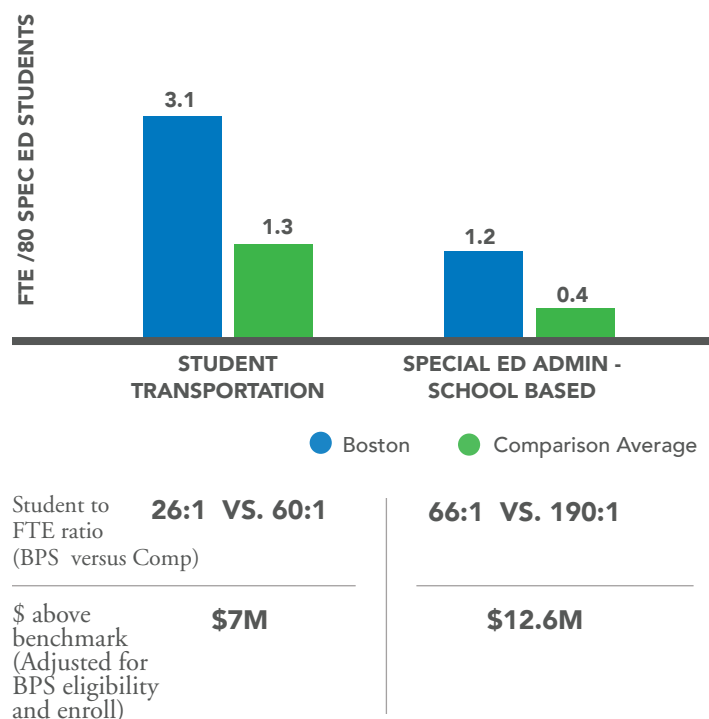
²⁰ Note: In 2010, ~20% of all BPS students were ELL students, however roughly half of them opted out of ELL supports. Today, nearly all ELL eligible students are classified as such, increasing the total number of ELL students. Education Resource Strategies (ERS) Report on Boston Public Schools, "BPS Fact Base" (2015)

increase in associated specialized services. BPS has also seen an increase in the number of high need students who are identified as requiring services that BPS doesn't offer, and who therefore require private placement. These students in out of district educational programs cost an average of \$124,000 per pupil (an 8% increase since 2010), a portion of which is reimbursed through the State Circuit Breaker program. This increase in both the tuition cost and the number of students placed out of district alone has increased spending by \$8.5 million since the 2010-11 school year.

BPS is investing in increasing inclusive settings available to high need students. BPS is investing in expanding inclusive settings (classrooms serving special education students and general education students together) because this is required by Federal and State law and research has found that doing so results in improved outcomes for all students. In FY16, 16% of Special Education students were taught in inclusive settings – four times more than in FY11.¹⁸ While transitioning to more inclusive settings may potentially result in reduced costs over time, doing so increases costs in the short term, as both systems (inclusive settings and substantially separate settings) are maintained (sometimes in the form of under-filled classrooms).

BPS has a higher number of special education administrators than comparison districts. BPS has a higher number of school-based special education administrators than comparison districts (1.2 per 80 students compared to 0.4), increasing costs overall by ~\$13M.¹⁹

NUMBER OF FULL TIME EQUIVALENT STAFF POSITIONS PER 80 SPECIAL EDUCATION STUDENTS



Source: Education Resource Strategies report, December 2015

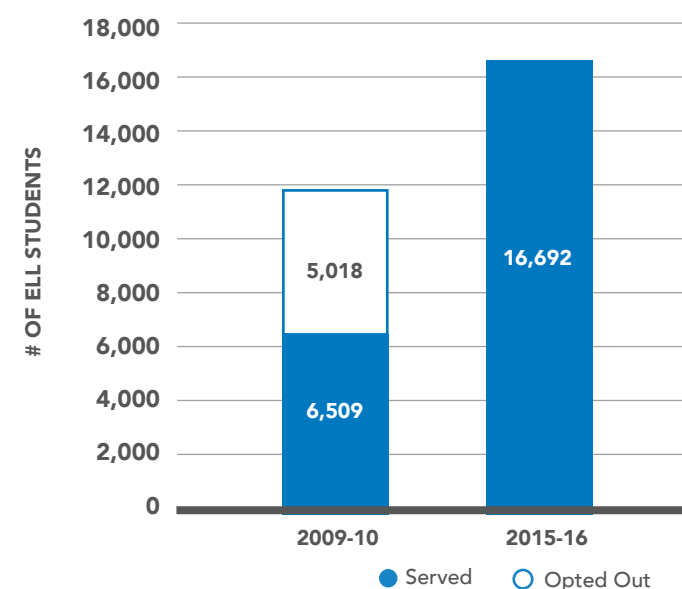
English Language Learning

BPS has a large number of English Language Learners (nearly one in three students). At an ELL rate of 30%, BPS has nearly twice the rate of comparison districts (16%).

The number of English Language Learners in BPS increased significantly in 2010. After a 2010 Department of Justice Report suggested that BPS was under-counting ELL students, BPS reviewed and revised its classification system and policies. This change led to ten thousand previously eligible students to opt-in to ELL programming. This change instantly increased the portion of students receiving ELL supports from 12% to 30% of students and resulted in \$36M of increased spending.²⁰

Today, BPS provides more supports for ELLs (who speak 85 languages at home), than comparable districts. BPS has evolved the ELL service model by adding new multilingual Sheltered English Immersion (SEI) and Students with Interrupted Formal Education (SIFE) programs to serve the diverse linguistic population of the district. With lower class sizes and higher staffing ratios, these changes have led to increased costs. It is important to note that while BPS spends more than other districts on ELL services, other districts may be under-spending. In alignment with increased spending on ELLs, there have been notable improvements in outcomes. The percentage of ELLs scoring Proficient or Advanced on MCAS jumped 7 percentage points in 2016 to 58 percent, making the proficiency rate 42 percentage points higher than in 2009. In addition, 61 percent of ELLs made progress toward attaining English language proficiency, as measured by preliminary results from the ACCESS for ELLs Assessment. The median student growth percentile for ACCESS (SGPA) was 60 in 2016, indicating "high growth," continuing an upward trend of a 50 SGPA in 2014 and 54 in 2015.

BPS ELL STUDENT ENROLLMENT, BY YEAR



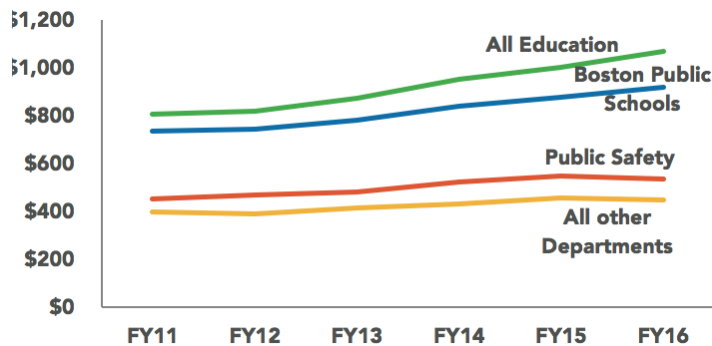
Source: Education Resource Strategies report, December 2015



REVENUE

Boston's education revenue sources are not growing as quickly as its education costs. Federal and state support has declined in many of the past few years, leaving the city largely responsible to support a growing share of the full costs of BPS. Over the past five years, the City's investment in BPS has increased faster than other City departments, growing by 25%, while public safety departments grew by 20%, and all other departments grew by less than 13%. Because Boston has been committed to investing in BPS even as the City's charter school costs have climbed sharply, Boston's total education budget grew by almost 33% over that same time.

CITY SPENDING (IN MILLIONS, NET OF HEALTH INSURANCE)

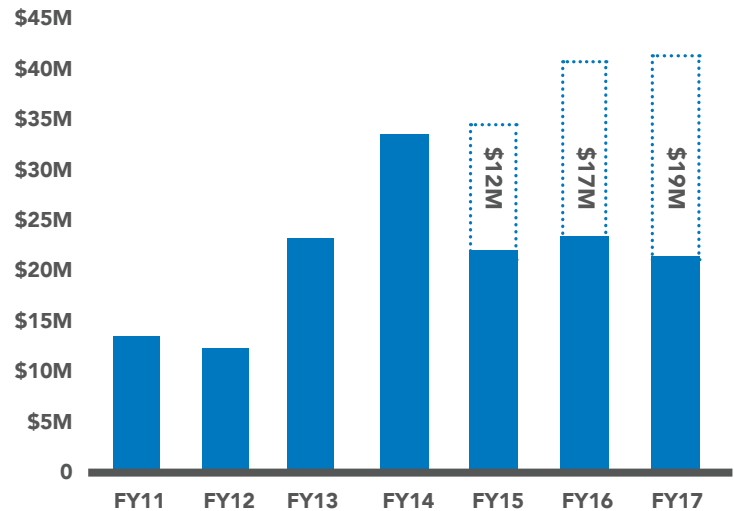


Source: City of Boston Office of Budget Management

Boston's Charter School Assessment has grown 130% since the enactment of the 2010 Achievement Gap Legislation. In FY17, Boston now pays for over 10,000 students to attend a Commonwealth Charter School through its state assessment. In addition to paying to educate 4,800 more charter school students, Boston's per student tuition rate increased by 20% due in large part to Boston's increased spending on BPS. Boston's charter school per pupil rate is based on its' spending in support of education, which overstates the expected cost of educating charter students, who are less expensive to educate than the higher need and higher cost students that BPS educates. This means that Boston is paying a higher assessment to charter schools because Boston Public Schools educates a student population that is more expensive to educate.

While Boston's assessment is rising, **the State has not fulfilled its obligation to fund charter school reimbursement**, which is a significant local aid revenue source for Boston. This has led to \$48 million in lost revenue for Boston over three years. This is \$48 million that the City otherwise would have invested in City departments, including BPS. If the State continues to underfund the Charter School Reimbursement while Charter School costs grow, Boston will annually lose revenue.

UNDERFUNDED CHARTER SCHOOL REIMBURSEMENT (IN MILLIONS)

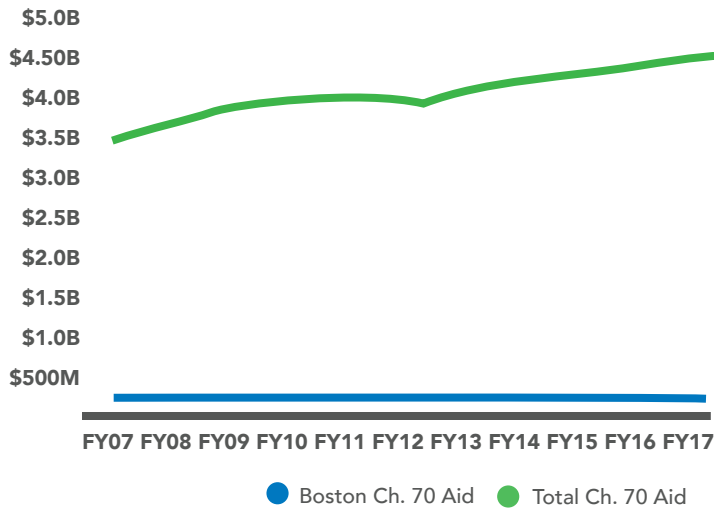


Source: City of Boston Office of Budget Management

Due to another failure of the current formula, Boston is spending \$2.4 million more on its Charter School Assessment in FY17 than it would have if the Charter School Reimbursement were fully funded. The charter school tuition rate is based on the City's Net School Spending (NSS), which takes into account spending on BPS and Charter Schools, and deducts the Charter School Reimbursement. When the state underfunds Boston's reimbursement, Boston's calculated NSS is higher than it otherwise would be, driving up Boston's charter school tuition rate. In FY17, Boston's assessment is \$2.4 million higher than it otherwise would have been if the state had fully funded the charter school reimbursement.

In addition, because of its archaic nature, **the state's Chapter 70 school funding formula does not work for Boston.** While the state provides an average of 46% of school district foundation budgets statewide, it provides just 27% for Boston. The state has added \$900 million to total state spending on education through Chapter 70 since FY08, but because of the design of state's funding formula, Boston has seen a negligible increase in Chapter 70 funding. That is a 0.1% increase in Chapter 70 Aid, as BPS' overall spending has grown by 11% and funding from the City has grown by 30% to compensate. The formula does not adequately recognize the expensive nature of the City's student population, which speaks over 85 languages at home, and includes more than five times the number of special education students the formula assumes. It also considers Boston "rich" due to its high property values and income, while failing to recognize that these characteristics do not directly contribute to municipal revenue, because Boston's property tax is constrained by Proposition 2 1/2.

CHAPTER 70 EDUCATION AID



Source: City of Boston Office of Budget Management

Federal funding for BPS has declined. From FY2012 to FY2016, federal funding decreased \$15M. Most of this reduction is due to continued declines in the amount received from major entitlement grants, such as Title I, which provides funding to improve the academic achievement of disadvantaged students. As an increasing number of districts across the country compete for a relatively fixed pot of funds, Boston has seen declines in revenue. A welcome increase in FY17 will hopefully be a sign of returning health for this critical funding stream.

WHAT ISN'T COVERED IN THESE FIVE AREAS?

While the topics above explain the majority of BPS' increased expenditures, roughly 15% of the increase from FY11 to FY16 comes from areas beyond those addressed above, including contract-ed services, food services, and central office. The first two increase categories are significant, but largely grant funded (so the cost increases have not contributed to the financial challenge). The \$12M increase in contracted services is mostly due to an increase in costs associated with grant-funded Early Education Partnerships. The increase in food services is the result of a 2013 initiative to provide free breakfast, lunch, and dinner to all BPS students. Today, food services is almost 100% grant-funded.

While Central Office spending has increased slightly, the rate of increase is lower than the rest of BPS (1% vs 3% annual increase) and today the central office is below benchmarks (7.1% of the total budget vs 8.4% in comparable districts).²¹ The central office has always and remains the first place to look for reductions; however, because of its already relatively small size and recent reductions, addressing it alone is not sufficient.





PART II

What Happens if Nothing Changes?

OVERVIEW

The first section of this report looked backwards and asked, how did BPS get here? This second section looks forward and asks, where is BPS headed? In particular, without major changes to the dynamics described above, what will be required each year to balance the budget? How does the outlook change if the current cap on charter seats is lifted on November's ballot? To answer these questions, the BPS team built a long term financial forecast that reflects how various cost categories will evolve over time without major action.

Over the next few years, BPS expects that expenses will continue to rise, increasing by approximately 3-4% or \$44M-53M per year. The expense categories forecast to grow most significantly include:

Transportation (+\$6M-8M or 5-7% per year): Forecast increases are smaller than in the past, but still significant, driven by contractual salary increases for bus drivers, implementing legislation to equitably serve homeless students, continued pressure on out of district transportation, and ongoing inflation in bus maintenance and fuel. Furthermore, any increase in the number of students attending charter schools (who attend schools city-wide and receive BPS transportation), would increase costs.

Salaries (+\$19M-21M* or 3-4% per year): While this estimate includes all staff, most of our salary costs are driven by collective bargaining agreements. At this time, BPS does not have an active contract with the BTU. Therefore the model uses a placeholder assumption that wage increases continue at the same pace as they did in the last BTU contract, which average 2% per year on top of step increases. In addition, salaries will go up with the roll-out of Extended Learning Time (~\$4,500 per teacher). *Note that at the time of this report's release, negotiations for the FY17+ Boston Teacher's Union contract is in-process, so these numbers are based exclusively on historic data.

Healthcare (+\$8M-9M or 7% per year): Like most districts across the country, BPS is affected by rising healthcare costs, forecast to continue growing in line with historical rates.

Student Need (+\$5-8M or 2-3% per year): The district has seen an increase in the number of English Language Learners and high need special education students. Expected small increases in these student populations will require additional staff, increasing costs, as well as additional non-staff support costs. Cost increases in this category come on top of salary and benefit increases that also apply to staff serving high need students.

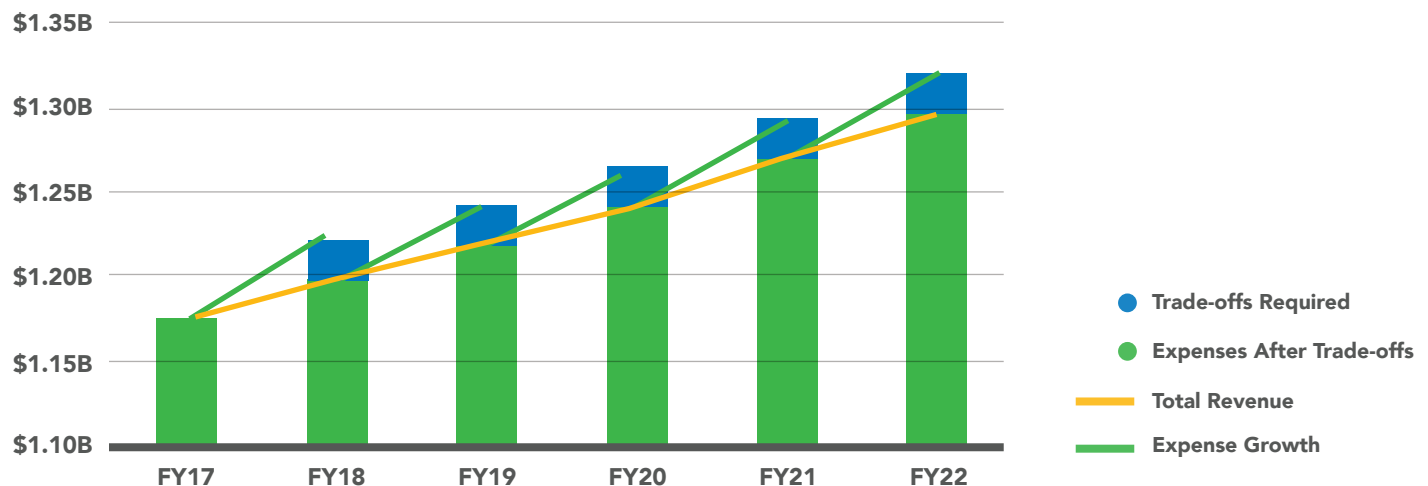
Non-Personnel (+\$6M-7M per year or 2-4% per year):

BPS' non-personnel spend covers items such as maintaining property, contracting outside education providers for high-need students, contracting services, and funding school equipment and supplies. Historically BPS has seen increases of 1-8% in these categories and 2-4% is assumed going forward.

Looking forward, BPS expects state and federal revenue to continue to decline and City revenue to continue to increase. For purposes of the model, it is assumed that the City spends a consistent percent of its budget on education. With those assumptions, general fund revenue (from the City) will grow at 2-3%, while state and federal funds, if they continue to match historical pattern, will fall by 3%. The net impact of these changes is that total revenue for BPS would grow by approximately 2%.

The bottom line is a continued annual challenge, creating the need for increasingly significant service changes each year in order to balance the budget and address rising costs. In sum, BPS is projecting that expense growth will exceed revenue growth by ~\$20-25M annually for the coming years. This ongoing pressure means that BPS would need to identify significant changes or trade-offs each year, and that's before adding in the cost of any additional investments.

ANNUAL BPS BUDGET CHALLENGE IF NO CHANGES ARE MADE Expense Growth Outpaces Revenue Growth FY17-FY22



SCENARIO: CHARTER CAP LIFT

On November 8th 2016, voters in Massachusetts will decide “Question 2” which, if passed, would lift the cap on the number of Commonwealth charter schools in the state. This could effectively remove the commonwealth charter cap on Boston, leading to a potentially dramatic increase in citywide charter enrollment over the next decade (see graph below).

As compared to previous cap lifts and several legislative cap lift proposals this year, Question 2 would more quickly allow charter schools to enter the system, which would accelerate the growth in Boston’s charter school assessment. If three charter schools were approved a year through FY28 under Question 2, Boston’s Charter School Assessment could rise over 400% to \$800 million by FY28. Even without a cap lift, Boston is projecting another 4,000 charter school students by FY28.

As discussed in Part I, Boston faces significant challenges based on flaws in today’s charter school financing model. These challenges would be exacerbated if the cap is lifted without a fix to the financing formula. Unless the State reforms the broken transition funding model, Boston could lose hundreds of millions in revenue over the next 10 years as Boston’s assessment grows under Question 2.

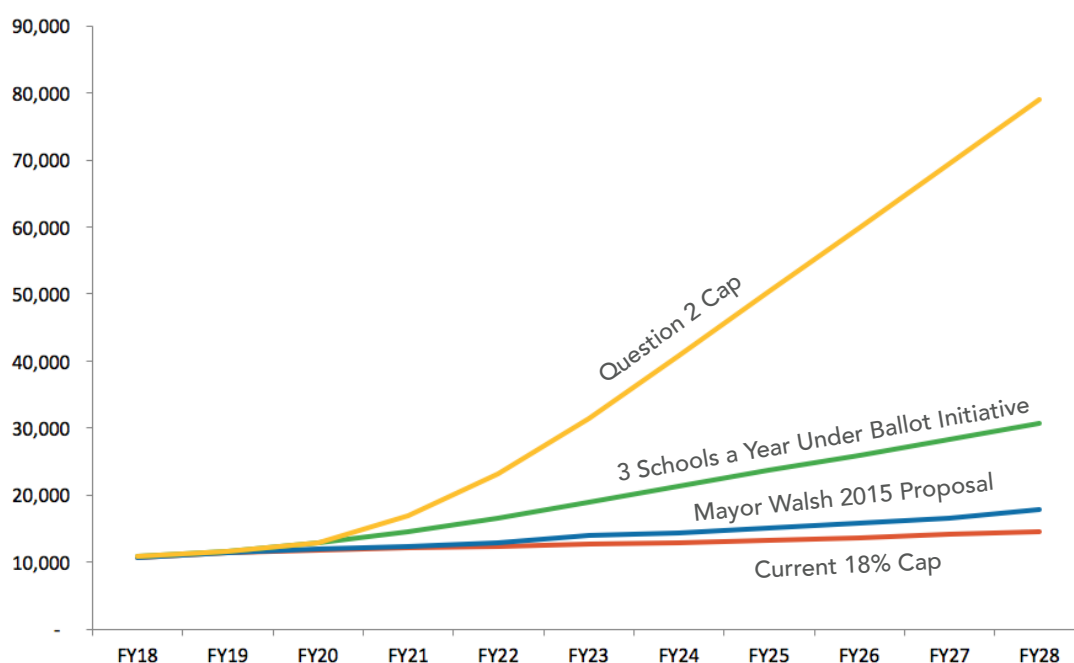
This level of assessment growth could be so dramatic that, assuming the State’s transition support remained inadequate, the Boston Public Schools would need to severely cut costs. Nearly any increase of students in Boston charter schools will mean a decrease in BPS students. This could have a serious financial impact on BPS, as state policies disadvantage BPS relative to charters in three ways:

- 1 State funding formulas do not fully account for student need and disadvantage districts serving the highest need and most expensive students. As BPS serves a higher proportion of these students than charters, a cap lift would likely increase per student costs for BPS but not for charters;
- 2 If more students participate in citywide enrollment, as charter schools are currently required to do, transportation costs are likely to rise. Without assuming any changes other than a shift in student ridership from BPS to Charters, transportation costs could be ~\$15M higher than they are today;
- 3 The state has not fully funded the Charter Reimbursement intended to support periods of transitions, leading to \$48M in lost revenue for the city and district. This amount of lost revenue would likely increase in future years without a change in the state legislature’s appropriation.

In addition to the strictly financial impact, charter expansion of this scale would likely lead to the district looking significantly different than it does today. For example, if 35% of students left – the moderate scenario in green in the graph below – the associated BPS enrollment decline would equate to ~45 fewer schools (i.e. 35% of total) being necessary over the next ten years. If the district is to shrink this significantly, this Long Term Financial Plan report would have to be revised to account for a reduction in expenditure proportional to enrollment loss.

For a more detailed summary, see the following [Medium post](#) written by the City of Boston’s CFO, which goes into more depth around the impact of these changes.

PROJECTED CHARTER SCHOOL ENROLLMENT



Source: City of Boston Office of Budget Management



PART III

What are the Choices to Fund the Future?

10 Big Ideas to Unlock Resources

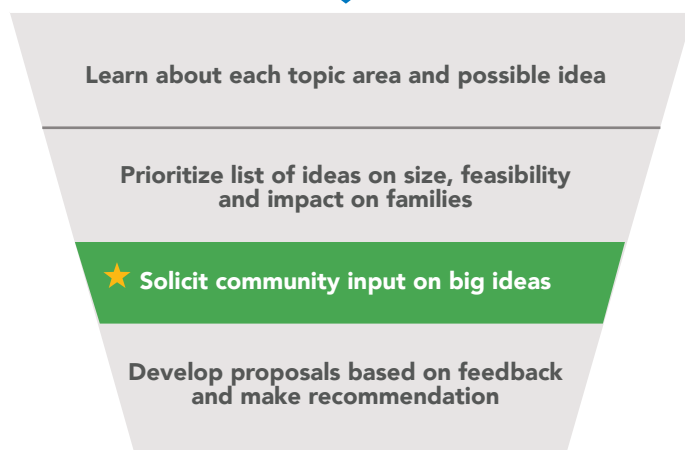
As stated at the beginning of this report, a financial plan is only as good as the strategic choices it enables. The intention of this report is to create a data-rich fact base of BPS finances and a set of potential changes for consideration, in order to spur productive community discussion. To develop these choices, over the last year, BPS convened a Long Term Financial Plan Advisory Committee made up of BPS stakeholders and community leaders. This group has met monthly to discuss the opportunity presented in this report: How can BPS serve students better and in a financially sustainable way?

The Committee generated a list of possible investments. Alongside many of the investments outlined in the district's Strategic Implementation Plan (such as expanding access to K1 and extended learning time), members also suggested investments in behavioral health supports, school leader pipeline and development, innovation, and personalized learning.

In order to fund these important initiatives, the committee explored the current BPS budget: where can BPS make changes that would not only fix the underlying structural deficit, but that would also reinvest resources in the initiatives that matter most for students? The group generated a comprehensive list of possibilities (see appendix), and evaluated the opportunities, challenges, and financial impact of each. In doing this, the committee prioritized the "10 Big Ideas," which are detailed below. The purpose of this list is not to be a prescription, but rather to be the start to an important community dialogue about choices.

The choices to make for the future, the options that this report lays out here, are made through the lens of serving students better and more efficiently, not merely less expensively. The changes proposed are focused on ways to consider redirecting current dollars to better serve students.

GENERATE MANY DIFFERENT IDEAS FOR CONSIDERATION



BEGIN IMPLEMENTATION

★ We are here

#1



REDUCE LONG-DISTANCE BPS TRANSPORTATION BY ADJUSTING STUDENT ASSIGNMENT POLICIES

Potential Opportunity Size:

\$4M-18M

Projected Timeline:

1-4 YEARS

Students Impacted:

4,000+

Type:

POLICY

In 2012, BPS moved from a 3-zone student assignment system to a home-based assignment system (where students are assigned to schools that are closer to home), which over time will reduce costs. However, there are two reasons that cost reductions from this reform are currently limited: First, there is a delay in the time it will take to realize the full savings of home-based assignment given that current students (and their siblings) are "grandfathered" into their current schools. The only students currently receiving home-based assignments, strictly through the new model, are those who are new to the system or have changed schools. Second, the former 3-zone student assignment system is only one of several reasons that students are assigned to schools far from home. In addition, the district also supports a number of specialized programs that draw students from across the city, including special education and English Language Learner programs, citywide schools, Advanced Work Class programs, and transportation for homeless students. Addressing only one of these causes will have limited impact on transportation savings because reducing some, but not all, students on a bus route who are far from home does not reduce the cost of the bus.

If the district were to reevaluate student assignment, for instance immediately moving all students to a home-based assignment, or alternatively allowing all students to stay at their current schools, but only providing transportation to those who attend home-based schools, significant savings would be possible. The district could also consider setting a maximum home-to-school transportation distance of 4 miles -- excepting only highly specialized cases. Additionally, it could be worth exploring whether similar policy changes could be made regarding charter schools, given that the citywide nature of charter school admissions leads to high transportation costs.

These shifts in policy would likely involve 1-4 years to investigate and implement and would require review and approval by the BPS School Committee and possibly the state legislature (where charters are involved), in addition to input from the community. The potential opportunity size range varies with the wide breadth of policy options represented here.

#2



ADOPT STATE-MANDATED TRANSPORTATION-ELIGIBILITY DISTANCES

Potential Opportunity Size:

\$8M-10M

Projected Timeline:

1-2 YEARS

Students Impacted:

11,000

The number of students who live within two miles of school and receive bus service

Type:

POLICY

Currently, BPS provides more generous transportation eligibility than state law requires. BPS provides yellow-bus transportation to any kindergarten or elementary school student who lives more than a mile away from school and to any sixth-grader who lives more than a mile and a half from school (state law requires K-6 transportation only for students who live two miles or more from school). Additionally, BPS offers transportation services to students in grades 7-12 who live two miles or more from school, which is not required under state law except for students requiring transportation as part of their IEP accommodations. BPS could, with School Committee approval, change this policy to align with or more closely align to state law.

#3



MAXIMIZE EFFICIENCIES IN TRANSPORTATION

Potential Opportunity Size:

\$4M-7M

already in process for FY17

Projected Timeline:

1-3 YEARS

Students Impacted:

VARIES

Type:

OPERATIONAL

There are a number of ways to reduce transportation costs per bus route, and as with all of the “ten big ideas,” each would need to be considered against the trade-offs they represent.

The following options were prioritized by the advisory committee:

Align school start times. Many of BPS’ buses are able to make three trips in the morning and afternoon, corresponding to the district’s three bell times – 7:30, 8:30, and 9:30 – but some are not, due in large part to bell times not being evenly distributed across schools. More 8:30 schools than 7:30 or 9:30 schools means more buses making fewer trips each (lower efficiency). If BPS were able to better balance school start times, then buses could be used more efficiently, thereby reducing the number of buses needed.

Clarify who wants transportation. Per above, some students are routed to yellow bus service who never ride the bus. The district could consider requiring families to opt-in to transportation (so that bus seats are not reserved for students who don’t intend to ride).

Expand transportation options. Current policy caps the length of a student’s bus ride at one hour. Because students often live far from their school and because trips often happen at rush hour, the bus runs out of time before it can fill with students, lowering the bus utilization rate. In some cases, it may be more efficient to provide an alternative transportation method for those students who live the farthest from school, while adhering to legal and contractual obligations.

The Committee considered additional changes, including the following, and believe they also warrant continued exploration. One way to explore these and other ideas would be to engage school leaders in finding solutions and sharing the savings or to engage others from outside the BPS community who may have expertise or innovations to bring to bear.

Shifting to two bell times: This would be a move from the existing three-bell schedule (i.e., BPS schools currently have 7:30, 8:30, and 9:30 start times). This switch could lead to *increased* costs because more buses would be needed at one time, but is worth exploring due to other potential benefits, such as improving bus fleet efficiency (see below) and better aligning to extended day school schedules (so students at late-start schools with extended day are not getting home too late).

Increasing students’ time on buses: As of now, unless BPS receives a waiver from a parent or guardian, every student on yellow bus transportation must be on the bus for under an hour. Lengthening that time -- to 90 minutes, for example -- would allow the district to reduce the number of bus routes. This could be facilitated by shifting to two bell times, per above (currently, with one hour between school start times, doing this is largely not an option.)

Increasing walk-to-stop distances: Currently, BPS policies allow for a bus stop to be up to .5 miles from a student’s home

(the average student walk distance is .19 miles). Increasing this distance would allow BPS to consolidate more bus stops, shortening route times and reducing the number of buses needed.

Pursuing “linking” schools: Savings could be generated if routes could serve more than one school, something which to date has been impossible in all but a few situations because of the three fixed bell times. Staggering bell times slightly for nearby schools could allow for this.

Exploring a “hub and spoke” model: In this model, buses would pick students up from multiple locations, converge at a central hub, and then students would switch to a new bus to take them to their school. As with some of the options above, this could possibly allow for a reduction of routes and a consolidation of bus stops.

Potential savings from these additional ideas could be significant, especially when done in combination with each other, and are not yet captured in the above opportunity size.

#4



RECONFIGURE THE DISTRICT'S FOOTPRINT

Potential Opportunity Size:

VARIES

Will depend on capacity data coming through Facilities Master Plan

Projected Timeline:

2-3 YEARS

Students Impacted:

VARIES

Type:

OPERATIONAL

Running underutilized schools across a variety of grade configurations is costly; add in a plethora of programming and city-wide enrollment patterns and it creates a system with classrooms that are not full. BPS can concentrate resources to offer richer programming at fewer sites by making adjustments to the number of schools in the system and/or the number of classrooms across schools. For either of these changes to occur, decisions must be made based on reliable, accurate data that reflects school capacity, student demand, and assessments of equity by neighborhood.

Other districts that have reconfigured schools have saved from zero to \$1.5M+ per school. BPS has traditionally estimated annual savings of \$500K-\$800k per school, when a school and its facility are closed. More importantly, significant dollars are reinvested

into remaining schools (well beyond the savings figures cited here) through Weighted Student Funding because resources become more concentrated in fewer schools and classrooms. While right-sizing the footprint ultimately is an important strategy for addressing structural issues, the short-term financial impact would depend largely on:

- The number of staff members reduced (some districts have found it difficult to reduce staff, even where student demand warrants it, due to contractual provisions)
- The number of buildings reduced
- The extent to which savings are reinvested into preserved or merged schools
- Decisions made about how and where to transfer affected students to new schools

#5



EXAMINE TEACHER WAGES AND SCHOOL DAY LENGTH

Potential Opportunity Size:

VARIES

Context on potential magnitude: if the next contract were similar to the terms of the current contract, we would expect annual costs to increase ~\$50M within three years

Projected Timeline:

1-6 YEARS

Students Impacted:

ALL STUDENTS

Type:

NEGOTIATION

While teacher salaries across the country have declined or remained flat in real terms over the last few years,²¹ teacher salaries in Boston have increased (teachers made an average of \$91K in fiscal year 2017). Today, the average teacher in Boston makes more than national and neighboring districts.

At the same time, the Boston Municipal Research Bureau found that BPS teachers “contractually have a shorter school day than their counterparts around the country.” Boston has one of the shortest school years in the country – equal to the state minimum. The negotiated costs of implementing “Schedule A” to extend the school day by 40 minutes in most K8 schools has proven expensive, and the district is facing over \$20M in costs for implementing Schedule A.

²¹Using inflation adjusted numbers teacher salaries are down slightly since 2010; in nominal terms they are up slightly. National Center for Education Statistics, “Estimated Average Annual Salary of Teachers”

The district, in partnership with the Boston Teachers Union, could make adjustments both to the rate of growth of the wage schedule and to the terms of “Schedule A.” Addressing wage growth is unique among the list of proposed ideas in this report as it is the only one that can slow the rate of annual expenditure growth.

#6



ADVOCATE TO CHANGE TENURE LAW

Potential Opportunity Size:

\$10M-15M

Projected Timeline:

2-5 YEARS

Students Impacted:

ALL

Type:

NEGOTIATION / STATE LEGISLATION

BPS strives to find, develop, and retain the most qualified teachers. Teachers in BPS are compensated based on their years of service and their level of education, and a combination of state law and the current teacher contract create a tenure system for teachers after three years.

Three years ago, BPS implemented an early hiring initiative aimed at giving school leaders greater ability to choose the staff employed in their classrooms through mutual consent hiring. While the program has had many successes, it remains expensive because, based on state law, tenured teachers who do not secure a position are still owed a salary, costing the district ~\$10M-\$15M annually (note: in Boston Public Schools, these teachers are placed in supportive teaching positions so that they have an opportunity to continue to support students). If the Massachusetts Legislature were to amend this law, the savings would be significant.

#7



ENSURE SPECIAL EDUCATION IDENTIFICATION & ADMINISTRATION SUPPORT STUDENTS APPROPRIATELY

Potential Opportunity Size:

\$10M-15M

Projected Timeline:

3-5 YEARS

Students Impacted:

500-3,000

Type:

PRACTICE

When considering changes in Special Education, where BPS' highest need and most vulnerable students are served and services are mandated by Federal and state laws and regulations, BPS carefully considers changes through the lens of serving students better and more efficiently. The changes proposed below are focused on ways in which BPS can consider redirecting current dollars to better serve students in the most inclusive environments.

Here are three policies and practices that would enable BPS to better reinvest spending:

- 1 Prioritize tiered interventions to better serve all students before they need additional supports.** Rather than viewing Special Education as binary – either a student has an IEP or does not – BPS could reallocate funds to services that provide some of the supports of an IEP on a flexible basis to more students, reducing the number of students identified as special education students and supporting a broader range of general education students. Doing this well could mean reallocating funds toward “multi-tiered systems of support.” This begins with strong teaching and learning (differentiating instruction and supports for diverse learners in General Education classrooms), and progressing to interventions for a more targeted group of students (for instance, providing targeted help for reading fluency for students based on DIBELS scores).
- 2 Improve identification and placement practices to ensure students are receiving the appropriate level of services for the appropriate number of years.** Once a student has an IEP, it should be the goal of the district to support them to become an independent learner.

- 3 Clarify guidelines for assigning and removing 1:1 monitors, 1:1 paraprofessionals, and door-to-door transportation to ensure all assignments are in alignment with district policy.** Preliminary evidence indicates that some students may receive support beyond what their disability requires. For instance, providing door-to-door transportation may be more restrictive than necessary for the student. BPS' goal is to provide the least restrictive and most independent means for a student to travel from home to school with their non-disabled peers.

In addition to the above items regarding identification and service designation, there are opportunities to reexamine administration in Special Education. BPS currently spends \$9.7M on Coordinators of Special Education Support Services (COSESS) and \$2.7M on ETF Clerks who support them. This model is unique to Boston and is more expensive than models in other districts that achieve similar results.

#8



STREAMLINE CENTRAL OFFICE

Potential Opportunity Size:

\$2M-4M

already in process for FY18

Projected Timeline:

1-2 YEARS

Students Impacted:

ALL

Type:

OPERATIONAL

In all difficult budget cycles, BPS looks to protect school budgets as much as possible. For this reason, historically the district has focused reductions in central office and will continue to look for opportunities to do so. According to a recent Education Resource Strategies analysis, BPS spends less on central services than comparison districts as a percent of overall spending, but more on a per pupil basis. At ~6% of the overall budget, the opportunity here will be limited in size, but exploring this closely will be critical.

One specific opportunity is paid administrative leave, ensuring that all cases are being handled appropriately and expediently. In addition, BPS is looking closely at the central office organization structure and assessing each function, the extent to which it is effectively supporting schools, and whether it can be performed more efficiently.

#9



ADVOCATE TO REALIGN STATE EDUCATION FORMULAS

Potential Opportunity Size:

VARIES

Will depend on any legislative language adopted

Projected Timeline:

1-10 YEARS

Students Impacted:

ALL

Type:

POLICY

With dramatically rising Charter School costs, underfunded charter school reimbursement and stagnant state education revenue, the Massachusetts' charter school finance model is broken for Boston.

Boston is receiving about the same Chapter 70 aid as it did in FY08. The formula does not adequately recognize the expensive nature of the City's student population and it considers Boston "rich" due to its high property values and income, while failing to recognize that these characteristics do not directly contribute to municipal revenue due to the constraints of Proposition 2 1/2. For these reasons, Boston is only receiving "minimum aid" each year, which leads to stagnant Chapter 70 growth. In 2015, the Foundation Budget Review Commission proposed changes to the Chapter 70 formula foundation budget. Analysis of the Commission's proposed changes to the Chapter 70 formula show that Boston would be unlikely to receive additional Chapter 70 revenue in the near-term under this proposal because it would still only be eligible for "minimum aid". Implementing these changes would cost the state hundreds of millions of dollars, and yet Boston would be unlikely to receive additional revenue from this investment in the near-term. Therefore, advocacy focused on charter school transition funding, charter school assessment, and special education circuit breaker is more impactful for Boston.

Boston needs a reliable transition funding mechanism. The cost structures of large urban districts are inflexible, defined by multi-year collective bargaining agreements, enrollment patterns that often do not support facilities changes, and large concentrations of the highest need students. However, the State has not funded the charter reimbursement formula to compensate municipalities for these transition costs, and over the past three years Boston has lost \$48 million in revenue.

Compared to charters, BPS serves a greater percentage of high need special education students (for instance BPS is 3.1% students who are blind, deaf or autistic versus 0.6% in charters) and English Language Students (30% in BPS versus 13% in charters). And because Boston spends more in support of education than is required by State Law, it pays a 27% premium (about \$30 million) on its charter school tuition through a component of the formula called “above foundation spending”. This “above foundation spending” rate is applied to Boston’s charter school per pupil tuition, even though charters serve a lower amount of high need students than BPS does.

1 Advocate to create a reliable transition funding mechanism. The Commonwealth should adopt a more affordable direct funding model to support its commitment to charter schools. In providing the transition assistance that Boston needs, the following model would be more affordable for the Commonwealth to fund than the current formula and would shift the risk of new charter funding to the state versus cities and towns. First, the Commonwealth should provide three years of transitional funding (100% of the tuition in Year 1, 50% in Year 2, and 25% in Year 3) directly to charter schools instead of assessing the tuition through the municipality. This means that if the state approves new charters, the state would also be responsible for identifying funding, as opposed to putting the risk on cities and towns. Second, the Commonwealth should provide funding directly to charter schools for the facilities component of charter costs. Currently, cities and towns pay a per pupil facilities rate to each charter school, and are then reimbursed 100% by the State, making municipalities essentially a pass through function. Those facility funds should be paid from the State to the charter school directly, again shifting the risk from Boston. Third, the Commonwealth should focus this funding to high need districts where charters have been granted beyond 9% of net school spending. These districts are bearing a disproportionate share of the charter school cost burden.

2 Advocate to adjust state education formulas and the city’s charter school assessment to recognize the true cost of the highest need students. Massachusetts’ charter school assessment formula, Chapter 70 funding formula and Circuit Breaker Reimbursement do not appropriately account for BPS’ high cost of special education and ELL populations. Unfortunately, given the challenges with Chapter 70 described in Part I (namely that Boston residents have a higher income and wealth as measured by the formula and therefore receives only minimum state aid each year despite not receiving income tax and having a cap on property tax revenue), advocating for changes to Chapter 70 for the treatment of high needs funding will not likely yield results for Boston. Given this, a more promising approach would be to advocate for changes to Boston’s Charter School assessment

and Circuit Breaker funding for the highest need special education students to better reflect these differences. For instance, changing the Circuit Breaker formula to provide reimbursement to districts for 75% of costs above 3x the average pupil (currently reimbursement is triggered at costs 4x the average pupil) could be significantly beneficial for Boston. Both of these changes require the State to pass new legislation.

#10



ADVOCATE TO GIVE BOSTON MORE FLEXIBILITY TO MODIFY ITS REVENUE STRUCTURE

Potential Opportunity Size:

VARIES

Projected Timeline:

1-10 YEARS

Students Impacted:

ALL

Type:

POLICY

Boston’s revenue sources and growth are limited by Proposition 2 ½ and State Law. Boston doesn’t have the legal ability to impose broad based sales or income taxes, unlike many cities outside of Massachusetts. It is also limited in its ability to raise excise taxes such as motor vehicle, room occupancy and aircraft fuel. As net state aid is declining and Boston generates nearly one-fifth of state tax revenues (2014), it is worth advocating that Boston be given more flexibility to modify its revenue structure. With the tools currently available to Boston, incremental investment in BPS must come at a cost to other city departments, as revenues are largely fixed.

Join us this fall and winter as we engage on these long-term reflections through the lens of our 2017-18 budget planning process. Dates for hearings and other engagements will be posted to the BPS website:

bostonpublicschools.org/financialplan



APPENDIX

Full List of Ideas Considered by Advisory Committee

The Long Term Financial Plan Advisory Committee generated a list of ideas for BPS' community to consider to address future financial challenges and better direct resources to benefit students.

This list of ideas (below) were those that the committee discussed over the course of the year. Out of this longer list, the committee selected those that they felt were the best opportunities for the broader community to consider, which became the "10 Big Ideas."

Every idea on this list merited exploration, and even those not highlighted in the report as one of the "10 Big Ideas" should still remain in consideration. As a district and community are committed to continuous improvement – many of the ideas below will be critical for that goal. When working to trim this list of ideas, the committee used three main criteria to evaluate if an idea was worth pursuing.

Size:

How large is the opportunity for savings and reinvestment?

Feasibility:

How challenging will it be to implement, relative to the size of the opportunity? Is the solution within the district's locus of control?

Impact on Families:

How much disruption will this change cause for students and families, relative to the size of the opportunity?

AREA	SUB-AREA	STRATEGY	INCLUDED IN "BIG 10 IDEAS"	REASON EXCLUDED FROM REPORT
Transportation	Assignment	Accelerate roll-out of all students to home-based assignment plan (could include discontinuing grandfathering)	Yes (#1)	
Transportation	Eligibility	Eligibility policy (increasing miles from school to be eligible for transportation to state law level)	Yes (#2)	
Transportation	Eligibility	Increase walk to stop distance	Yes (#3)	
Transportation	Operations	Shift school start times to better align bell tiers	Yes (#3)	
Transportation	Operations	Require families to opt out, or opt in for transportation service	Yes (#3)	
Transportation	Operations	Charge families for transportation service	No	This option was excluded due to equity concerns (even at a nominal fee, this would be challenging for many families)
Transportation	Operations	Consider alternate transportation options for students who live the farthest from their schools, while adhering to legal and contractual obligations	Yes (#3)	
Transportation	Operations	Increase the one-hour drive limit	Yes (#3)	I
Transportation	Operations	Leasing buses (versus owning)	Being Explored Further	Preliminary analysis shows that this option would not likely generate significant savings; however, more research should be done
Transportation	Operations	Contract drivers (versus employing them through bus drivers unions)	No	The current letters of agreement with the drivers union do not make this possible at this time
Transportation	Operations	Consider changes to contract with bus drivers	Yes (#3)	

AREA	SUB-AREA	STRATEGY	INCLUDED IN "BIG 10 IDEAS"	REASON EXCLUDE FROM REPORT
Transportation	Operations	Close a bus yard	Not Yet	On its own, this is not feasible; however, if other solutions result in a reduced need for buses, this should be considered
Transportation	Operations	Increase coordination between Transportation and special education teams to factor transportation costs into out-of-district placement decisions	Being Explored Further	BPS is pursuing ways to increase cost visibility for families; however, decisions will continue to be based on what is the best setting for each student
Transportation	Operations	Investigate other routing ideas (e.g. hub and spoke, link or click schools, two-bell tiers)	Yes (#3)	
Transportation	Operations	Engage school leaders to find local solutions and share in savings	Yes (#3)	
Transportation	Other	Advocate with state agencies to factor transportation costs into homeless family placement decisions	No	While tighter coordination with state agencies should occur, it is unlikely that the magnitude of savings here would lead to the level of the top ten ideas
Transportation	Other	Have ELT in neighborhoods (transport students to neighborhood-based after school programs, leading to greater efficiency of bus usage)	No	This idea would require students to attend ELT in a different school than they attend during the day, preventing ELT from being a continuation of the day's learning. In addition, it is not clear that savings would be significant
Transportation	Other	As city increases Bus Rapid Transit (BRT), run all-student buses and decommission some yellow buses	Not Yet	While this may be an opportunity to pursue in the future, doing so would require a change in state law, and it is unclear that this would yield significant savings
Special Ed	ID Rate	Invest in tiered interventions to better serve all students and possibly reduce the number of students requiring related or resource services	Yes (#7)	
Special Ed	ID Rate	Improve entry and exit criteria to ensure students are receiving the appropriate level of services and for the appropriate number of years	Yes (#7)	
Special Ed	ID Rate	Clarify guidelines for assigning and removing 1:1 monitors and paraprofessionals to ensure all assignments meet student needs	Yes (#7)	
Special Ed	ID Rate	Clarify guidelines for assigning and removing door-to-door transportation to ensure all assignments meet student needs	Yes (#7)	
Special Ed	Model	Rethink service delivery model of COSESS and ETF clerks	Yes (#7)	
Special Ed	Model	Expand inclusion	Being Explored Further	The group and BPS agree that inclusion should be expanded, absolutely – the reason it wasn't included in the "Big 10" ideas is that it is not clear that doing so will result in reduced cost.

AREA	SUB-AREA	STRATEGY	INCLUDED IN "BIG 10 IDEAS"	REASON EXCLUDED FROM REPORT
Special Ed	Model	Review Related Service efficiency	Being Explored Further	BPS is actively exploring related service offerings to determine improvements; preliminary analysis does not suggest significant savings
Special Ed	Model	Reform WSF to ensure schools have incentives to serve in the least restrictive environment	Being Explored Further	BPS is and should explore these changes to Weighted Student Funding, though they will not likely result in savings
Special Ed	Model	Bring some private placement students back into the district	Being Explored Further	BPS is and should continue to improve internal programming to reduce the need for students to be served outside the district; however, given the costs required to build new programs, it is not yet clear that doing this would result in significant savings. Additional analysis is being performed.
Special Ed	Other	Invest in travel-training for able, older special education students (potential to reduce door-to-door spending as appropriate and also benefit students)	No	BPS is and should continue to explore this possibility; savings will be real, but not at the level of magnitude to be a "top ten" idea
Other	ELL	Explore English Language Learner offerings to identify ways to improve instruction and do so in a more cost effective model	Not Yet	An agreement between BPS and the Department of Justice provides specific models for ELL instruction. Changes would require amendments to this agreement. While this will be something to explore, there were no immediate suggestions
Other	Universal Enrollment	Pursue unified enrollment (has potential to reduce transportation costs and improve student assignment efficiency)	Not yet	Unified enrollment and neighborhood-based assignment for charter schools would have significant positive financial implications for BPS should the charter cap lift. Given this report is being published before the November ballot on whether to lift the cap is decided, the group opted to hold on this recommendation.
Other	Universal Enrollment	Charters to be neighborhood based (distance for transportation would be shorter)	Not yet	
Other	Facilities & Management	Consolidate schools	Yes (#4)	
Other	Facilities & Management	Improve enrollment projections and fill classrooms including program placement	Yes (#4)	
Other	Facilities & Management	Reconfigure Schools	Yes (#4)	
Other	Legislation	Advocate to adjust tenure law related to treatment of excessed teachers who do not earn a position	Yes (#6)	

AREA	SUB-AREA	STRATEGY	INCLUDED IN "BIG 10 IDEAS"	REASON EXCLUDED FROM REPORT
Other	CBA	Re-negotiate the rate paid for extended learning time and the way it is structured (requiring significant additional specialist teachers)	Yes (#5)	
Other	Other	Give all autonomy on budget to schools / move to a la carte central services	No	While this is an idea that should be considered generally, it is not clear that it will lead to significant savings
Other	Other	Tighter management of staff being paid on administrative leave	Currently Being Implemented	This is an operational imperative already being pursued by BPS
Revenue	Taxes	New taxes for companies such as Airbnb	Being Explored Further	Boston does not have the authority to levy taxes. See Big Idea #10.
Revenue	Taxes	Differentiated sales tax rate for Boston, or increased share of state income tax	Being Explored Further	Boston does not have the authority to do this. See Big Idea #10.
Revenue	Taxes	Raise excise tax (motor vehicle, meals, hotel / motel, jet fuel)	Being Explored Further	Boston does not have the authority to raise these revenues above current state caps. See Big Idea #10.
Revenue	Taxes	Proposition 2 ½ Override	No	Big idea #10 explores other options for increasing revenue flexibility that will better diversify revenue streams.
Revenue	Taxes	Advocate for the "Millionaires tax" (an additional 4% tax on annual income above \$1M)	Being Explored Further	If the State uses the current Chapter 70 model to disseminate revenue from the Millionaires Tax, Boston would not get its fair share.
Revenue	Local	Reform Pilot Payments	Being Explored Further	The City is bringing in a record level of Pilot payments, and will continue to encourage increased payments.
Revenue	Local	Create a dedicated revenue stream for schools (e.g. parking revenues)	No	Dedicating existing City of Boston Revenue to the School District would result in shifting but not increasing overall revenue
Revenue	State	Reform charter reimbursement (shorten the number of years eligible for reimbursement; focus on neediest districts; and pay charters directly)	Yes (#9)	
Revenue	State	Adjust Chapter 70 and possibly Circuit Breaker to properly account for special education and high need	Yes (#9)	
Revenue	Private	Pursue a more proactive and purposeful private revenue strategy	Being Explored Further	BPS continues to work to solicit outside funding and to be strategic and proactive in the partnerships that it seeks; typically private donations are one-time or short term, and therefore, while very useful, are not an answer to structural challenges

