

BALTIMORE CITY

PUBLIC SCHOOLS

May 12, 2011

Dear City Schools Colleagues, Staff, Families and Friends,

As our school communities engage in the final stages of budget planning for next year and the Baltimore City Board of School Commissioners reviews our district budget for a scheduled vote on May 24, I want to share with you an overview of Baltimore City Public Schools' proposed budget for the upcoming 2011-12 fiscal year (FY 2012). It is important for everyone who cares about City Schools to understand why our budget looks the way it does, how it affects individual school budgets and how, despite some difficult challenges, it positions our district to help ensure that all of our students achieve at the highest possible level.

But first, I want to thank you for your incredibly important role in this year's budget process. The 2011 legislative session in Annapolis saw an unprecedented mobilization of community support for City Schools students—thanks to you, our families, school staff, community members and partners. The session opened with a proposed state budget that would have cut City Schools' state funding in FY 2012. But because of your hard work, including braving the driving rain in a night-time rally in Annapolis, and because of the efforts of so many Baltimore City and state leaders, the session closed with a budget that does not cut City Schools state funding, and keeps our operational dollars essentially flat from the current fiscal year.

Flat revenues are better than reduced revenues. But they still leave us with the challenge of having to address significant increases in the costs of running our school system—benefits, labor costs, utilities, debt service and other expenses that are part of the basic structure that lets our kids keep learning. As a result, City Schools entered its FY 2012 budget-making season with a \$48 million shortfall. Meanwhile, student enrollment continues to grow, making for four straight years of enrollment increases after four decades of declines. While higher enrollment is great news for the district, it challenges us to provide a quality education for more children with the same funding.

As always, we approached our budget this year with a firm commitment to protecting funding for schools. Since FY 2009, when we shifted budgets and authority over those budgets from the district office to the schools, we have consistently worked to free up resources for schools—where the students are, and where local leaders know best what students need to succeed. In keeping with the belief that the resources must be in the schools, we cut district office positions by 33 percent (from

1,496 in FY 2008 to 1,001 in FY 2011) and moved \$164 million in additional dollars to schools, such that school funding has increased every year since FY 2008. But we knew the work would be harder this year, because after shifting so much to the schools, we cannot continue to cut the district office—especially as we adjust to meet schools’ requests for greater support, and the district’s responsibility to hold schools accountable to students, parents and communities.

Once again next year, school-based funding will increase slightly, with \$11 million more in total dollars going to schools. But most schools won’t feel this as an increase, because much of it will go towards paying for rising “fixed” costs. While schools have flexibility over most of their dollars, some of their costs are fixed because they are vital to running the school or are required under state law. These required school expenses include things like paying for school principals, pre-k teachers, the ongoing expansion of Career and Technical Education programs, certain special education positions and instructors for non-English-speaking students. One such fixed cost—the cost of medical benefits for City Schools employees—is expected to increase by roughly \$20 million this next year. In City Schools, these fixed costs are currently increasing at a higher rate than school funding and while schools may get more overall dollars in FY 2012, they will have to stretch these dollars further, experiencing a loss in purchasing power. The flexible dollars in school budgets are getting squeezed.

The \$48 million shortfall I mentioned above, fueled largely by these costs over which the district has little discretion, can only be met by cutting spending in programs, contracts and staffing at both the district and school levels. Because the district office is already one-third smaller than it was three years ago and because most district-level expenses are mandated, there are real limits to how much the district office can be further reduced and still provide necessary supports to schools. Even so, the district office will absorb part of the shortfall by reducing or eliminating district contracts and programs, and schools will have to absorb the balance of the shortfall by reducing school-level expenses.

As part of our effort to protect as many schools and students as possible from severe cuts in this difficult budget year, a critical goal of City Schools’ FY 2012 proposed budget is to preserve core per-pupil funding, which makes up the bulk of schools’ flexible funding. Schools receive a base amount for each student and additional “weights” for students who score at advanced or basic levels on state tests, have disabilities or are at risk of dropping out of school. So in our proposed budget we are recommending to the Board a small increase in the base amount that schools receive for every student. To do this, the weights for advanced and basic will necessarily decrease, while the weights for students with disabilities and dropout prevention will hold steady.

The impact of this change will be different for each school, depending on the characteristics of its student population. Approximately 43 percent of our schools will experience increases in total funding and 57 percent will experience decreases, with most schools’ budgets going up or down by less than 5 percent. But all schools will face increased costs, meaning that they will have to figure out new ways to stretch their dollars to help students succeed so in the coming weeks I encourage all of you to get involved in the budget discussions at your schools and be part of this important process.

Meanwhile, at the district level, we are making two key changes to better position our district office to

support schools and help make sure they succeed. First, we are increasing the capacity of the school support networks currently charged with supporting schools, by moving many more district office employees and services to the networks; there, they can work closely with schools to make their autonomy stronger and more purposeful, especially as our district focus on instruction continues to deepen. Second, we are creating new positions to evaluate and coach school leaders, and strengthen our ability to hold them accountable for providing our students and communities with the great schools they deserve. And we are making both of these changes without increasing the number of approved district office positions; in fact, we have eliminated 89 positions and allocated grant funding for others to allow us to keep the district office lean—and the same size as this year.

Our students have shown us what they can do; we have seen three straight years of achievement gains and record numbers of kids are choosing to remain in school. But we have a very long way to go until all of our 84,000 students are learning to their potential. Our budget is one key tool for making sure that happens. Another is our continued high expectations for, and community commitment to, our kids. If we keep that front and center even in tough financial times, our students can and will succeed.

Thank you for all that you do each day for our students and our schools.

Sincerely,

*Andrés A. Alonso, Ed.D.
CEO, Baltimore City Public Schools*

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