



# Superintendent's Update FY 2014 and Beyond

February 27, 2013





# Message

The fiscal year 2014 budget is the first for SLPS as a Provisionally Accredited district under the SAB. This budget reflects the ongoing directive to provide a high quality education for all students while focusing on the core instructional services.

Furthermore, this budget addresses the District's responsibility as a Provisionally Accredited district to build a fund balance while also operating with a balanced budget.

**"Building our Future: One Community, One School, One Child at a Time"**

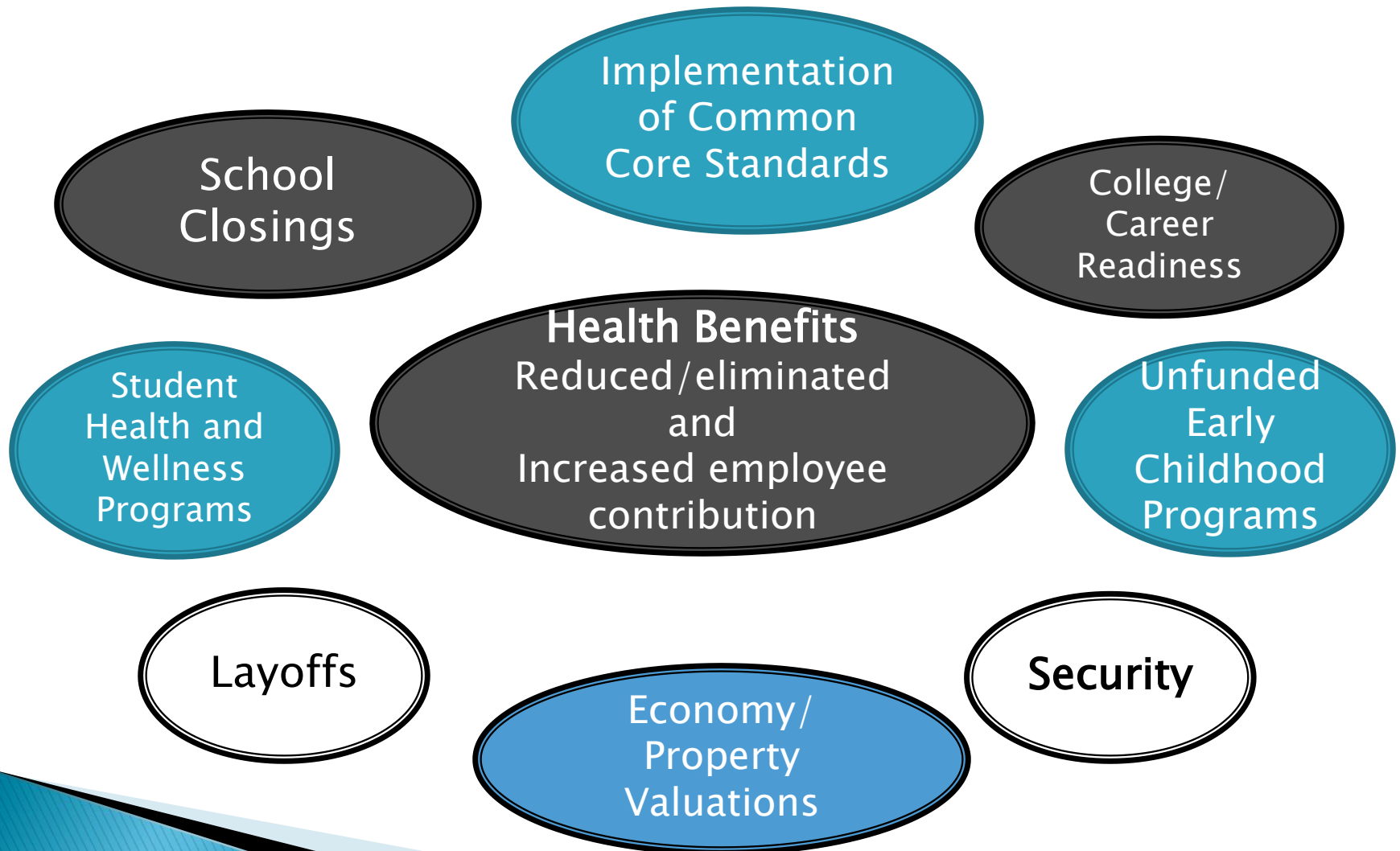


# Challenges to Continued Progress

- The economic downturn, commonly referred to as “The Great Recession,” has adversely impacted revenue streams of public (K–12) school districts across the nation, as well as the SLPS in the following ways:
  - ❑ Shrinking assessed valuations of taxable property have had a significant impact on local tax revenue
  - ❑ DESE has been unable to fully fund the state aid funding formula as a result of reduced State revenues
  - ❑ Federal funding reductions are imminent as a result of Sequestration



# National K-12 Education Challenges





# District Responses to Economic Challenges

(National/Local)

## St. Charles

Cut \$1.5 million from its budget in 2013 and \$1.1 million for the 2014 fiscal year

## Philadelphia

The district projects saving \$28 million a year over five years as a result of closing 37 schools

## Parkway

Approved \$4 million in budget cuts for the 2013–2014 school year by eliminating 40 positions

## Clayton

Cut \$1.2 million from the 2013–14 budget in January

## Las Vegas:

Clark County School District laying off 400 personnel, as part of its reduction of more than 1,000 teaching positions  
– will force class sizes to go up an average of three students per class

## Rockwood:

Rockwood School District officials say without new revenue the next school year will begin \$5 million in the hole





# District Challenges

- **Flat enrollment** that affects school staffing, programming and innovation
- **Changing state guidelines** impact funds for **critical school support positions** (e.g., nurses and social workers)
- **Grants “Sunset”** –(i.e., SIG, Small Learning Community) – impacts critical school positions and could impact academic gains
- **Common Core** instructional shifts, curriculum changes and technology needs
- **Highly qualified, competent personnel** to staff schools and need for systemic approach to strengthen teaching and learning
- **High operating costs**
  - ❑ Maintaining desirable Pupil Teacher Ratio
  - ❑ Providing services to specialized populations (e.g., SPED, ELL, Students in Transition, Alternative)
  - ❑ Number of schools and excess capacity
  - ❑ Rising pension contributions and high benefit costs
  - ❑ Transportation inefficiencies



# Why a Fund Balance?

## ➤ Measure of Financial Health

- ❑ Ensures appropriate reserves for stabilization in times of unexpected expenditures, economic downturns

## ➤ Used by Bond Rating agencies as risk indicator

- ❑ Impacts bond rating and subsequent interest rates required on the issuance of bonds

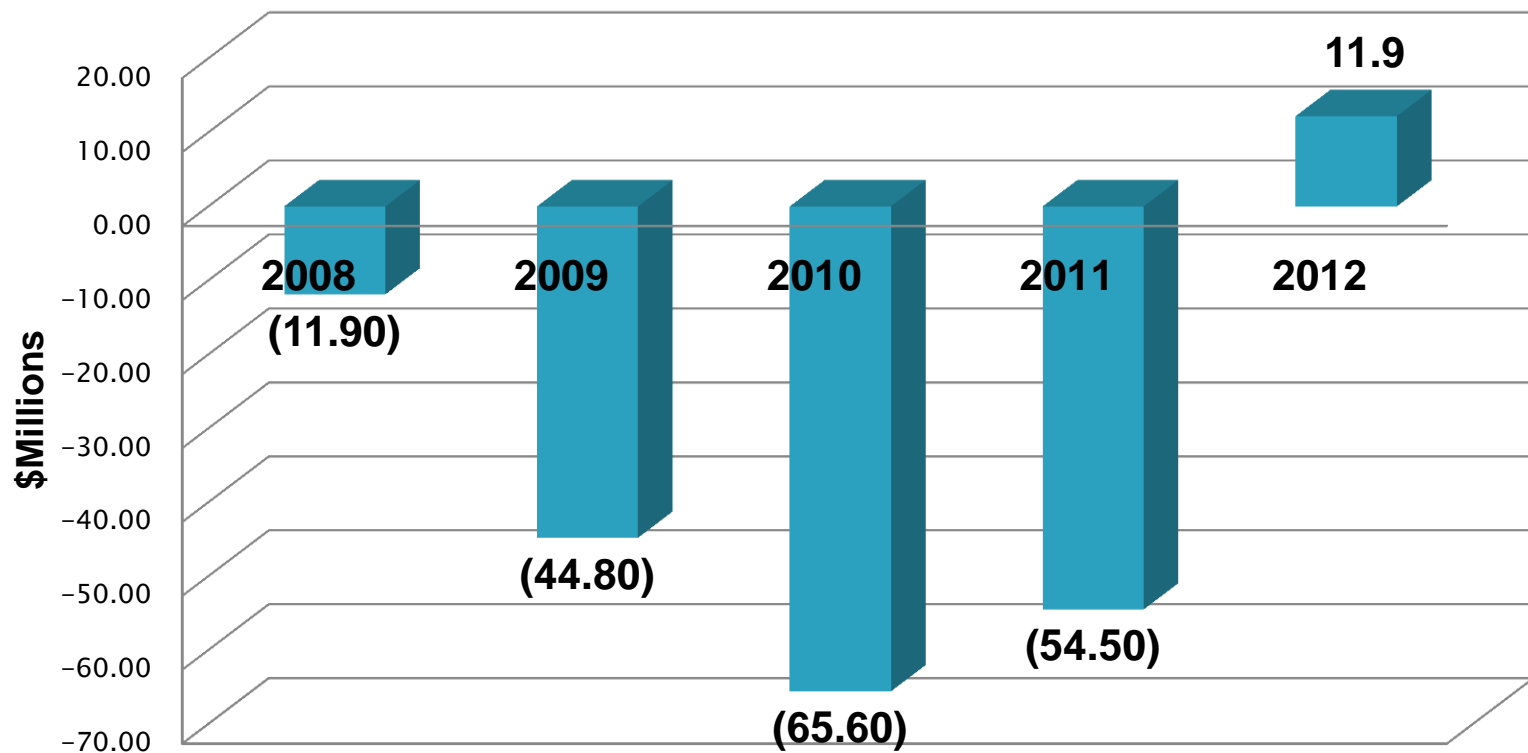
## ➤ DESE requires minimum of 3%

- ❑ Combined Unrestricted Fund Balance in Fund 1 and Fund 2 must be greater than 3% of the aggregate expenditures in Fund 1 and Fund 2) for “Financially Distressed” determination



# SLPS Fund Balance Trend

FY 2008 - FY 2012



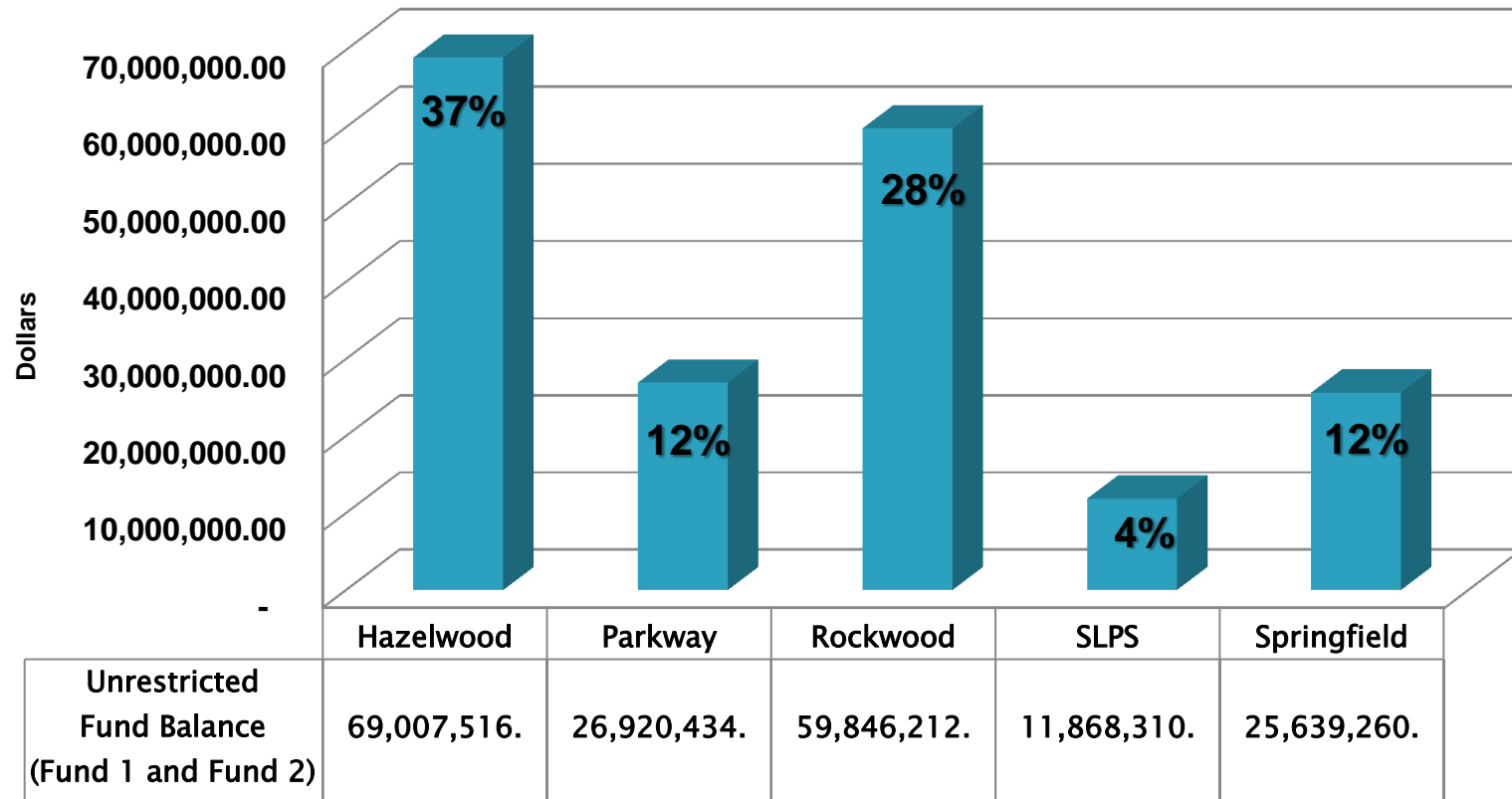
Source: SLPS CAFR





# Fund Balance – Other Districts

## Fund Balance Analysis



Source: 2012 ASBR



# New Finance Policies

## ➤ Annual Budget Policy

- ☐ Modeled after MSBA policy with some adjustments
- ☐ Replaces current policies (P3110, P3120, P3150, R3150.1, R3150.2, P3170)
- ☐ Ensures that the budget process provides for the allocation of available financial resources in an explicit expenditure plan to sustain and improve academic performance

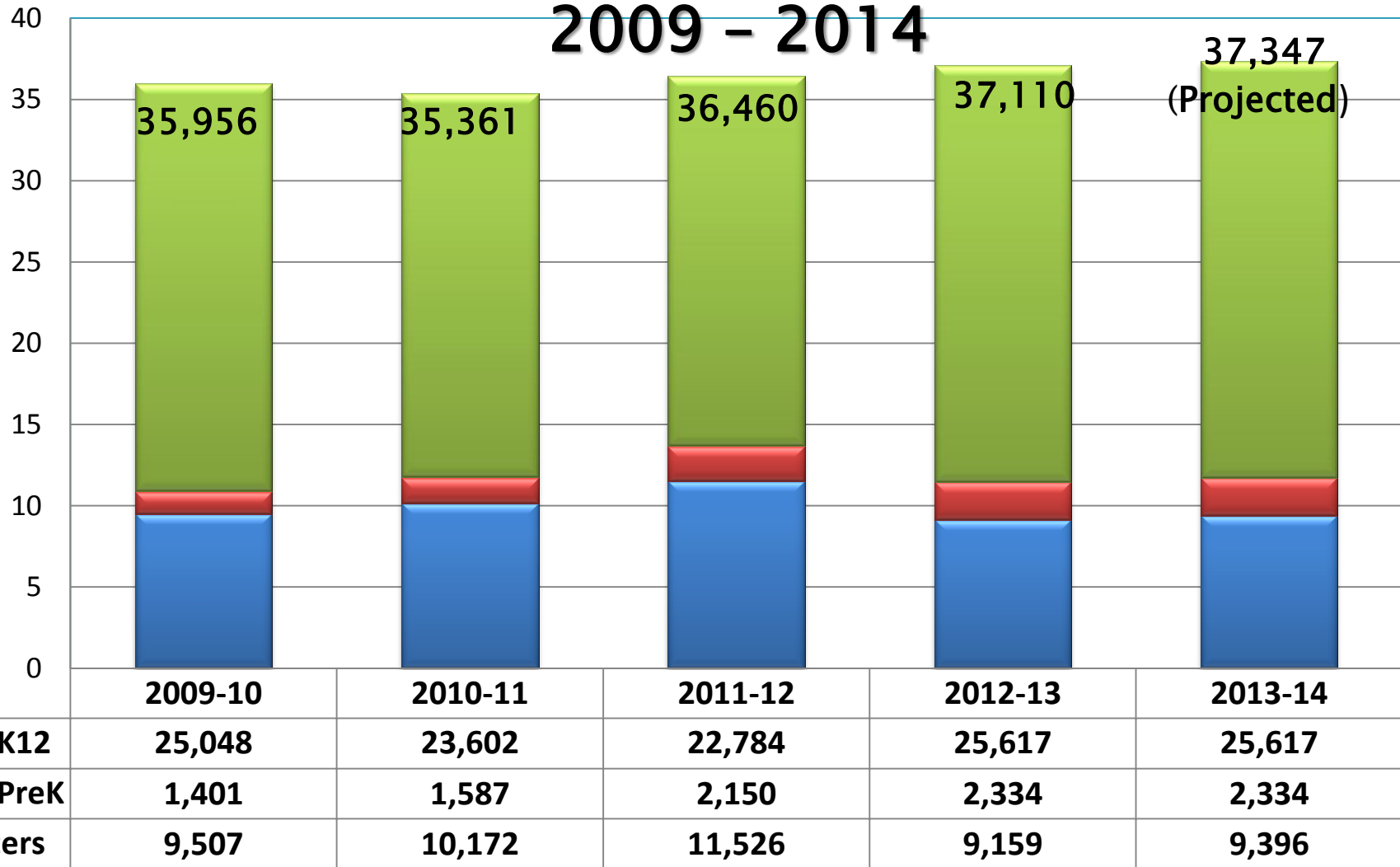
## ➤ Fund Balance Policy

- ☐ New policy and best practice for school districts
- ☐ Ensures that the appropriate reserves are available in times of revenue fluctuations and unforeseen expenditures



# Public School Enrollment

## 2009 – 2014



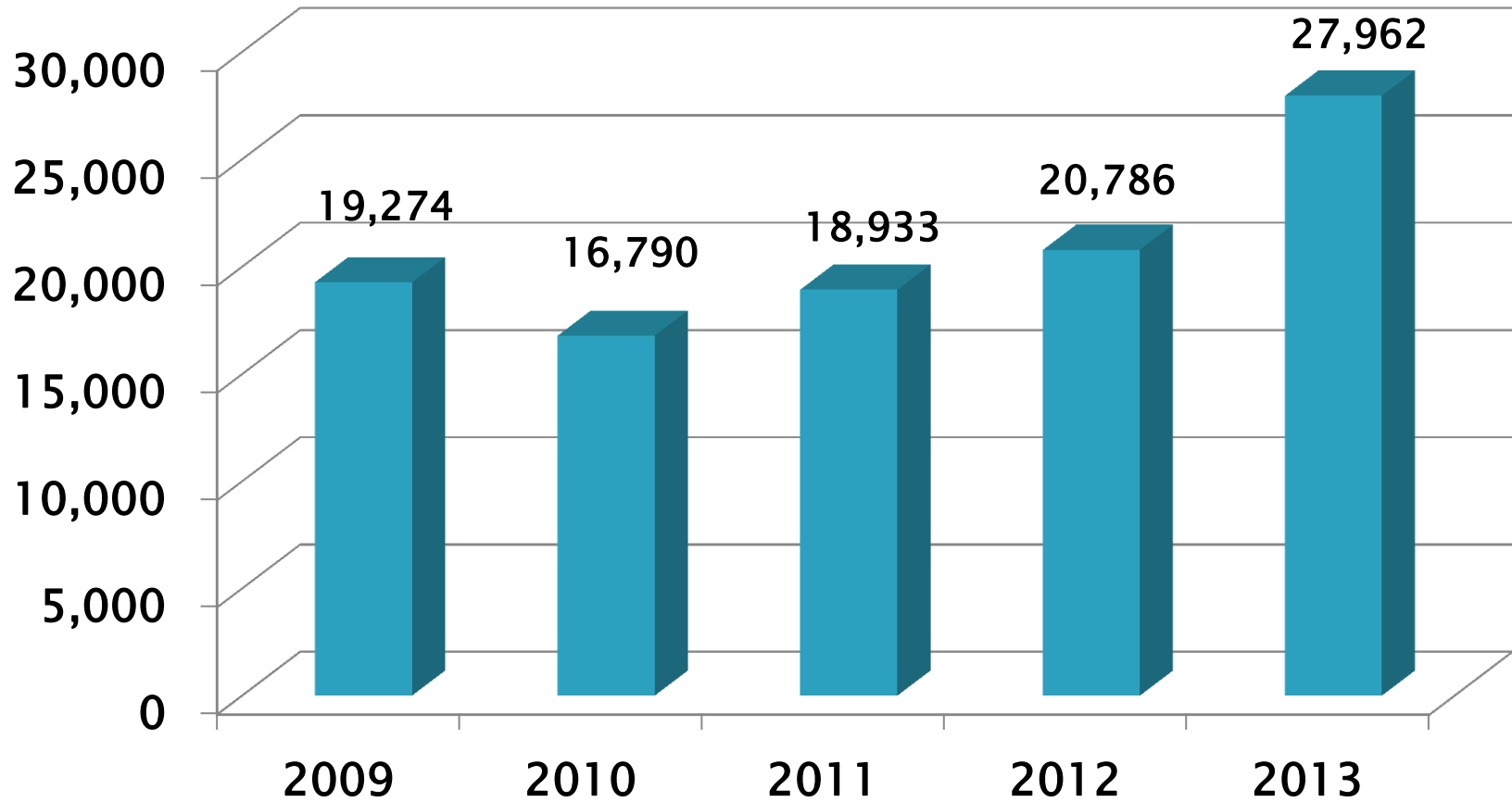


# Fiscal Impact of Federal Funding

- Losing SIG funds in 2013–14
  - ❑ \$5.3 million budgeted in 2012–13
  - ❑ 7 positions in Central Office
  - ❑ 41 positions @ 11 SIG campuses
  - ❑ \$2M discretionary funds
  
- Sequestration of Title funds
  - ❑ Estimated \$1.5M reduction (8% reduction)
  - ❑ Impacts 16 Academic Instructional Coaches
  
- Changing guidelines for Title funding
  - ❑ Impacts 22 social workers and 6 nurse positions that would not be funded



# Retirement Contributions





# Transportation Cost Challenges

- Magnet Transportation
  - ❑ 54% higher per student than neighborhood
- Neighborhood Out-of- Boundary
  - ❑ 22% of non-magnet students transported outside boundaries
- SPED Transportation
  - ❑ 14% of student population, but 28% of transportation cost
- Students in transition
  - ❑ \$1.9 million cost for taxi service
- Lower state revenue
  - ❑ Due to inefficiency (high mileage) \$1.4M





# Alternative Education

Fiscal Year	Expenditures	Enrollment	Per Pupil Cost
2008-2009	4,299,330.89	850	\$5,058
2009-2010	5,713,009.39	900	\$6,347
2010-2011	6,206,042.98	950	\$6,532
2011-2012	5,522,824.51	842	\$6,559
2012-2013	5,855,248.63	536	\$10,923



# Comparative Social Work Caseload

➤ SLPS (36)	800
➤ Rockwood (9)	2,475
➤ Hazelwood (15)	1,270
➤ N KC 74 (19)	1,334
➤ KC 33 (22)	1,278
➤ Memphis (53)	2,021
➤ Detroit (140)	369
➤ Birmingham (5)	4,940

- 36 School Social Workers
  - ❑ 22 (61 %) Title I social workers
  - ❑ 12 (33 %) GOB social workers
  - ❑ 2 (6%) social workers on school budget

Social Workers are clinical, do not provide case management and are not responsible for attendance \*\*

Social Workers do not provide any special education services.\*\*\*

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# Nurses and Counselors

- HB1543 (2010) Flexibility Sections 161.209 and 163.410 in House Bill 1543 for MSIP Resources
  - ❑ 56 Nurses
    - ❑ 6 Title one
  - ❑ 83 School Counselors
    - ❑ Presently staffed at the desirable level





# Class Size Analysis – Core Subjects

	DESE MINIMUM	DESE DESIRABLE	VARIANCE
Teachers & Aides	861	1,030	169
TOTAL (\$M)	\$57.6	\$69.3	\$11.7

	SLPS CURRENT	PROPOSED MIDPOINT	VARIANCE
Teachers & Aides	1,024	942	82
TOTAL (\$M)	\$68.8	\$63.6	\$5.2

*Includes K-12 core GOB teachers only*



# Building Capacity

Capacity Utilization	Elementary	Middle	High	Total
>90%	20	5	3	28
60-90%	15	1	4	20
<60%	9	5	7	21

- 21 schools use less than 60% of available capacity
- High schools have the greatest amount of excess capacity



# Responses to Economic Challenges

- Early Retirement Incentive Program
- Staffing Reductions/Proposed Class Size Standard Modification
- School Closures
- Other Non–Workforce Efficiencies





# Early Separation Incentive Plan

- 401 Employees are eligible
  - ❑ 115 employees eligible for Retirement (65+)
  - ❑ 286 employees eligible for Early Retirement (meet 85 rule)
- Offer 3 years of Benefits Premiums
  - ❑ \$7,781 will be paid to eligible employees annually
- Collaborate with Unions on payout methods
- Estimated Cost Savings (25% participation)
  - ❑ Total \$3.5M over 3 years



# Proposed Class Size Standard

GRADE LEVEL	DESE MINIMUM STANDARD	SLPS MIDPOINT STANDARD	DESE DESIRABLE STANDARD
K-2	25	23	20
3-4	27	25	22
5-6	30	27	25
7-12	33	30	28

*Includes K-12 core GOB teachers only*



# SLPS Proposed Staff Reductions

➤ Staff Reductions (134 positions)	<b>\$9.4M</b>
❑ Reduce Central Office staff	(12 – \$1.1M)
❑ Reduce Nurses, Social Workers, Counselors	(20 – \$1.6M)
❑ Share/reduce High School Non-Core Teachers	(20 – \$1.5M)
❑ Increase class sizes to midpoint	(82 – \$5.2M)



# Proposed Reductions/Deletions

## Sherman Elementary

- Recommendation – Close the building
  - ☐ Enrollment 173
  - ☐ Redraw boundaries and assign students to contiguous schools (Mann, Adams, Shenandoah, Hodgen)
  - ☐ Cost savings = \$298K
  - ☐ Decommissioning/moving cost = \$55K (one time cost)



# Proposed Reductions/Deletions

## L'Ouverture Middle

- Recommendation – Close the building
  - ❑ Enrollment 204
  - ❑ 7<sup>th</sup> grade students will be given magnet school priority (87 students impacted)
  - ❑ Incoming 7<sup>th</sup> graders will be assigned to other middle schools based on boundary assignments (Langston, Peabody, Fanning, Yeatman and Pamoja@Cole)
  - ❑ Cost savings = \$519K
  - ❑ Decommissioning/moving cost = \$65K (one time cost)



# Proposed Reductions/Deletions

## Cleveland NJROTC

- Recommendation– Close school over next 3 years
  - ❑ Do not accept 9<sup>th</sup> graders for 2013–14
  - ❑ Expected enrollment 200
  - ❑ Allow current students to finish out the NJROTC program
  - ❑ Cost savings \$347K
    - ❑ Will increase to over \$594K annual savings when school is fully closed in 3 years





# Proposed Reductions/Deletions

## Fresh Start South @ Meda P

- Recommendation – Close the building
  - ☐ Enrollment 80
  - ☐ All Fresh Start students will be consolidated at Sumner
  - ☐ Cost savings = \$325K
  - ☐ Decommissioning/moving cost = \$75K (one time cost)



# Proposed Reductions/Deletions

## Multiple Pathways Alternative

- Recommendation – Move High School program to Beaumont
  - ❑ Enrollment 141
  - ❑ Currently sharing space with Stevens Alternative Middle School
  - ❑ Beaumont has better facilities and enough capacity for the program
  - ❑ Reduce administration and combine with Beaumont
  - ❑ Cost savings = \$114K



# Proposed Reductions/Deletions

## Beaumont High

- Recommendation – Reduce 11<sup>th</sup> grade
  - ❑ Continue process to close Beaumont and transition to CTE Program – only 12<sup>th</sup> grade will remain for 2013–14 (60 students)
  - ❑ Reduce staff costs due to fewer classes
  - ❑ Cost savings = \$347K



# Non-Workforce Reductions

➤ Contract Savings	\$1.2M
➤ Transportation (SPED and SIT)	\$0.5M
➤ <u>Energy Savings</u>	<u>\$0.5M</u>
<b>Total</b>	<b>\$2.2M</b>



# Proposed Additions/Increases

- Transportation – Revision of Bell Times
- Bio–Medical High School incubation at existing campus



# Proposed Additions/Increases

## Bell Time Modification

- Recommendation – Shift from 3 tiers to 2 tiers
  - ❑ Provide more desirable start and end times for students
  - ❑ Proposed bell times:
    - ❑ 1<sup>st</sup> Tier: 7:45/8:00 – 2:45/3:00
    - ❑ 2<sup>nd</sup> Tier: 9:00/9:15 – 4:00/4:15
  - ❑ All high schools, middle schools, and 2 elementary schools would comprise the first tier
  - ❑ Remaining elementary schools would comprise the 2<sup>nd</sup> tier
  - ❑ Requires adding 94 additional buses
  - ❑ Cost increase = \$5.7 million







# Proposed Additions/Increases

## Bell Times

- Research suggests that high school students perform better with later school start times and more sleep
  - *"The natural sleep-wake pattern shifts during adolescence, making earlier bed time and wake times more difficult. The results for students with early school start-times is a chronic sleep deficit."*

Centers for Disease Prevention and Control – 2010

- Frequent parent requests for later school times – due to safety or sleep issues
- Parent/Staff Survey Spring 2012, however, largely *not* in favor of changing bell times (*move times 20 min later*):
  - ❑ 1<sup>st</sup> Tier      67% "No"
  - ❑ 2<sup>nd</sup> Tier      47% "No"
  - ❑ 3<sup>rd</sup> Tier      66% "No"

# Proposed Additions/Increases

## Bio-Medical High School

- Recommendation – Open new school at Soldan, McKinley, or Central
  - ❑ Target 75 9<sup>th</sup> graders for first year
  - ❑ Build strong curriculum and program
  - ❑ Share resources with existing campus
  - ❑ Longer term plan to potentially relocate in the Central corridor (near Cortex or in proximity to Washington University and/or SLU)
  - ❑ First year incremental operating costs = \$502K





# Net Budget Impact

➤ Staffing Reductions	\$9.4M
➤ Early Retirement	1.2
➤ Other Non–Workforce Efficiencies	2.2
➤ School Closings/Consolidations	1.8
➤ Transportation – Bell Times	(5.7)
➤ Bio–medical High School	<u>(0.5)</u>
➤ Total Net Savings	\$8.4M



# General Operating Budget

	<u>FY2013 Projected</u>	<u>FY2014 Preliminary</u>
Starting Fund Balance*	\$3.3M	\$0.8M
<b>Revenue *</b>	<b>\$285.2M</b>	<b>\$282.8M</b>
Payroll Expenditures	\$212.4M	\$211.2M
Non-Payroll Expenditures	\$ 75.3M	\$ 76.5M
<b>Expenditure Projection</b>	<b>\$287.7M</b>	<b>\$287.7M</b>
<b>Annual Surplus / (Deficit)</b>	<b>(\$2.5M)</b>	<b>(\$ 4.9M)</b>
<i>Fund Balance</i>	–	4.3M
<b>Ending Fund Balance*</b>	<b>\$0.8M</b>	<b>(\$8.4M)</b>

*\*Excludes Deseg (restricted) funds*

# Next Steps

- Presentation posted on the SLPS website for public comment
- Public Forums to gather feedback
- Saturday, March 2, 2013
  - ❑ Locations/Times:
    - ❑ Vashon High School 10:00 am. – 12:00 pm.
    - ❑ Central VPA 12:30 pm. – 2:30 pm.
- SAB vote on March 14, 2013

