

BALTIMORE CITY --- PUBLIC SCHOOLS

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Proposed FY2012 Budget Draft

May 10, 2011

FY 2012 Fiscal Landscape

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- Overall City Schools enrollment, including pre-K, projects solid growth of 1,291 students.
 - The increased enrollment for State Aid is 710 students.
- Overall General Funds for City Schools increased by \$52.6M (all directly tied to specific expenses¹) over FY 2011, plus an additional \$10.9M from the Race to the Top (RTTT) grant.
 - RTTT will support school budgets by providing teacher compensation linked to student outcomes and professional development.
- District facing falloff in major ARRA FY10-11 funds:
 - Title I: \$61.6M
 - IDEA : \$22.2M

¹ Additional stimulus bond interest of \$4.3M, which will be offset by additional Federal interest subsidy ; \$40.8M in City revenue to pay for retiree health benefits; \$6.4M offset by required Capital Projects; \$1.5M required by State retiree admin fee

² All number are subject to change

FY 2012 Fiscal Landscape

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- Increased revenue driven by:
 - \$6.4M increase in state revenue
 - \$1.1M net increase in City & Other revenue
 - \$40.8M in City revenue to support retiree health benefits, offset by corresponding expense
 - \$4.3M in stimulus bond Federal Revenue, which will be offset by additional stimulus bond interest expense
- Despite net increase in revenue, significant inflation of \$49.4M (net of additional City retiree health costs & stimulus bond revenue) had to be offset for labor costs, fringe benefits, utilities, debt service, and other fixed expenses.

FY12 General Funds Revenue

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FY12 General Funds Revenue (\$000)

	Schools	Central	Total
FY11 Adopted Budget	\$ 737,283	\$ 337,923	\$ 1,075,206
State Aid incl. FARM increase	(1,300)	7,698	6,398
Other Revenue	(680)	-	(680)
Federal stimulus bond revenue	-	4,346	4,346
City Aid (MOE)	1,818	-	1,818
City revenue to support retiree health costs	-	40,767	40,767
	(162)	52,811	52,649
FY12 Proposed Adopted Budget	737,121	390,734	1,127,855

District Must Overcome Several Inflation Factors

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- Inflation estimate \$94.5M (\$49.4M after subtracting additional stimulus bond interest of \$4.35M, which will be offset by additional Federal interest subsidy and \$40.8M in City revenue to pay for retiree health, which will be offset by additional City revenue) versus FY11:
 - Labor costs - \$21.5M
 - Fringe inflation - \$20.1M (includes proposed pension admin fee)
 - Contract inflation - \$2.0M
- Capital improvements of \$6.4M will be funded through projected state revenue generated when City passed funds to pay for retiree benefits to City Schools

FY12 General Funds Inflation

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FY12 General Funds Inflation (\$000)

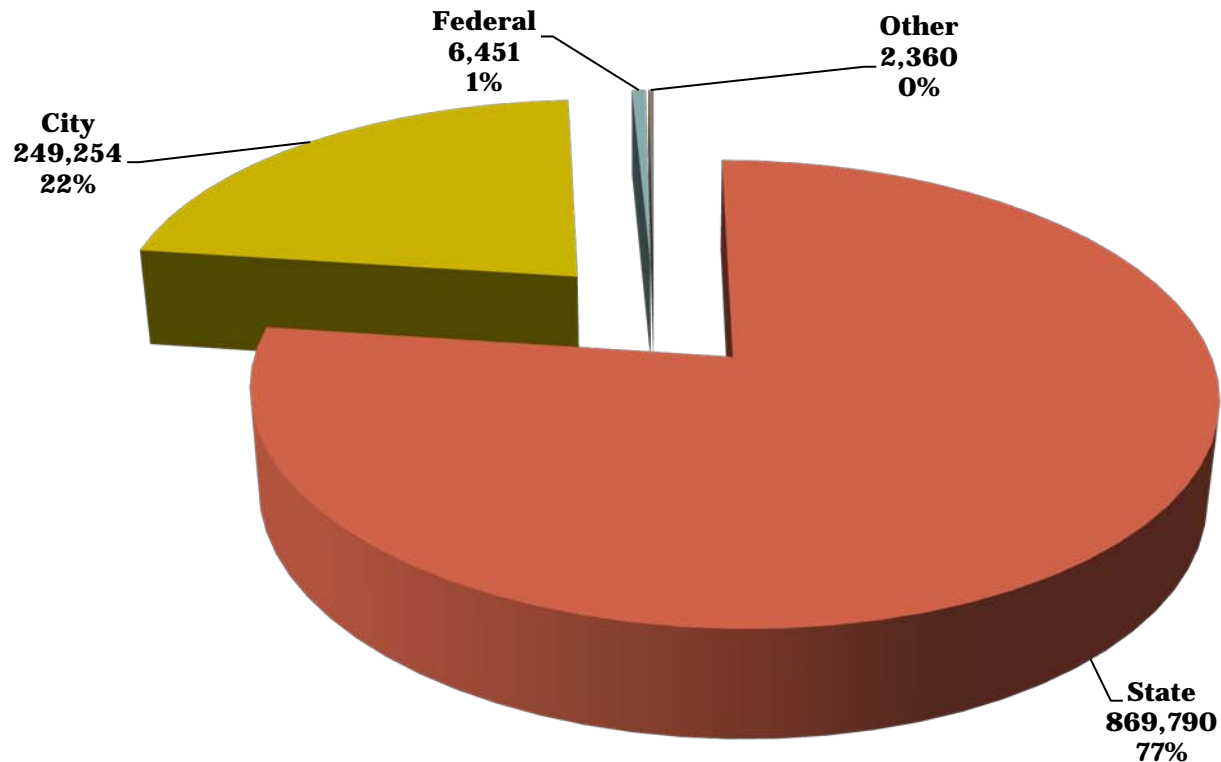
	Schools	Central	Total
Uses			
Crossing guards from City - Assume no FY12 liability	-	-	-
BTU Labor Costs ¹	(12,699)	(597)	(13,296)
PSASA Labor Costs ¹	(1,994)	(1,420)	(3,414)
Non-BTU/PSASA Labor Costs	(2,560)	(2,275)	(4,835)
Expense to support City retiree health costs	-	(40,767)	(40,767)
State Retiree Admin Fee	-	(1,500)	(1,500)
Fringe Benefit Increases	(15,443)	(3,163)	(18,606)
Absorb Pension Inflation - Wealth equalized, assume will not be pushed to LEAs	-	-	-
Utilities	-	(1,700)	(1,700)
Pre-K Salaries Funded by Title I - \$14M covered by Title I in FY11	(4,000)	-	(4,000)
Debt service (reimbursed by Federal stimulus bonds)	-	(4,346)	(4,346)
Contractual Inflation Factor (2%) - Functions absorb	-	(2,000)	(2,000)
	(36,695)	(57,768)	(94,463)
Initiatives			
Capital Improvements	-	(6,398)	(6,398)
	-	(6,398)	(6,398)
Net Surplus/(Shortfall)	(36,857)	(11,355)	(48,212)

¹ Normal labor cost impact under conventional contract: BTU \$12.9M, PSASA \$1.9M

FY12 General Funds Revenue by Source

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FY12 General Funds Revenue (\$000)



Total Revenue \$1.128 Billion

FY12-FY11 Budget Comparison



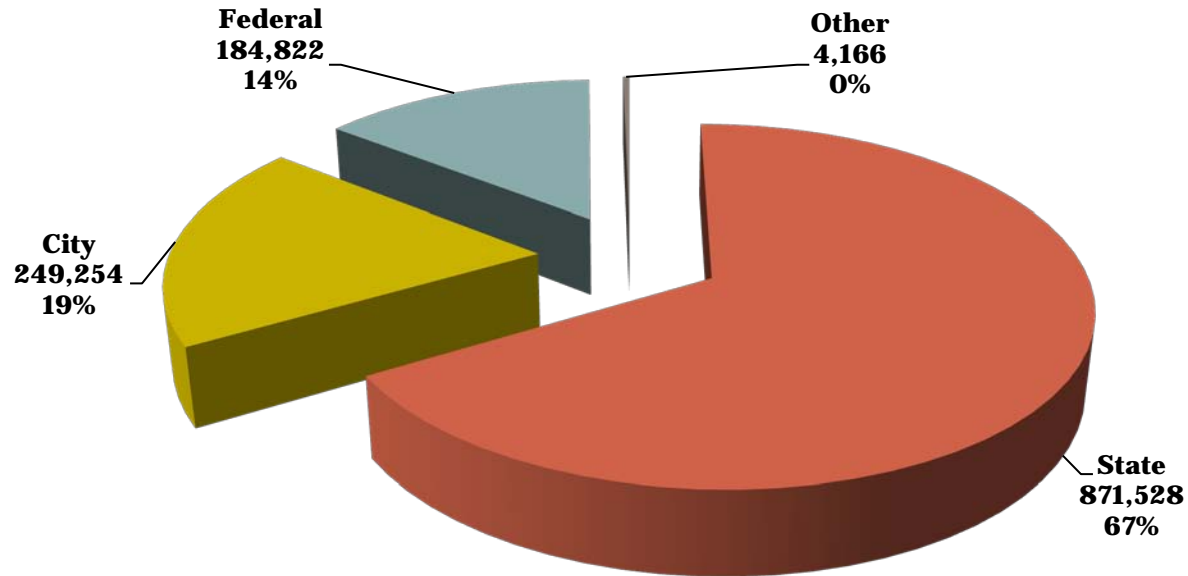
City Schools Proposed Operating Budget (\$000)

	FY11 Adopted	FY12 Proposed	FY12 +/- FY11
<u>General Funds</u>			
Total	1,075,206	1,127,855	52,649
<u>Special Funds</u>			
Title I*	70,033	75,039	5,006
IDEA Part B	23,552	24,142	590
Race to the Top (Yr 2)	0	21,372	21,372
All Other	25,423	23,844	(1,579)
Total	119,008	144,397	25,389
<u>Enterprise Funds</u>			
Total	33,310	37,518	4,208
Grand Total All Funds	1,227,523	1,309,770	82,247

* FY12 Title I includes ARRA Year 2 School Improvement of \$8M

FY12 Combined Budget Revenue by Source

FY12 Combined General/Special/Enterprise Fund Revenue (\$000)

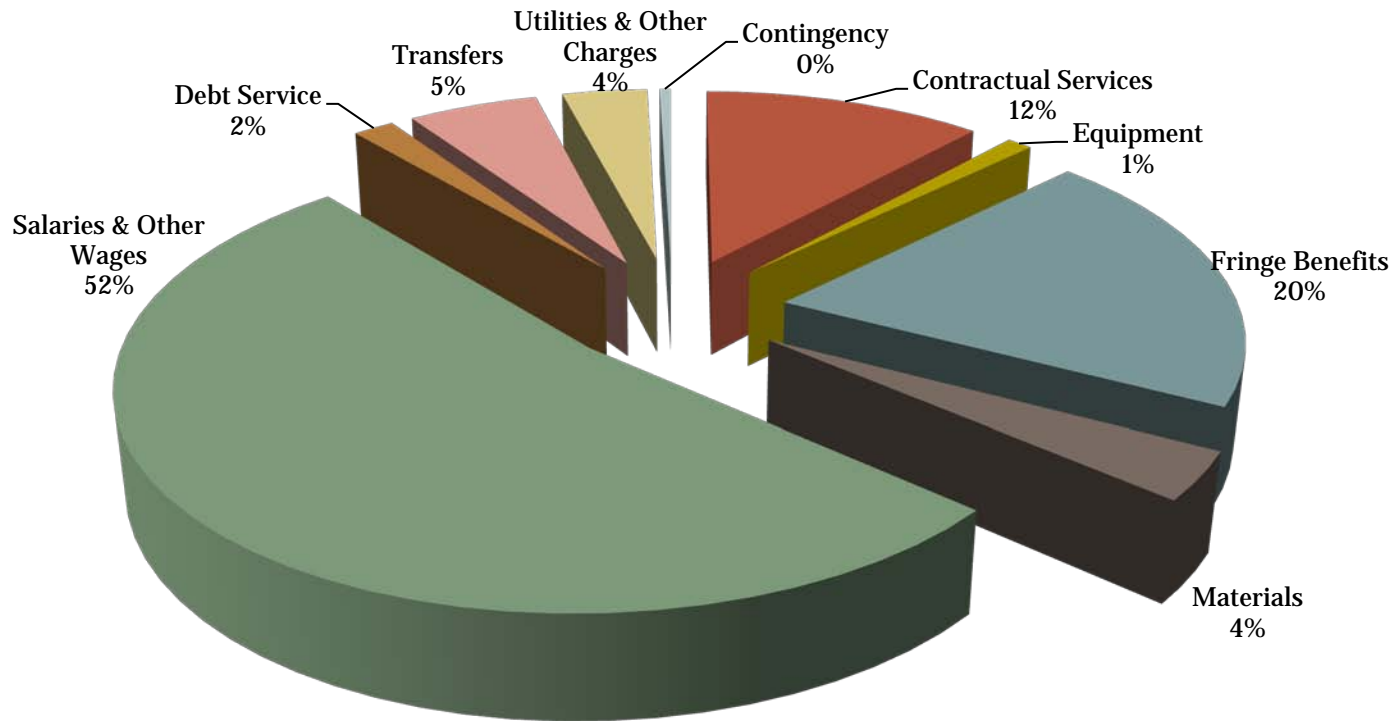


Total Revenue \$1.310 Billion

FY12 Combined Budget by Expenditure

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FY12 Combined General/Special/Enterprise Funds Expense



Total Expense \$1.310 Billion

BALTIMORE CITY --- PUBLIC SCHOOLS

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Proposed District Office FY12 Reform

FY12 Continues Lean Central Office

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FY 2008

1,496 FTEs



FY 2011

992 FTEs



FY 2012

1001 FTEs

**33% Reduction in Central Office* FTEs
since FY08**

FY12 FTEs flat to FY11 Operating Budget –Add'l 9 positions approved by Board in FY11

* The following positions are backed out of the Central Office rollup above:

- Certain school based operations employees
- School Police

Theory of Action Driving this Reform

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IF the district office's culture, processes and structure:

- are rooted in deep and direct knowledge of schools;
- provide responsive, integrated, and easily accessible support for school operations;
- establish clear guidance for schools;
- create clear standards and processes for accountability for schools with direct support for school leaders;
- create clear standards and processes for district office accountability to schools...

THEN:

- schools will have a single point of entry for integrated and cross-functional support that meets their unique needs;
- the instructional and operational capacity of school leaders will expand rapidly empowering the best decisions to be made for our students;
- the service and support capacity of district offices will continuously improve in response to school needs; and
- many more students will succeed at a higher level.

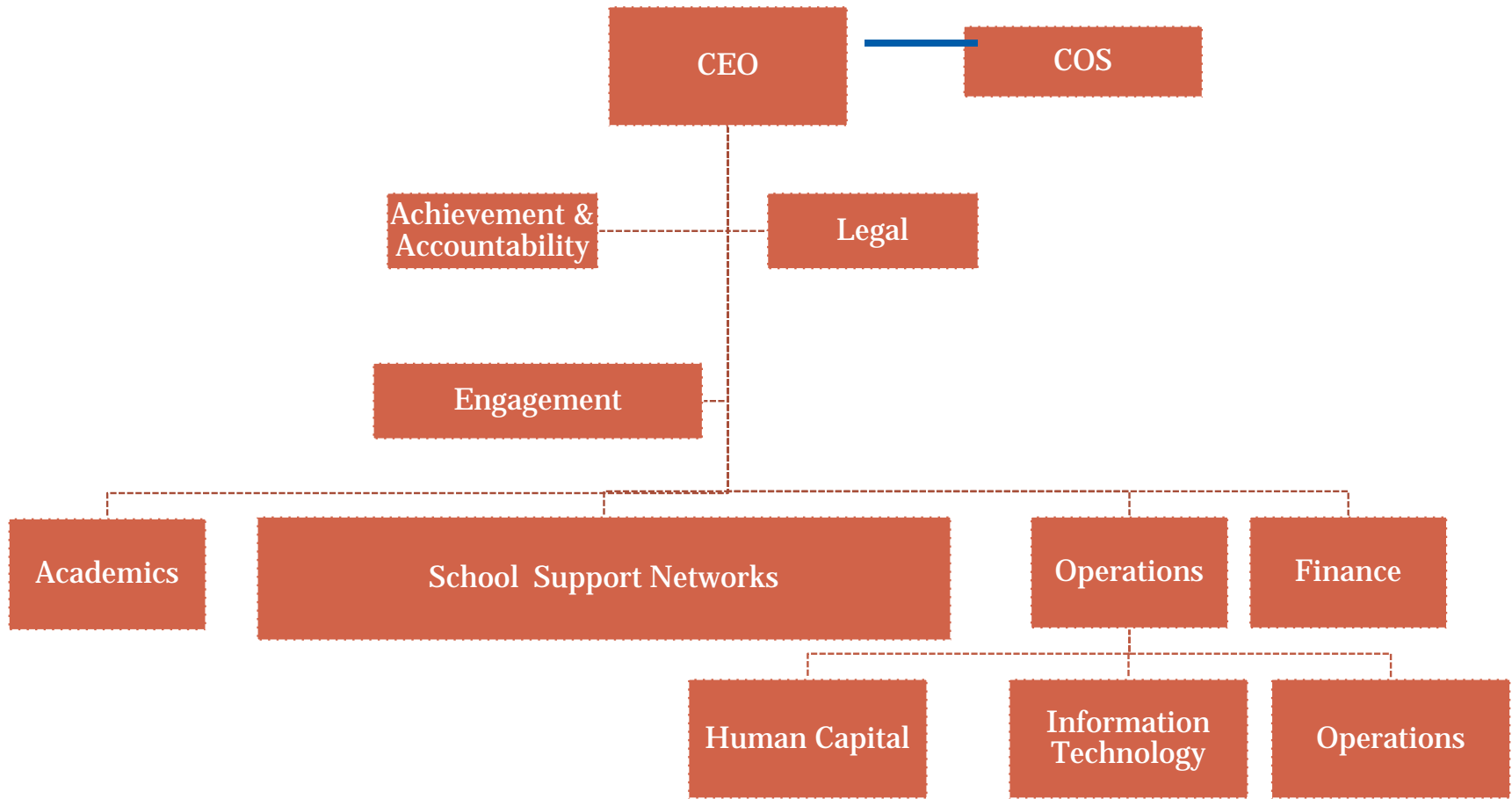
Key Changes in the Proposed FY12 Reform

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Levers for Change	Solution
Effective School Support	<ul style="list-style-type: none">• More robust and differentiated support teams• Support teams empowered to get the work done, and influence broader organizational systems and functions• Explicit collaboration between school support team resources and core district support functions• Clear roles and accountability measures for effectiveness of school support teams and core district
Support School Leaders	<ul style="list-style-type: none">• Create leadership support resources with time to focus on individual school/leader needs and expertise to support and develop school leaders• Transparent school and school leader evaluation system that links to leader support provision
Know Schools Deeply	<ul style="list-style-type: none">• Explicit knowledge capture and sharing responsibility embedded in district and support functions• Create formal district Knowledge Management function and processes• Additional support resources moved closer to schools

Proposed functional organization

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Note: Refer to Official Organizational Charts for more detail.

FY12 Reform Changes by Office*

Reduction of \$3.6M vs. FY11

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Office	Adopted Budget (\$000)			Adopted Budget FTEs**
	FY11	FY12	FY12 +/- FY11	FY12 +/- FY11
Chief of Staff	1,429	820	(609)	(5)
Chief Operating Officer	61,833	57,090	(4,743)	(26)
Chief Financial Officer	2,038	1,552	(486)	(7)
Chief Academic Officer	123,497	119,876	(3,621)	(11)
Achievement & Accountability	3,223	3,729	506	4
Chief Information Technology Officer	25,800	23,849	(1,951)	(8)
Chief Human Capital Officer	6,522	5,528	(994)	(21)
Chief of Schools Team	0	7,578	7,578	76
Board of School Commissioners	1,597	1,684	87	0
Deputy CEO	0	231	231	1
CEO Direct Report Center	1,666	1,594	(72)	(1)
Office of Communications	2,576	2,902	326	5
Office of Legal Counsel	2,103	2,299	196	2
Central Office General Funds Officer Sub Total	232,284	228,731	(3,553)	9

* Officers only - Does not include fringe benefits, utilities, debt service, schools.

** FTEs flat to FY11 Operating Budget – 9 FTEs added during FY11.

FY12 Budget Development – Key Dates

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January 11th

- Board public work session held to discuss Fair Student Funding Weights.

February 4th

- State released local education funding estimates.

March 8th

- Second public work session to review priorities for FY12 budget.

April 7th

- Principals receive budget targets.

April 7th – June 3rd

- Network team support of principals & school communities in budget process.

April 13th

- Public hearing to review updated budget calculations.

May 7th

- Public hearing to review final updates to budget.

May 10th

- CEO presents recommended FY 2012 budget to the Board & public.
- CEO present recommended FY2012 student weights to the Board for adoption

May 24th

- CEO presents recommended FY2012 to the Board for adoption.