



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

School Closings

Implementation of Common Core Standards

College/ Career Readiness

Student Health and Wellness Programs

Health Benefits
Reduced/eliminated and Increased employee contribution

Unfunded Early Childhood Programs

Layoffs

Economy/ Property Valuations

Security



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

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

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

Rockwood:

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



District Challenges

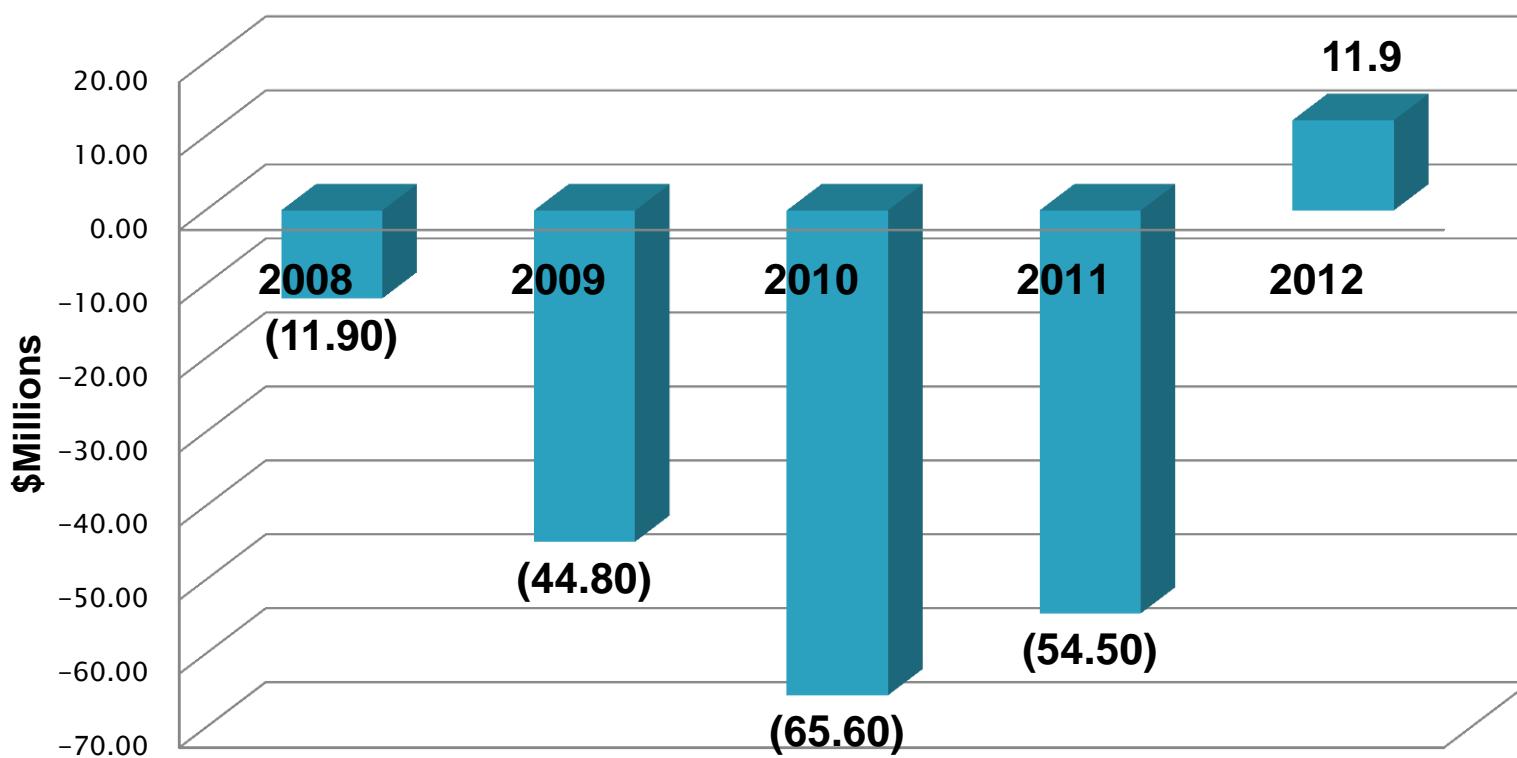
- Flat enrollment that affects school staffing, programming and innovation
- Changing state guidelines impact funds for critical school support positions (e.g., nurses and social workers)
- Grants “Sunset” -(i.e., SIG, Small Learning Community) – impacts critical school positions and could impact academic 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

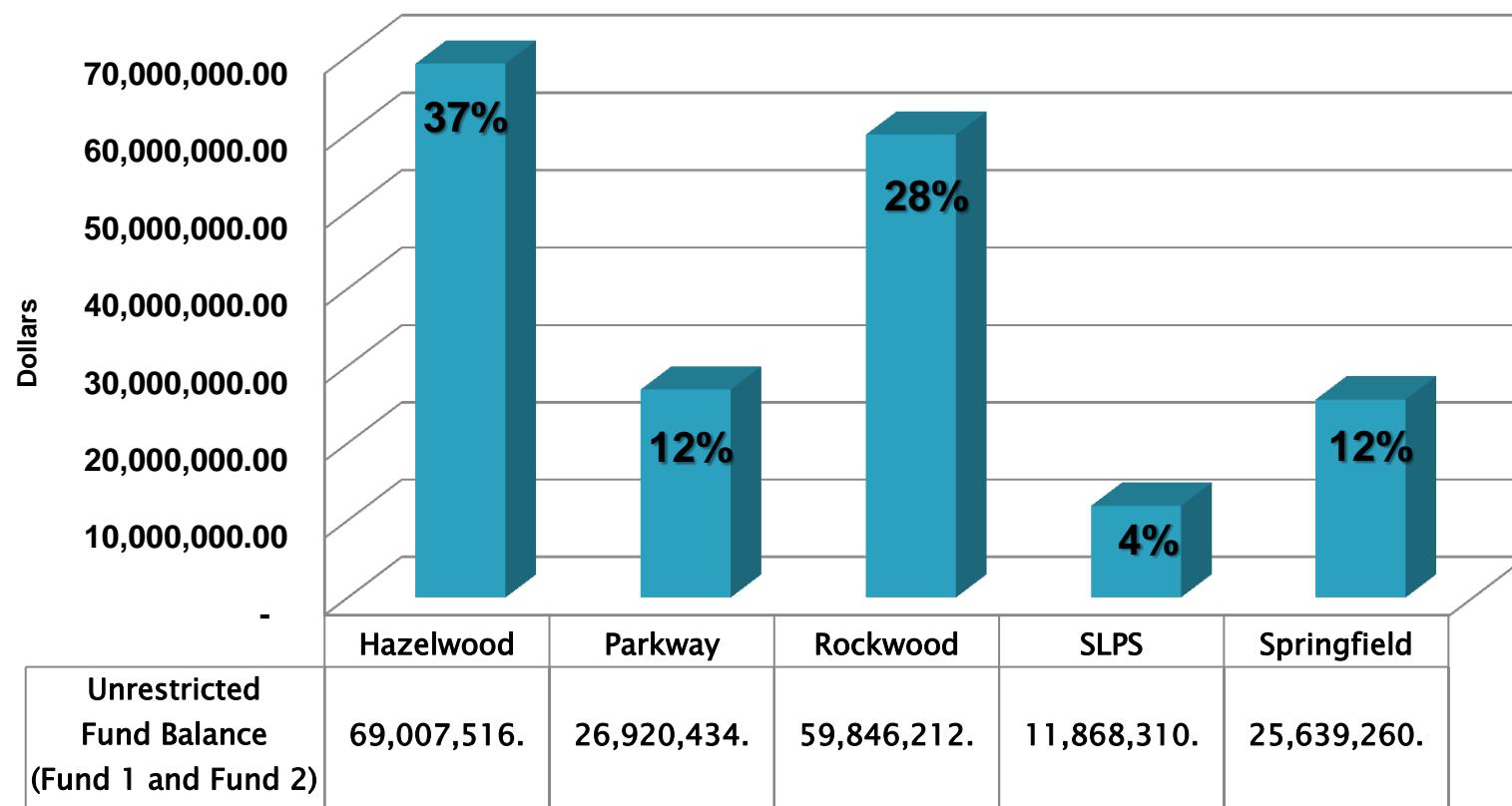
FY 2008 - FY 2012



Source: SLPS CAFR

Fund Balance - Other Districts

Fund Balance Analysis



Source: 2012 ASBR

New Finance Policies

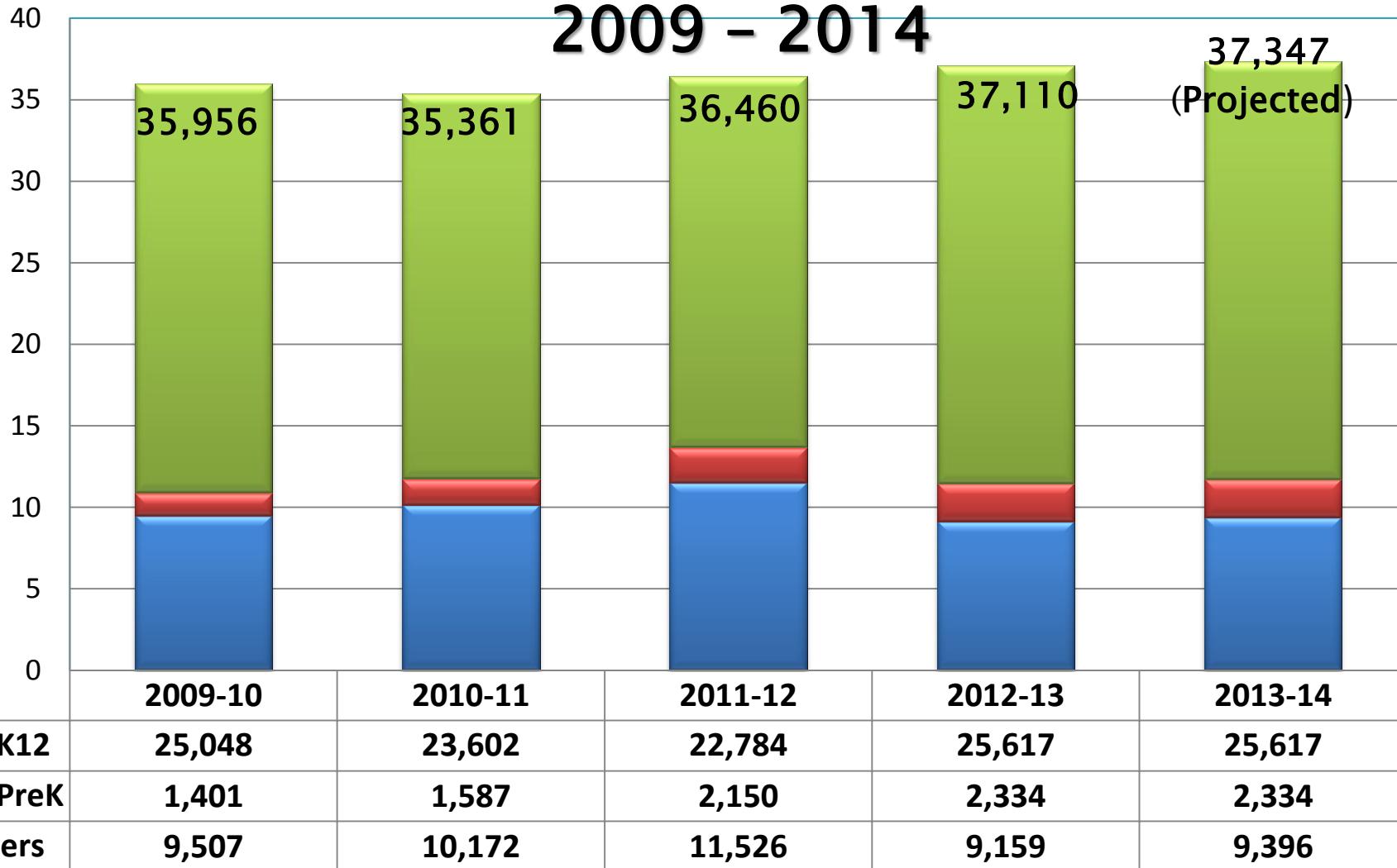
- Annual Budget Policy
 - ❑ Modeled after MSBA policy with some adjustments
 - ❑ Replaces current policies (P3110, P3120, P3150, R3150.1, R3150.2, P3170)
 - ❑ Ensures that the budget process provides for the allocation of available financial resources in an explicit expenditure plan to sustain and improve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

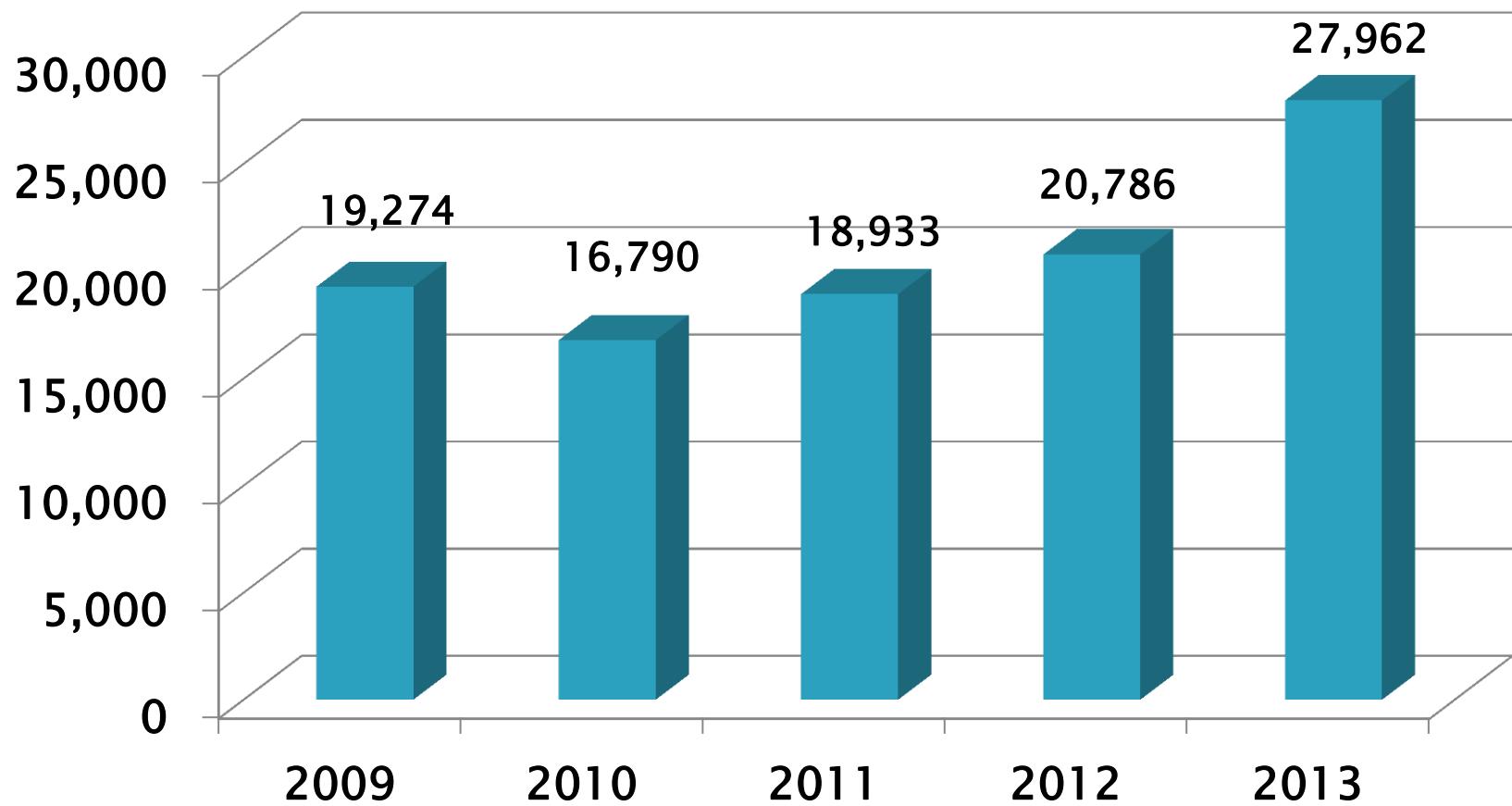




Fiscal Impact of Federal Funding

- 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%	22	5	3	30
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)	\$9.4M
<input type="checkbox"/> Reduce Central Office staff	(12 - \$1.1M)
<input type="checkbox"/> Reduce Nurses, Social Workers, Counselors	(20 - \$1.6M)
<input type="checkbox"/> Share/reduce High School Non-Core Teachers	(20 - \$1.5M)
<input type="checkbox"/> 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
 - 7th grade students will be given magnet school priority (87 students impacted)
 - Incoming 7th 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 9th 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 11th grade
 - Continue process to close Beaumont and transition to CTE Program – only 12th 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>	\$0.5M
Total	\$2.2M

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:
 - 1st Tier: 7:45/8:00 – 2:45/3:00
 - 2nd 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 2nd 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*):

<input type="checkbox"/> 1 st Tier	67% "No"
<input type="checkbox"/> 2 nd Tier	47% "No"
<input type="checkbox"/> 3 rd Tier	66% "No"

Proposed Additions/Increases

Bio-Medical High School

- Recommendation – Open new school at Soldan, McKinley, or Central
 - Target 75 9th 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

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

**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

