


BOSTON PUBLIC SCHOOLS



OFFICE OF THE SUPERINTENDENT

MEMORANDUM

To: Chairperson and Members
Boston School Committee

From: Carol R. Johnson 
Superintendent

Date: March 26, 2008

Re: Approval of the FY2009 Budget: **\$827,500,000**

I request your approval of the FY2009 recommended budget for the Boston Public Schools in the amount of **\$827,500,000**. This represents an increase of \$44.7 million, or 5.7%, over the current year's appropriation.

This budget includes an increase of \$12 million over the preliminary budget recommendation. This increase reflects the continuing commitment of Mayor Menino to the children and families of the City of Boston. It allows us to present a budget that maintains support for essential policy decisions to improve student achievement, eliminate the achievement gap, and provide high-quality instruction for all students. A budget at this level also provides funding to support the Acceleration Agenda that will allow us to advance our efforts to ensure that all students reach their fullest potential and attain academic proficiency.

This budget has been developed in an extraordinarily difficult economic climate. Like school districts across the country, we are faced with significant increases in costs and declining revenues. In balancing this budget, I have been guided consistently by the need to make sure that we minimize any impact on direct services to children. I have also listened to the comments of parents, principals and headmasters, teachers, students, and members of the community.

CHANGES TO THE FINAL BUDGET RECOMMENDATION

Since my last report to you on March 19, 2008, we have continued to work to present a balanced budget. The important changes that are now incorporated in the budget proposal are the following:

Increase in Target Appropriation

The appropriation request has been increased by \$12 million. This consists of two components. First, the Boston Public Schools will commit to a series of revenue enhancement strategies that will allow for an increase in the appropriation by \$2 million. These include:

- Medicaid reimbursement
- Tuition rate increase for the Horace Mann School for the Deaf (non-Boston students)
- Transportation cost-sharing for homeless students (non-Boston students)

Secondly, the Mayor has made an additional commitment of \$10 million to support our ability to maintain and expand critical investments that have a direct impact on student achievement.

Additional Strategies to Balance the Budget

We have made additional decisions for further reductions that do not impact direct services to children. Specifically, we have identified \$2 million in reductions that represent a revised estimate of funding requirements for certain centrally budgeted stipend accounts and a reduction in remaining reserve accounts. We are finalizing a review of plans that would further reduce central support budgets by \$2 million. This is the equivalent of approximately 30 positions.

In total, this will result in \$12 million in reductions to central budgets. Coupled with previously identified proposals, we will achieve \$18.7 million in savings from efficiencies and reductions in costs.

Each department has been challenged to work smarter and better. However, obviously with a major reduction in funding and positions, there will be a significant impact in our ability to maintain the high standards for excellent service to schools. We have been able to respond to schools' request for literacy, math, and technology. While we will have support in these areas, it may not be as timely or immediate as in the past, and in some cases, the services will be spread across several schools as opposed to a dedicated staff person at the school level.

BUDGET OVERVIEW

Attached to this document is a schedule that summarizes the major cost factors that drive the budget as well as strategies to balance the budget.

Level Service Budget Including New Initiatives

The budget process begins with an assessment of revenues required to maintain similar levels of service in the future year and fund new investments. This year's budget cycle is particularly challenging because public and private sources of revenue that traditionally have been available and have supported growth, innovation, and flexibility to respond to new challenges are now dramatically constrained.

Revenue and Enrollment Trends

Enrollment in the Boston Public Schools has declined by almost 6,000 students, or close to 10%, over the past five years. This has a significant impact on our ability to access external funds that are available to support our work, since the major sources of funding are based on some measure of student enrollment.

Families in Boston continue to choose the Boston Public Schools. Despite changes in demographics, competitive pressures from charter schools, and economic factors that influence school choice, the Boston Public Schools has consistently served approximately 75% of all school-aged children in the city. Even though the population in the City has increased by 30,000 residents, the number of school-aged children has decreased.

Our largest source of federal funding, Title I, has been cut by \$7.8 million in the last two years, and a \$3.6 million reduction is expected next year. We are impacted in two ways. There has been a regional shift in population that results in Massachusetts' receiving a smaller portion of the Title I budget, and because of declining enrollment, the Boston Public Schools receives a smaller share of the state's allocation.

Enrollment trends also affect local aid for public education, Chapter 70. Overall Chapter 70 funding has increased. However, once the impact of charter school funding is factored in, the amount available to support Boston Public Schools in FY2009 is estimated at approximately \$173.4 million, an increase of only \$1.5 million over the current year. This is not sufficient to keep up with the higher cost of doing business. This also puts significant pressure on other sources of revenue available to the City to support public education.

Cost Components

It is estimated that in order to maintain a level service budget with limited new investments, the increased cost over the FY2008 appropriation would be \$63.4 million. This includes the following:

- \$39.3 million: Increased costs for collective bargaining, health insurance, other employee benefits, utilities, and other non-discretionary costs.
- \$16.2 million: A whole range of services that have historically been supported through both private and public external funds are now core elements of our interventions to improve student achievement. The BPS has picked up these costs because we feel strongly about their impact on student learning. These include supports for Kindergarten paraprofessionals, Family and Community Outreach Coordinators, the Summer School Transition Program and those programs listed on the attachment.
- \$7.9 million in new and expanded investments: This budget includes important investments that support the expansion of K1 classes for 4-year olds, expansion of the K-8 model, and investments in Advanced Placement, International Baccalaureate, enrichment opportunities, alignment of the literacy curriculum, and dropout prevention and recovery.

The initial target appropriation provided an increase of \$32.7 million. This provided funding to cover the estimated increase in cost for collective bargaining and health insurance, and it left a \$30.7 million budgetary gap.

Closing the Gap

In order to close a budgetary gap of this magnitude, we have identified a series of strategies that include increased revenue, savings through more efficient practices, and reductions in core central budgets.

Revenue Strategies

- Medicaid reimbursement: A recent change in parental consent requirements has depressed our Medicaid reimbursement funding. We have the opportunity to fully engage schools and families in a system-wide effort to maximize our return rate and significantly

increase our funding. We have estimated that we could generate \$1.2 million with these efforts.

- Tuition at Horace Mann School: The Horace Mann School for the Deaf is a state-approved provider of specialized education services. Based on capacity, we have the ability to accept students from other communities, and bill those communities for services. Boston has not adjusted its tuition rate in several years. We have the capacity to generate additional funds by establishing a competitive rate, and estimate increased revenue in the amount of \$500,000.
- Transportation of homeless students: When responsibility for education and transportation of homeless students is shared between communities, there is an opportunity to share the cost of transportation services. We are researching the requirements of this option and anticipate being able to generate additional revenue in the amount of \$300,000.

Improved Efficiencies and Expenditure Reductions

We have identified reductions in spending in the amount of \$18.7 million. These include the following:

- \$12 million in reductions in central budgets achieved through efficiencies in operations and reductions in core departmental budgets
- \$6.7 million through systemic reviews of a range of activities: the scale of programs within the current financial context, planned reforms of service delivery models, a self-insurance model for the bus fleet, the deficit in the Food Service operation, limits on salary increases for senior executive staff, strategies for supporting low-performing schools, and targeted reductions in administrative components of special education.

A more detailed listing of the cost impact within these categories is provided on the attachment.

These decisions have, in many instances, been difficult and painful. It is important to know that while we have been guided by the principle of limiting impact on direct services to students and on school budgets, the majority of our budget is in schools, teachers, and support staff in schools. In addition, there are important consequences that need to be appreciated.

Central budget position reductions at times are realized through introduction of improved service models. An example of this is the plan to introduce “just-in-time” ordering and delivery of school supplies. This results in better service to schools at a lower cost and reduction in some staffing requirements.

In other instances, position reductions have a material effect on the ability of support service departments to provide the same level of services that are currently given. A total of 49.5 positions have been eliminated. A further review is taking place that will result in an additional 32 administrative positions. This will bring the total to 81.5 FTEs.

Of the 49.5 positions that have been identified, many of them represent vacancies that have been created by the current year’s freeze on positions that is a feature of our spending control plan. These positions fall into the following categories:

Position Category	Number of FTEs
Professional Support	14.5
Secretary/Clerical	5.0
Custodial	2.0

Technical Support/Supervisory	8.5
School Admin (Curriculum Access Specialists)	8.0
SPED Compliance Teachers	4.0
Support Personnel	2.0 (move to IDEA)
Evaluation Team Facilitators	2.0 (move to IDEA)
Other	3.5
Additional administrative positions under review	32.0
Total	81.5

BUDGETARY IMPACTS ON SCHOOLS

While much of the focus here has been on the specific strategies that have deliberately avoided school reductions, it is important to acknowledge that, because of enrollment declines and reductions in external funds, resources at the school level have also been impacted.

In general, schools have experienced the following challenges.

- The per-pupil allocation of Title I funds has been reduced from \$591 to \$472 (20%) at the elementary and middle school levels. The high schools continue to receive per-pupil funding at the rate of \$191 per student. With the increased cost of services, and the decreased level of funding, schools have had to make very difficult staffing decisions.
- Those schools that have a projected enrollment that is lower than the current number of students being served have experienced a proportional reduction in resources.
- The expiration of the Safe Schools/Healthy Students grant results in the loss of 10.0 social workers within Cluster 7 schools. We do not have the capacity to absorb these costs.
- Lack of Title I funding has caused us to revisit our approach to school-based academic coaching support for literacy and mathematics. Our staffing capacity is reduced from the equivalent of 78.5 FTEs to 32 FTEs next year. Additional support for teachers will continue to be provided through the New Teacher Developer Program, Peer Assistants, and a core of highly skilled central staff that will be deployed to areas of critical need as required.
- We have struggled with the issue of differentiated support for low-performing schools. Two decisions have been made as part of this process that impact Superintendent’s Schools. Specifically, the \$50,000 per school awarded to provide some discretionary support for implementation of the school’s improvement plan has been cut. In addition, we will continue to have some dialogue with the Boston Teachers Union to explore ways that savings might be achieved through reduction in the mandatory professional development plan.
- The Reading First Grant has been cut by 61% at the federal level. We are working with the Commonwealth’s Department of Education to couple remaining funding with John Silber grants to minimize the loss of support to Reading First Schools.

RESPONSE TO COMMUNITY CONCERNS

The Boston Public Schools community has been both passionate and articulate in voicing their priorities. It is important to note the status of the following issues that have been of major concern.

This budget provides for:

- Continuation of the current staffing model for early childhood classrooms that include Kindergarten 1 paraprofessionals.
- Maintenance of the current number of Family and Community Outreach Coordinators (31)
- Support for English Language Learners (Newcomers Academy)
- Dropout prevention and recovery
- Continued service levels for students with disabilities
- Funding for the transition summer school program

LONGER-TERM AGENDA

The underlying issues that create a more than difficult environment for budget development this year do not end with the approval of this budget. In fact, unless we begin to develop longer-term strategies, we will, unfortunately, be in the same place next year as we find ourselves now. Issues dealing with enrollment, strategic use of facilities, and efficiencies in some of our major service areas require a longer time frame to develop thoughtful plans informed by appropriate community voice and community process. As a result, this is just the beginning of an aggressive, multi-year plan.

Following your action on the budget tonight:

- Between now and the beginning of the fiscal year, we will present regular recommendations around operating practices to make further cost savings.
- We will present multi-year budgets to assess the long-term impact of policies and programmatic decisions.
- We will develop an agenda for fund-raising in the school district that supports our core goals.
- By September 2008, we will present a comprehensive review of facilities and programs to ensure an equitable distribution of quality educational offerings across the system, which may include a recommendation for reprogramming under-enrolled, under-utilized school buildings.
- We will begin a review of critical service areas to identify other efficiencies and cost savings that may include transportation, school start times, and food services.

CONCLUSION

We in the BPS are not alone in facing challenging financial times. Although we will continue to look for opportunities for savings and efficiencies, we will rely on our partners and the greater Boston community to help us identify savings, as well as assist us in the fulfillment of our educational mission. This is a shared responsibility between the school system and its community partners.

Regardless of the financial challenges that we face together, we remain committed to:

- Eliminating the achievement gap by supporting students not meeting proficiency standards: students with disabilities, English Language Learners, and students for whom performance gaps exist (African-American and/or Latino students).
- Ensuring high- quality schools by offering innovative and enriching programs, smaller class sizes, and supports for teachers including competitive compensation.
- Strengthening family and community engagement by emphasizing both customer-friendly and parent education strategies.

I respectfully request your support of this budget. Staff will be available to answer any questions that you may have.

Attachment