

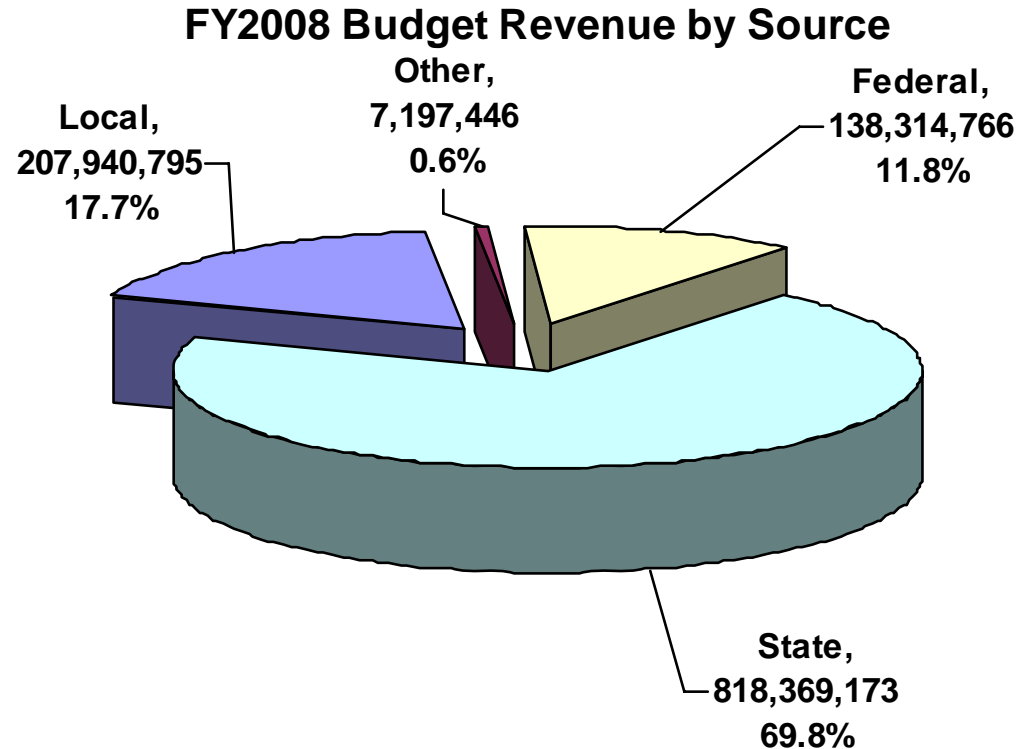


Progress on Fair and Transparent Funding for Students

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Chief Executive Officer
Baltimore City Public School System
February 21, 2008
REVISED

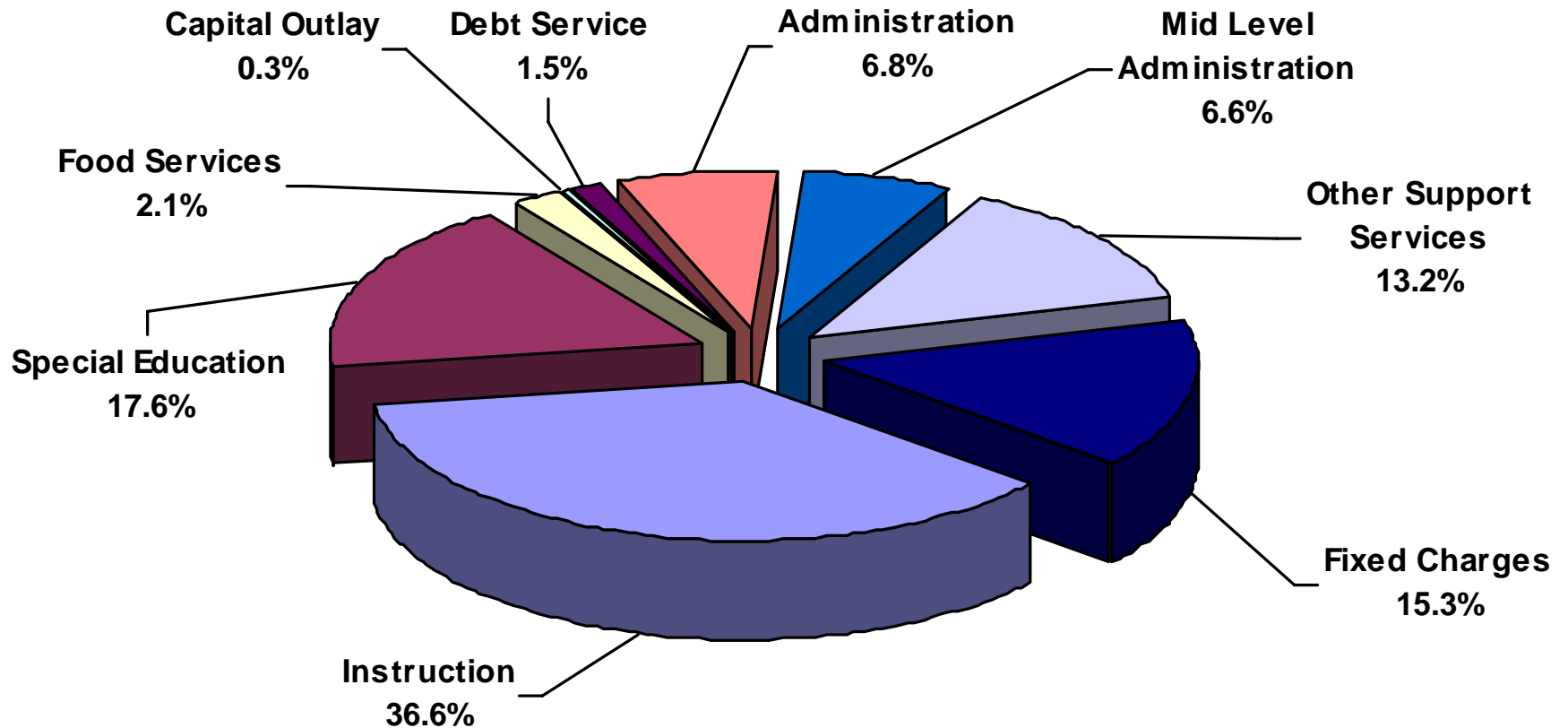
FY 2008 BUDGET OVERVIEW

Total Revenue is \$1,171,822,180.



FY 2008 BUDGET OVERVIEW

FY 2008 Expenditures by Category



Direction

- Create a system of great schools led by great principals, with the authority, resources and responsibility to teach all of our students well.
- Engage those closest to students in making key decisions that impact them.
- Empower schools and then hold them accountable for results.
- Ensure fair and transparent funding our schools can count on annually.

Fair & Transparent Funding

- Dollars should follow each student.
- Students with the same characteristics should get the same level of resources.
- Equitable and simple approach to help schools get better results for our students.

The Need

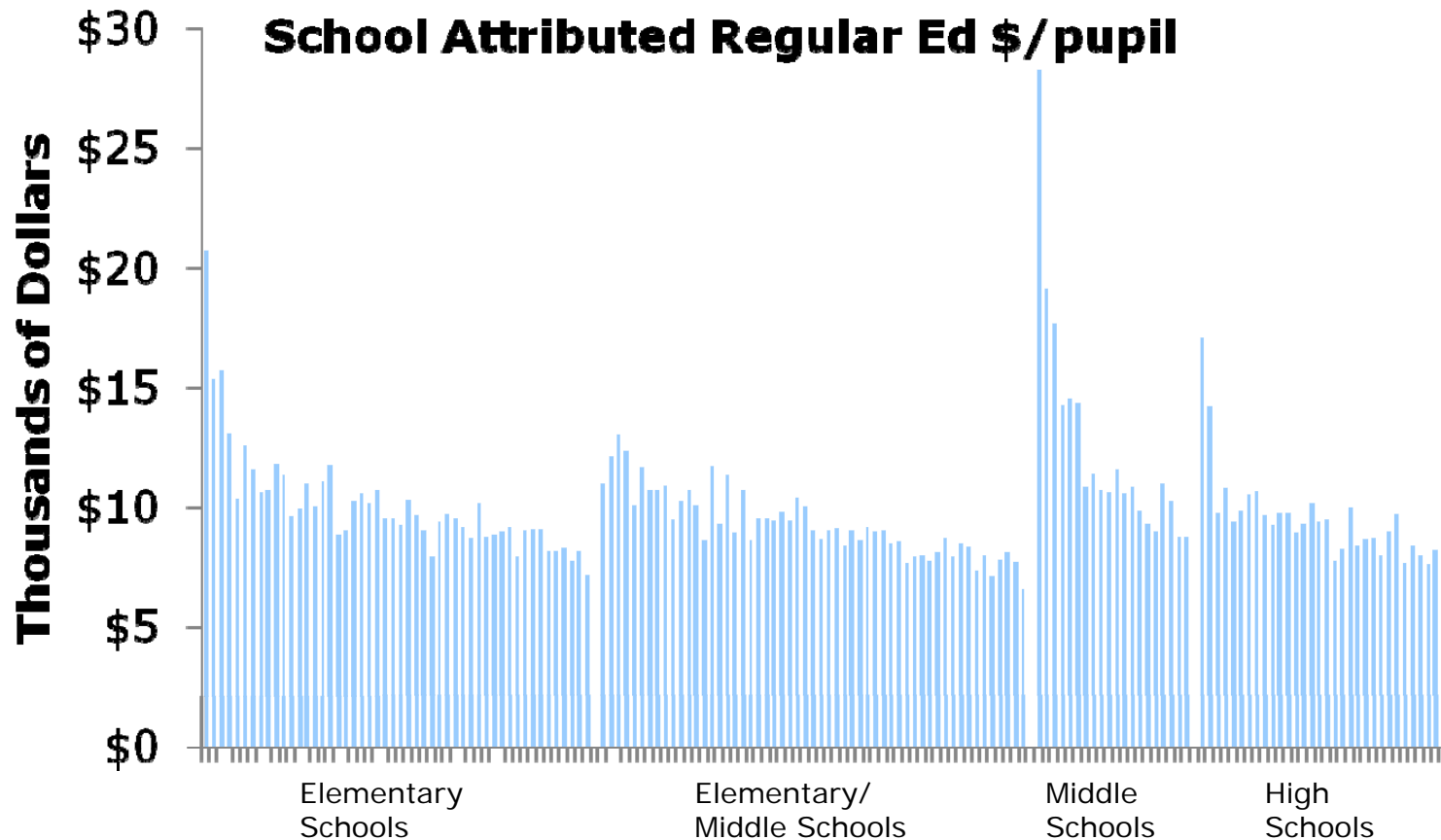
Baltimore City's current school funding system can be:

Unfair

Complex

Inflexible

Looking at Just General Ed. Dollars, Some Schools Get More Money Than Others



Range: \$7K-\$20K \$7K-\$13K \$9K-\$28K \$8K-\$17K

Note: Data IS adjusted for student needs such as poverty, special education and/or English language learner.

The Need

Baltimore City's current school funding system can be:

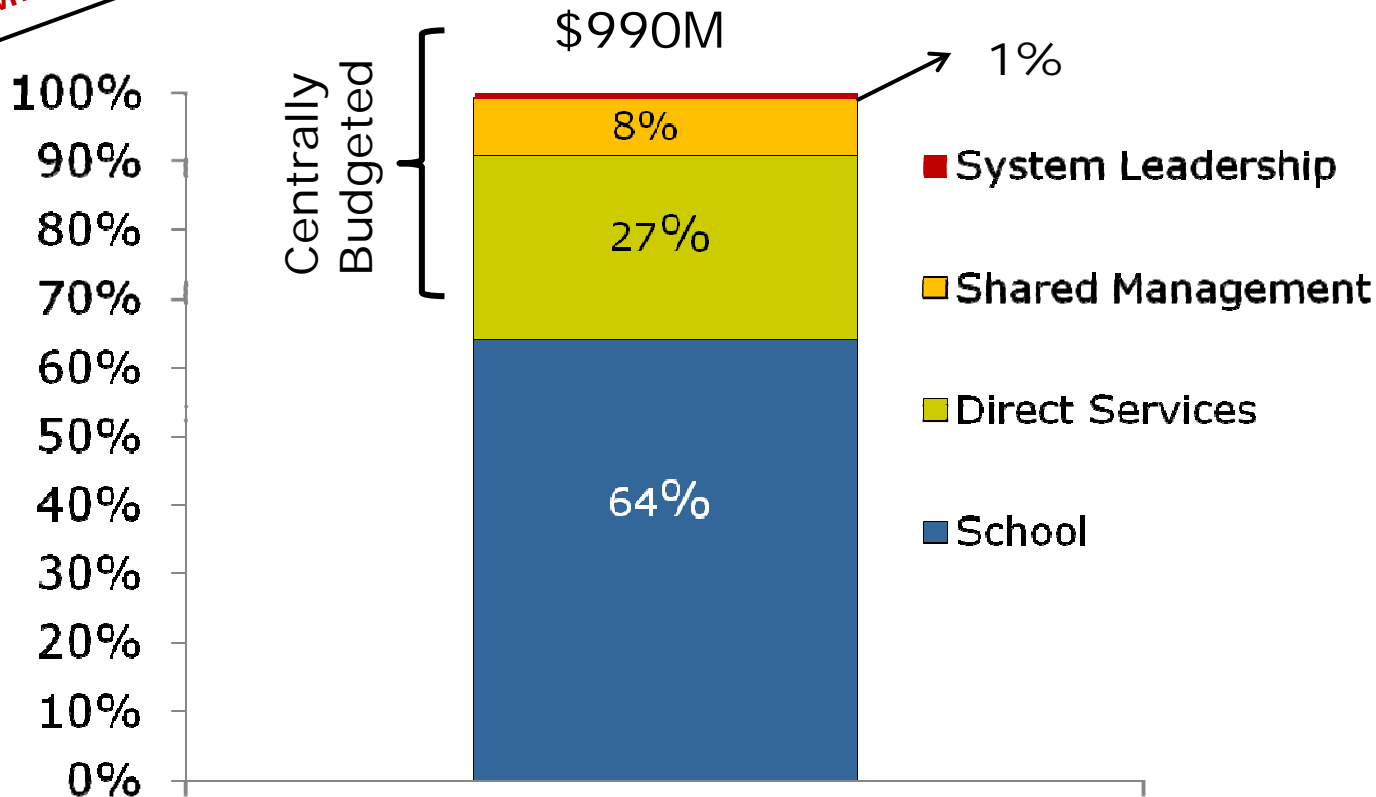
Unfair

Complex

Inflexible

BCPSS Currently Reports 36% of the Budget at the Central Level [special ed. and other funds]

PRELIMINARY



Note: *3% of the budget still un-coded by level. *\$ per pupil figures are unadjusted for student need (unweighted) Operating expenditures, taking out capital, construction and debt service, pre school, private school funding, special education outplacement, reserves, etc. Sources: BCPSS budget and ERS analysis.

The Need

Baltimore City's current school funding system can be:

Unfair

Complex

Inflexible

Illustrative FY08 School Budget:

- Delivered in multiple instruments to principals

- Regimented staffing (see right)

- \$90/pupil

- \$1K/pupil (Title I: high poverty schools serving grades K-8)

NUMBER NAME TYPE AREA	School A K-8 K-8 K-8	School B High School HS HS
Enrollment		
Pre K	32	-
K	29	-
1	49	-
2	36	-
3	40	-
4	41	-
5	48	-
Middle	181	-
High	-	1,561
TOTAL	456	1,561
GENERAL STAFF		
Principal	1	1
Department Heads		2
Assistant Principal	1	5
Secretary	1	2
Non Instructional Aide	2	7
Instructional Aide	3	0
Guidance	1	4
Librarian	0	1
TEACHERS		
Pre K	1	0
K-5	11	0
Middle	6	0
High	0	44
Small HS	0	0
C&T	0	2
JROTC	0	0
AP	0	0
GAT	0	0
Arts	0	0
Resource	0	0
TOTAL	18	46
Literacy Intervention Teacher(Elem)	1	0
Literacy Intervention Teacher(Sec)	0	15
Literacy Coach	0.5	0
Math Coach Elem Schools in Imp.	1	0
Multiplex Deans		
Blum Mentors	0	1
HSA Department Heads	0	2
NLNS AP's		
RIS	0.25	0.25
Student Support Dean	0	1
INTERVENTION TOTAL	2.75	19.25

Why Now?

- Increase means for schools to be effective meeting the needs of their students.
- Safeguard school budgets from cuts resulting from expected budget shortfall.
- Fund schools and programs equitably and cost-effectively to accelerate academic achievement.
- Build leaner and more effective central support to schools.
- Charter school funding formula increases urgency to clarify long-term funding needs and central support strategy.

BCPSS FY09

Funding Shortfall Estimate Due to Changes in Funding and Assuming no Changes in Expenditures

Estimated Revenue Increase	<u>\$11M</u>
Estimated Increase in Expenditures:	
Personnel	\$42M
Non-Personnel	
Utilities	\$5M
Other	\$14M
Total Estimated Increase in Expenditures	<u>\$61M</u>
Estimated Funding Shortfall	<u>(\$50)M*</u>

* Note that this doesn't include any new needs such as expansion of pre-kindergarten, secondary school transformation, etc. or reflect reorganization of central office to drive resources to schools.

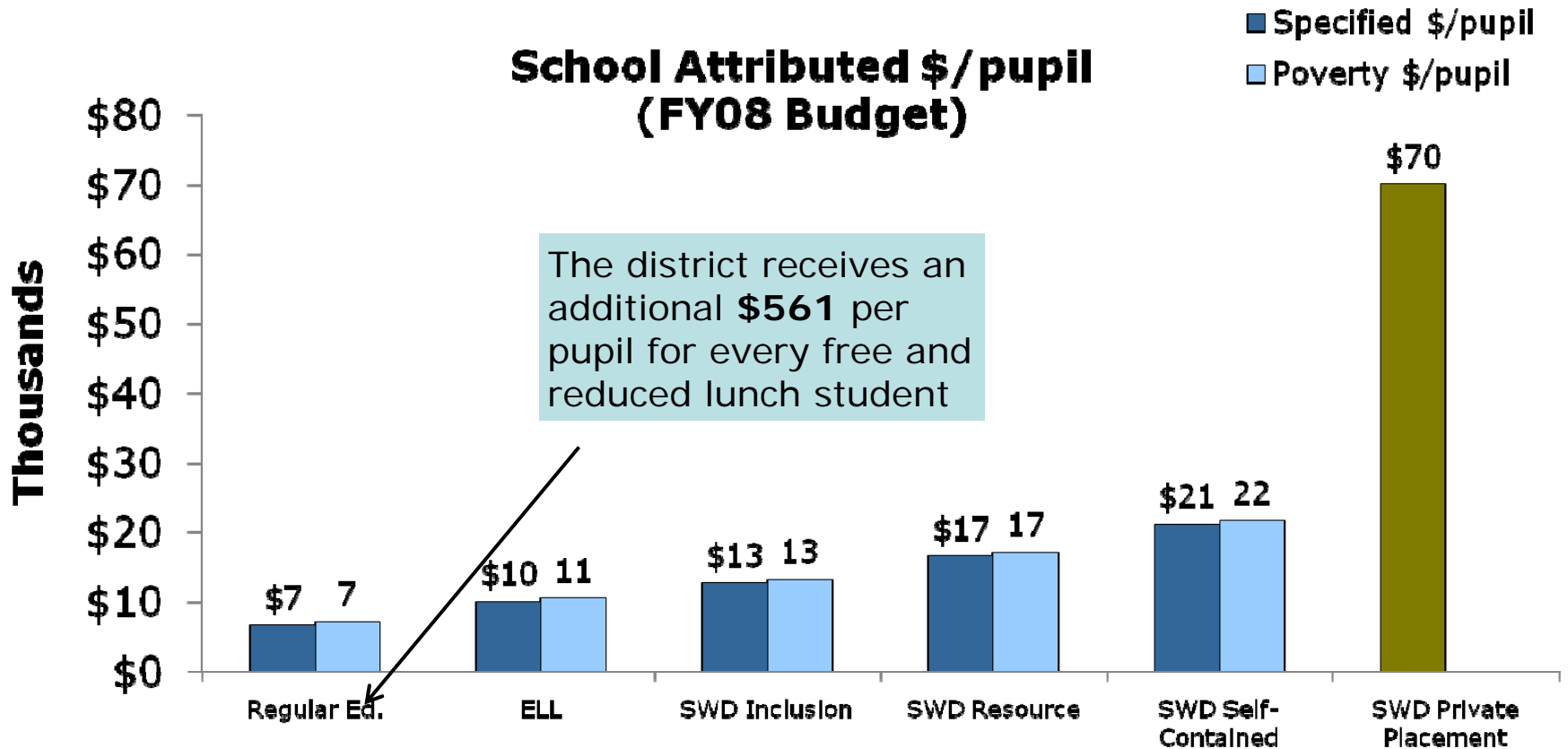
Recommended Response: Student Funding

- Funding follows each student to the school he or she attends.
- Each student receives a base level of funding. Students may also receive additional dollars based on special needs or other factors.
- The resources arrive at schools as real dollars – dollars that school leaders decide how to spend – and school leaders are held accountable for the results.
- Key funding decisions are based on transparent, public criteria.

Key Strategic Questions

1. How much does BCPSS spend, how is this money spent, and who controls funding?
2. What central or shared services can be reduced, eliminated, or devolved to school control?
3. What items already on school budgets can be “freed” for greater discretion?
4. How will funding system changes impact specific schools?
5. What systems and processes need to change to support the funding system reform?
6. What support do principals need to ensure that this reform leads to improved student performance?
7. How do we create accountability for improved use of school-level resources?

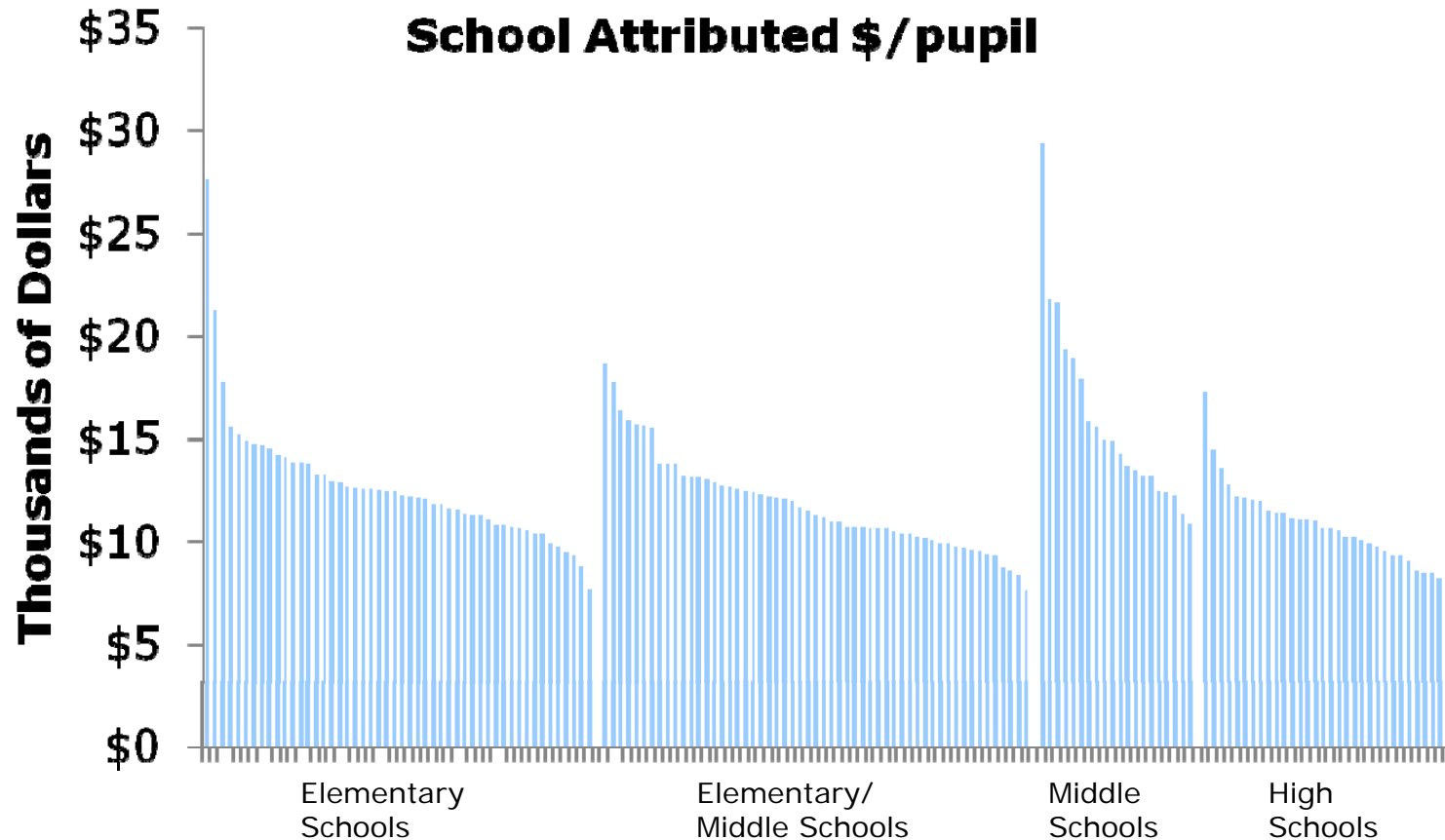
BCPSS Spends More on Some Student Types than on General Education Students



Shared services, if any, received by charter school students are not included in this number but form a big part of the regular ed \$ per pupil. System leadership costs such as central planning also not included in charter number.

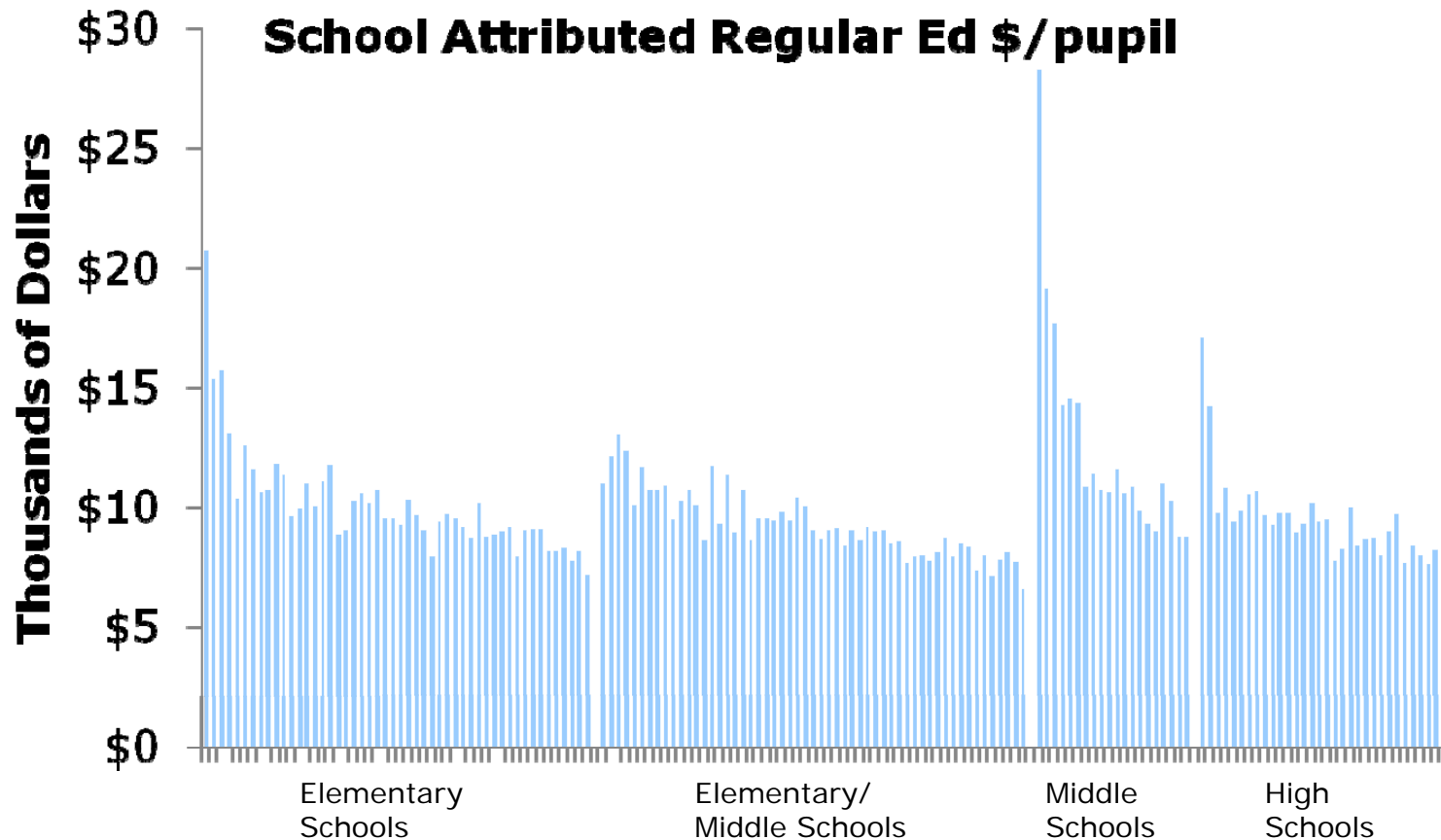
Note: Includes all school level expenses that could be attributed to the student, whether or not budgeted at the school level (School-Based - 64% and Shared Services - 27%).

Some Schools Get More Money than Others



Range: \$8K-\$28K \$8K-\$19K \$11K-\$29K \$8K-\$17K

Looking at Just General Ed. Dollars, Some Schools Get More Money Than Others

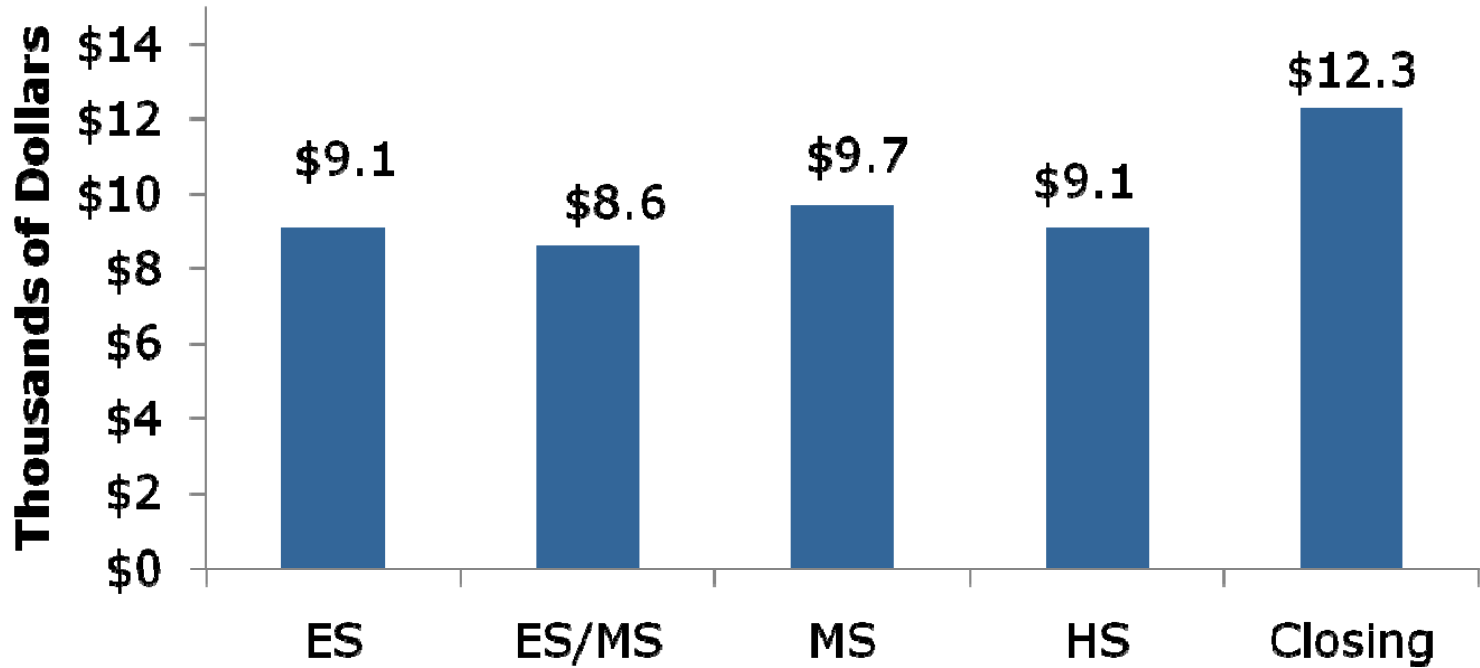


Range: \$7K-\$20K \$7K-\$13K \$9K-\$28K \$8K-\$17K

Note: Data IS adjusted for student needs such as poverty, special education and/or English language learner.

BCPSS Spends More on Middle Schools than Other Types of Schools

School Attributed Regular Ed \$/pupil

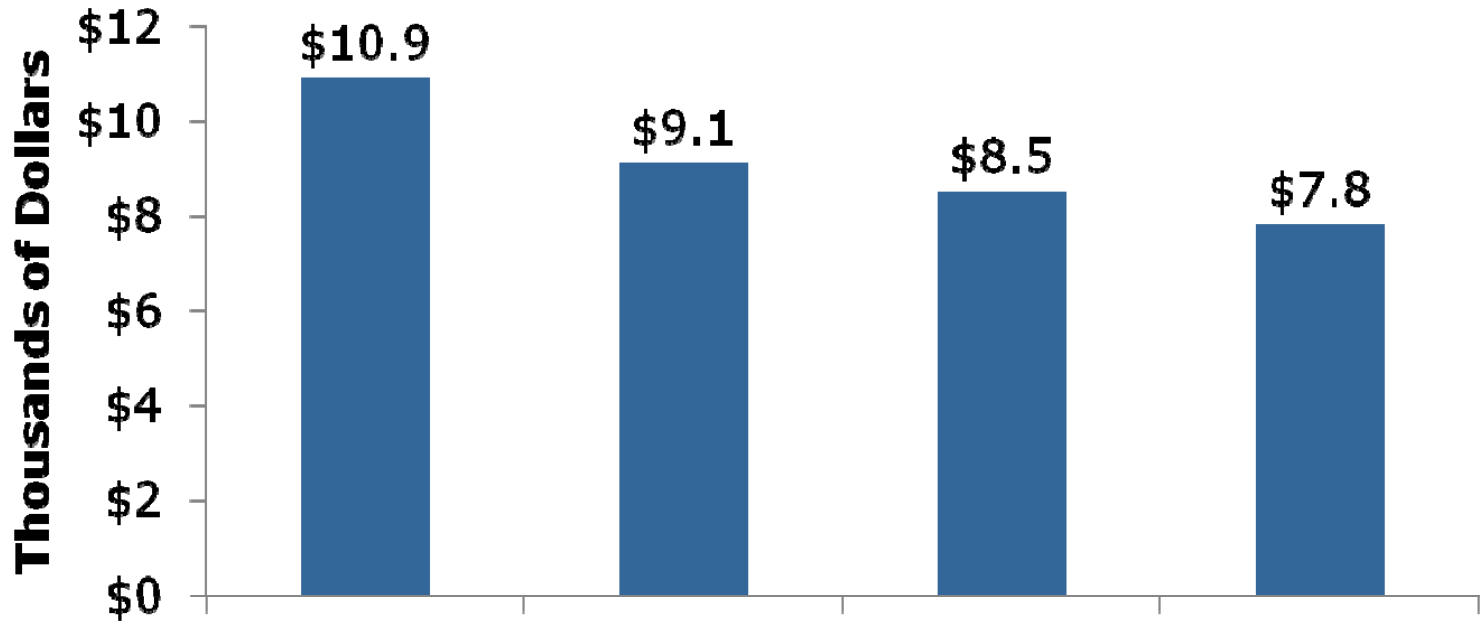


Number of Schools:	50	55	10	31	10
Avg. enrollment:	348	455	526	688	278

Note: excludes 5 Alternative schools, 7 Special Ed schools, 3 Edison contract schools, all charter schools
 Data in chart is NOT adjusted for student need; Schools that are "closing" include 10 middle schools;
 Per pupil calculation excludes Food Services.

Small ES & MS Also Receive More Money [may be particularly impacted by a per pupil formula]

**School Attributed \$/pupil
Elementary and Middle Schools**

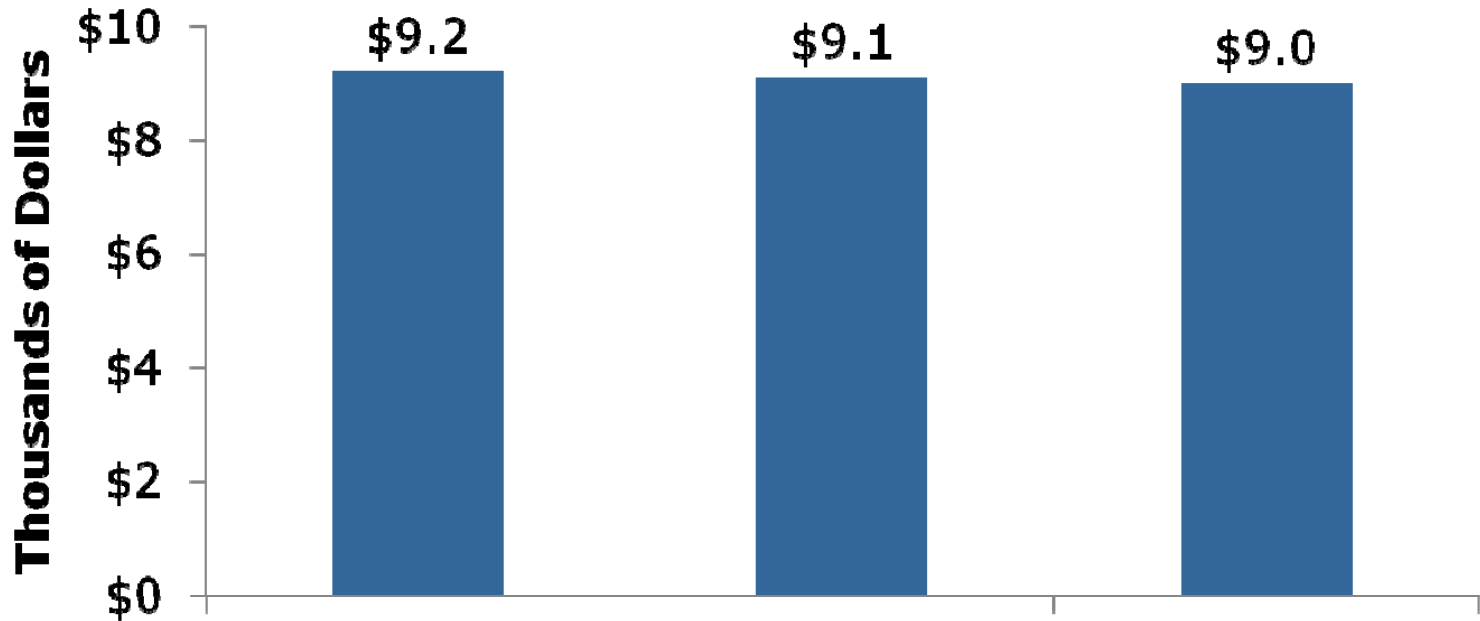


Enrollment category:	<250	251-500	501-750	>750
Number of Schools:	18	70	21	6
Avg. enrollment:	214	363	620	898

Note: excludes 5 Alternative schools, 7 Special Ed schools, 3 Edison contract schools, all charter schools
 Data in chart is NOT adjusted for student need; Includes Elementary, Elementary/Middle and Middle schools,
 excludes 10 Middle Schools that are in the process of closing; Per pupil calculation excludes Food Services.

...However Small High Schools Receive Virtually the Same Amount Per Pupil as Larger HS's

School Attributed \$/pupil High Schools



Enrollment category:	< 500	501-750	> 750
Number of Schools:	11	8	11
Avg. enrollment:	351	610	1,112

Note: excludes 5 Alternative schools, 7 Special Ed schools, 3 Edison contract schools, all charter schools
Data in chart is NOT adjusted for student need;
Per pupil calculation excludes Food Services

Excludes Baltimore School for the Arts

Per Pupil Budget Guiding Principles

- ✓ Simple
- ✓ Fair
- ✓ Flexible
- ✓ Effective: Better Results
for students

Recommended System Approach to FY09 School Budgets

Sample grade-level weights:						
		Weight	Dollars		# of Students	Total dollars
K-5		TBD	TBD	x	0	\$0.00
Grades 6-8		TBD	TBD	x	0	\$0.00
Grades 9-12		TBD	TBD	x	0	\$0.00
Basic student allocation						\$0.00

+

Sample needs-based weights:						
Academic		TBD	TBD	x	TBD	\$0.00
Poverty		TBD	TBD	x	TBD	\$0.00
English Language Learners		TBD	TBD	x	TBD	\$0.00
Special Education						
Less than 20% of school day		TBD	TBD	x	TBD	\$0.00
Between 20% and 60%		TBD	TBD	x	TBD	\$0.00
More than 60%		TBD	TBD	x	TBD	\$0.00

Additional need dollars						
Foundation allocation						\$0.00

+

Other allocations, including federal and state categorical programs and related special education services						\$0.00
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TOTAL SCHOOL BUDGET						\$0.00
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Sample FY09 Monthly School Budget Variance Report

- Use of non-financial descriptors wherever possible.
- Notes at the bottom of the report would be flexible enough to go in automatically depending on the variables in the formula (e.g. if spending is over 10% add...) and to allow for individual comments when desired (see following slides).
- Principals can then evaluate their budgets in a variety of ways if they are so inclined or monitor it only for signs of danger.
- The critical point is to help principals understand when to take action, not teach them how to read financial reports.

Sample FY09 School Variance Report [Non-FTEs]

Category	December Expenses	December Budget	This Month You Saved (Over Spent)	Year to Date You Have Spent	Your Budget Year to Date	You have Saved (Over Spent)	Budget Dollars Remaining
Contracted Services	\$1,406	\$50	(\$1,356)	\$2,400	\$1,200	(\$1,200)	(\$400)
Classroom Supplies	\$218	\$480	\$262	\$1,650	\$2,880	\$1,230	\$4,650
Office Supplies	\$2,412	\$1,000	(\$1,412)	\$3,111	\$3,312	\$201	\$3,689
Equipment - Purchase	\$1,200	\$250	(\$950)	\$941	\$1,500	\$559	\$959
Equipment - Rental	\$0	\$100	\$100	\$154	\$300	\$146	\$132
Professional Development	\$0	\$1,400	\$1,400	\$550	\$2,800	\$2,250	\$2,250
Technology	\$0	\$0	\$0	\$3,200	\$4,500	\$1,300	\$1,800
Telephone	\$70	\$70	\$0	\$380	\$420	\$40	\$560
Maintenance	\$115	\$115	\$0	\$666	\$690	\$24	\$534
Water & Utilities	\$62	\$58	(\$4)	\$378	\$348	(\$30)	\$277
TOTAL EXPENDITURES	\$5,483	\$3,523	(\$1,960)	\$13,430	\$17,950	\$4,520	\$14,451

Sample FY09 School Variance Report

[FTEs]

Category	December Expenses	December Budget	This Month You Saved (Over Spent)	Year to Date You Have Spent	Your Budget Year to Date	You have Saved (Over Spent)	Budget Dollars Remaining
Employees							
Teachers	\$87,169	\$87,169	\$0	\$523,014	\$523,014	\$0	\$0
Special Education Teachers	\$0	\$29,524	\$29,524	\$177,142	\$177,142	\$0	\$177,142
Tutors	\$5,723	\$5,723	\$0	\$34,339	\$28,615	(\$5,724)	\$28,615
Food Workers	\$6,760	\$6,760	\$0	\$40,560	\$40,560	\$0	\$40,560
IEP	\$14,115	\$14,115	\$0	\$84,689	\$84,690	\$1	\$1
Para Educators	\$8,389	\$12,363	\$3,974	\$50,335	\$74,181	\$23,846	\$86,103
Temporaries	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Administration	\$28,553	\$28,553	\$0	\$171,321	\$171,321	\$0	\$171,321
TOTAL EXPENDITURES	\$150,709	\$184,207	\$33,498	\$1,081,398	\$1,099,522	\$18,123	\$1,099,522
Vacancies	0	1	1	0.15	0	0.25	0
Items for Attention	Your Contracted Services are running ahead of next year, but the Para vacancy leaves you in good shape. As a result I am increasing your budget by \$9,400.						

Dollars Spent Centrally On Students

- Federal categorical funds like Title I (high poverty) schools or Title III (English Language Learners) include some restrictions which require that some funds be administered centrally.
- System type services or obligations such as electricity, facility or building maintenance and special education services may continue to be centrally held rather than devolved to schools in the form of dollars at the discretion of the school.

In Progress: Policy Decisions Determining How Dollars Follow Students

- Not all students cost the same to educate.
- Determining the the right weights to give categories for students is hard and important.
- Spending decisions reflect value judgments and must have board approval.

Although we can compare BCPSS spending with other districts, we can not determine how much is “adequate.”

**Ratio of Regular Ed. Students to Other Student Types
Cross District Comparison**

	Poverty	ELL	SWD Resource	SWD Self-Contained	All Students
Rochester	1.1	1.5	2.0	2.4	1.3
Baltimore	1.1	1.4	2.2	2.8	1.3
APS	1.1	1.4	2.4	3.4	1.2
Providence	1.1	0.9	1.5	2.3	1.3
DCPS	1.1	1.3	2.3	3.9	1.3
Boston	1.2	1.9	2.0	3.1	1.5
St. Paul	1.4	1.1	2.4	4.4	1.6
LAUSD	1.1	1.1	2.2	3.7	1.3
Chicago	1.3	1.1	2.6	4.3	1.3

Determining how much it takes to educate students in these various groups is difficult. Policy decisions must be made for the new funding system.

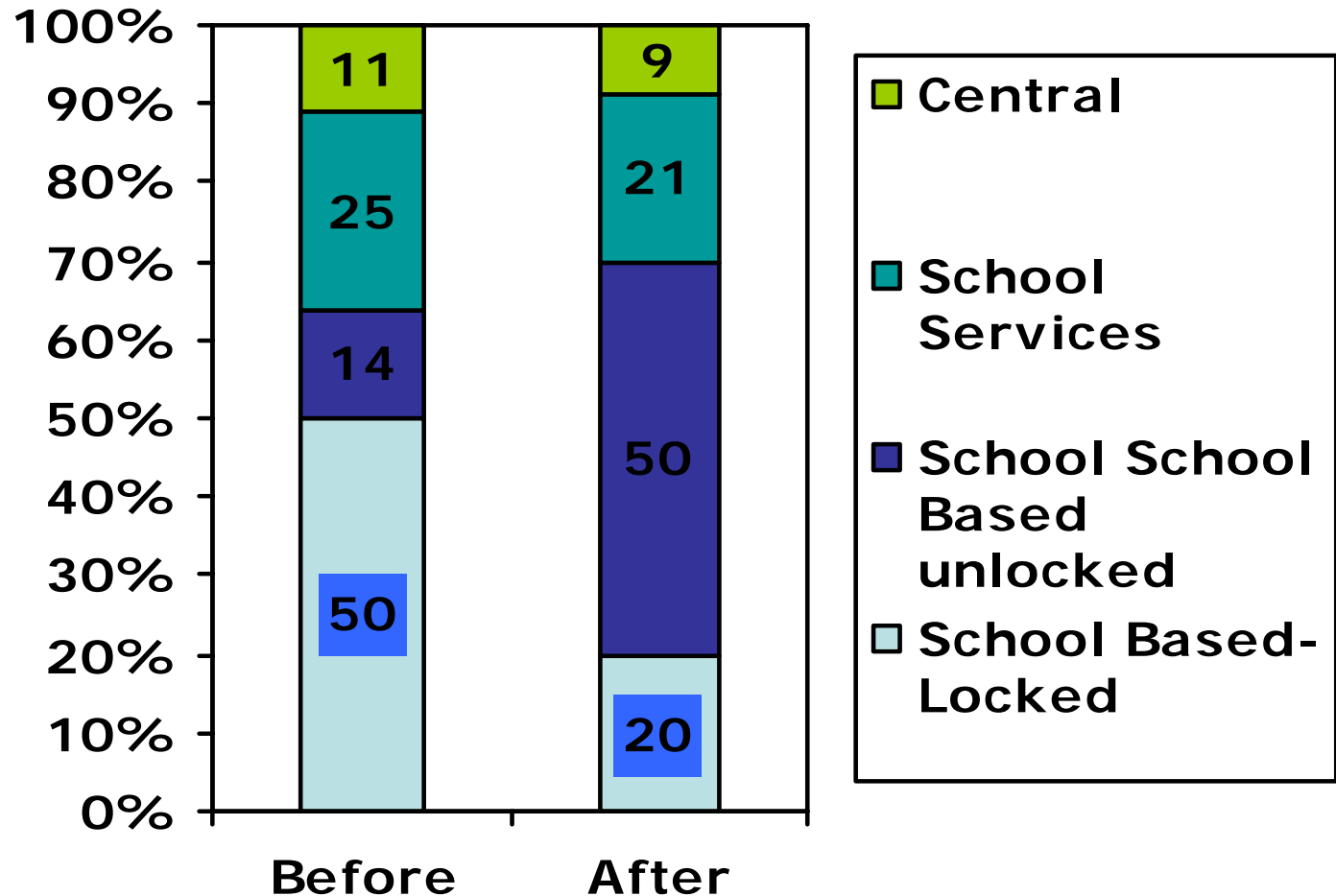
Next Steps

Fostering strategic use of school-level resources requires district leaders accomplish three imperatives:

1. Create flexibility to use resources strategically.
2. Grow capacity for effective use of resources.
3. Foster mutual accountability to improve the use of resources and student performance.

Possible Proportion of Resources Between Schools & Central

*For Illustrative Purposes Only - Not Final or Approved



Recommended Next Steps

- Complete FY 2009 Budget and submit to Board – March 11, 2008; Vote (tentative) April 8, 2008.
- Public Hearing on FY 2009 Budget – March 19.
- Finalize School Budget Template & create individual school budgets.
- Finalize School Fiscal Accountability System.
- Design Academic and Instructional Standards for Principals.
- Principal Training to provide principals with technical capacity.
- Re-design System Budget Book for the public.
- Reorganize Central Office to support schools.

Research

- Other cities' approaches with similar funding structures, including: Rochester, NYC, Providence, Boston, St. Paul, LAUSD, Chicago
- Expert Consultations: we are consulting with national experts and practitioners, including
 - Education Resource Strategies, national experts on rethinking resources for student success.
 - Robert Gordon, former NYCDOE senior policy advisor to the Chancellor.

Measuring Project Success

- ✓ Reduced spending on central office functions.
- ✓ Changes in the way some resources (staff or dollars) flow to schools and increased flexibility around how those resources are used.
- ✓ Improved delivery of remaining centrally-based resources.
- ✓ Budget reports that help principals use resources more strategically.
- ✓ A reinvented process for creating, reviewing, and regularly assessing school budgets.
- ✓ Increased transparency so that community understands and participates in decisions about use of resources.

Outreach

- We are committed to fairness and transparency.
- We are eager to hear views from the greater school community . [For example Should 9th graders receive more money than 4th graders? Should gifted and talented students receive additional dollars?]
- Write to us: We have an e-mail address for feedback:
 budgetcomments@bcps.k12.md.us.