

WORK SESSION NOTES
Draft Budget Development Update
Ramsey Middle School
December 14, 2015
4:30 p.m.

Purpose of Meeting:

This was the second of three sessions to update the Board on the Draft Budget development process. The third session will take place January 11, 2016. These notes contain information presented by Tom and Cordelia and dialogue with Board members.

Present:

Alicia Averette	Linda Duncan	Tom Hudson	Angie Moorin
Chris Brady	Chuck Haddaway	David Jones, Jr.	Marco Munoz
Karen Branham	Cordelia Hardin	Jonathan Lowe	Diane Porter
John Collopy	Dr. Hargens	John Marshall	Mike Raisor
Dena Dossett	Stephanie Horne	Frank Mellen	Lisa Willner

Dr. Hargens: This is a continuation of discussion on the Draft Budget which will be presented for approval in January 2016. We want to make sure you are up to date on the process.

Tom: With the Board's agreement, we would like to skip to page ten. You have seen the charts before.

Cordelia: If you look at revenue minus expenses, we're at \$2.6 million. However, when you add what we expect in reimbursements, then we are \$2.7 million above.

Cordelia: With the legislative session starting, there are items we need to be aware of that may impact JCPS, like SEEK funding changes, unfunded mandates like cost of living, and grant funding levels. One thing we will discuss tonight is the review of the school allocation formula, looking at teacher allocations and state standards vs. JCPS standards, and others. Also, teacher add-ons and sell-backs. Then review of the add-on programs for schools which we provide \$137 million toward with \$59.4 million of that for special education, \$11.2 million for goal clarity coaches, \$11 million for additional teachers and instructors, \$9.1 million for English as a Second Language (ESL), and \$8.4 million for elementary assistant principals, which the Board added a few years ago. When Ms. Porter talked about priority schools and providing additional staffing, that is part of the \$11 million where we provide additional support for priority schools.

Tom: During the third or fourth week of January, Dena, Cordelia and I will do a zero-based budget for every central office department. We will look at all the elements of the budget and look for data to support what needs to happen in the strategic plan. The goal is to pull money out of the budget so we can do the things that Ms. Porter and others want us to do with the third grade initiative, and others. This will be an intensive program that will probably take us several months to look at the entire operation and thoroughly understand what we are spending our money on and come to an agreement where we all feel we are spending our money wisely. We are going to develop a culture of saying no unless there is data indicating otherwise.

David: Could you all review for us the way the timing of this analysis will flow into the spending decisions for the coming year? One of the things on our mind is in January when we approve an allocation formula, we are going to commit the bulk of the resources for the 2016-17 year because the personnel plan builds off that. But, what's the connection in time of the analysis of zero-based budgeting and when we begin to see it potentially have resources available for higher needs, schools, or the other things identified?

Tom: David, let's go to the next chart. Cabinet is going to recommend to you that we select the second column, State & JCTA Standards, and there's about \$17.5 million that will be available to use for other things. I'm not familiar enough to really understand how the model works, but we are making a change from the first column to go to the second and putting some pressure on making sure we do the right things. As I understand it, the second column has to do with the teachers' contract and it's consistent with the state so let's take the \$17.5 million surplus and put it elsewhere. I'm not answering your question yet, but I'm going there. If you go to the next steps, it lays out the timing as to how we think the funds will flow. Dr. Hargens made a great point – when you look at that second column, that will result somewhere in class-size from 2-4 students more than our present targets. The research shows it will have no negative impact on learning. However, it does have an impact on teacher workload and we would like to consider playing with that. Before we get moving on 2016-17 we will be able to back up and modify some of that as appropriate from the things we learn in the budgeting process. Other than that, the timeline is here on this chart.

Dr. Hargens: So, it wouldn't necessarily mean less teachers, but the same number of teachers deployed where we need them the most and where, by research, they can make the most impact. I want to be clear that it's redeploying, not eliminating.

David: The allocation comparison is in no way a cut from the budget, it is resources that could be allocated from point A to point B.

Cordelia: Correct, it is repurposing funds. These are the options we have looked at. If we went strictly with the state and JCTA contract standards, there's a \$17.5 million difference. If we look at the state standards against JCTA's but one less student, then we are looking at \$12 million to repurpose. The current JCPS allocation plus one more student is \$5.6 million. As Tom mentioned, Dena has done research on class size and the difference it does or does not make, and that is something she could highlight.

Tom: We wanted you to see the variability of the different approaches. We will be selecting the second column from the left, State & JCTA Standards, unless you tell us differently. We are going to the teachers' contract and honoring the contract.

Linda: Our allocations are different because our populations are different. When you say one or two more students, you are talking about, in a lot of cases, kids who don't speak English. Our population is entirely different than the rest of the state and that's why our allocation formula is different and it's going to get more and more that way. So to say it won't make any difference if we add one or two more kids who can't speak English - it will make a difference and we've got to make sure we are serving the kids. There are differences among our groups that we serve and we don't look like the rest of the state.

Dr. Hargens: This would allow more teachers to be deployed to ESL students and priority schools if that's where the need is. Whatever the need, there will be more teachers to redeploy. I feel certain you will get more of the result you want. Ms. Duncan's point is excellent, but this has the potential to do it

better. David's point is if we push the button the way it's always been, we don't have any maneuverability. If in January we push the button in a conservative way according to the state's and JCTA's standards, then we will have \$17.5 million to redeploy or eventually go back, if that is the best thing that is determined. Once the button is pushed and funds are sent to schools, there is no decision after that. We are trying to give the Board flexibility and options but I think you would get a lower student to teacher ratio in the places needed the most.

David: \$17.5 million is approximately how many teachers?

Cordelia: That's approximately 283 teachers.

David: So the meaning here is there could be approximately 283 people moving from doing one thing to doing something different.

Cordelia: Correct, or at a different location. In addressing ESL, we already have a \$9 million add-on for that in addition to grant programs. But again, some of those 283 teachers may be sent directly to support ESL or some other program.

Linda: How are we saving then? I don't understand if we are deploying the same number.

Cordelia: It's not the purpose of saving, it's to target where the need is.

Tom: In other words, we are taking these 283 teachers and repurposing them, hopefully in an intelligent way that is more effective than just taking the standard program.

Linda: So it's the same amount of money?

Tom: Yes, applied more intelligently.

David: Maybe another way to think about it is more of the budget (which is the same number) will be distributed through the system by choices related to the strategy and needs instead of by this invisible allocation formula that we really don't see or understand and has elements of one-size fits all in a computer program that we are not familiar with. That's \$17.5 million that will be redeployed for repurpose.

Steph: I know the allocations went out on November 20th to the schools, so what Cordelia and Tom are saying is that the principals have received this and it is under the old formula. It says draft across the top, so that may change. There is some time, right?

Cordelia: The only thing they have received are student projections; they have not received their allocations. They will receive those February 2nd pending approvals. There is some time, but it is definitely crunch on the finance side. The allocation formula will be submitted for Board approval on January 11, 2016, and that will need to change based on this. From that approval, John will need to make some changes for the budget. The overall budget may not change, but the allocations we send out February 2nd will definitely change if we go with this recommendation.

Diane: As we are looking at current school funding, and you are going to bring us back more numbers, some schools are losing folks based on budgetary dollars that have been put in there for this particular year. That money is going to roll away at the end of the year and they've been told to look into their budgets to see how they will continue to fund these folks if they need them. If they can't figure out the

funding but still need them, do they come to you or the Board at that time? It's on somebody to figure out how to make that happen.

Diane: One more comment about small class size. I'm always interested in looking at the data but at the end of the day, go into schools and look at the kids, count the number of people in the classroom, and determine if small class size is needed, building by building. I hope we don't get into a situation where we say this is what works based on the data.

Cordelia: We send allocations to schools on February 2nd and that is when they will also be developing their budget requests and central office is working on their zero-based budgets. The schools will be looking at their budgets and allocations and if there is a specific need they are not able to fund, they will send those requests in. With the partnership with Dena's unit, we have developed a continuous model that you have seen in our presentations. All budget requests from schools and departments will be summarized and prioritized as far as how they fit with the strategic plan and what the need is. Those will then come forward to the Cabinet for review to see how they tie to the strategic plan and priorities as the Board has directed us. You will see those requests within the Tentative Budget subject to approval.

Chuck: I'm grateful for the idea to repurpose resources and the example of teacher allocation because I always feel like the budget process is a freight train moving and I'm trying to run and grab hold of it. The frustrating part is hearing great ideas and not knowing how to repurpose resources. What I'm anxious to see is where in other areas, like the continuous improvement process, are we going to repurpose resources toward our strategic initiative even outside of teacher allocations? When the Draft Budget is presented in January, I would like to see a historical reflective on where we were last year with the Draft Budget. It would be helpful to see where we have been and where we are going. I would like to put that in as a request.

Chris: When looking at the legislative session to figure out what type of budgeting we are going to have, I would like you to anticipate less money. I have no confidence we are going to get any more money. I know that's part of our legislative agenda as well as KSBA's and a number of other organizations, but I don't have a good feeling about that. Also, when you are looking at zero-based budgeting, also make sure that translates over to our transparency website. I want to make sure everyone's up to date and the public has a way of seeing this as well. And, looking at receipts over the last two or three months, and looking at the receipts we've been getting in, it seems to be less than what we received at this same time last year. Is this an emerging trend that will be an issue?

Cordelia: There should not be an issue. Right now, we are looking fine for this year, especially in occupational taxes. We are in a good place there.

Linda: When we repurposed Myers and there was a savings of \$1.5 million, how was that reached?

Cordelia: When we first allocated students going to each of the schools, we allocated as if they were receiving all of those students for three years when they actually were not. By closing Myers there were savings in administration, support staff, and some operations as they were incorporated within the other schools. What's happening in this next year is that each of those schools, for instance Waggener, received several Myers students. Those students will be part of their allocation formula now.

Chuck: On January 11th, it would be nice if we could coordinate with Jonathan some speculation on SEEK and grant funding from conversations with the legislature. It would be nice to have that perspective to know as well.

Cordelia: When we present the January 11th work session, I don't think there will be a lot coming from the legislature at that point.

Chuck: It would be speculative but Jonathan knows what's going on in Frankfort for sure.

David: Let me summarize and make sure the Board is taking away the right central message here. The core point is that in this budget cycle when we review the allocation proposal in January and we'll adopt something, your proposal is going to be that we base the allocation on the student to teacher ratios contained in state standards and the JCTA contract rather than the ratios we've used in the past. That will free up about \$17.5 million which I think is somewhere between 2-3% of funds that will then be distributed, not saved, according to the strategy in ways yet to be determined.

Cordelia: Correct, that is the big point. In addition to that, we will also be looking at the add-ons.

David: Exactly, and you are going to do a zero-based review of central expenditures as well. So, lots of moving pieces.

A work session for the Draft Budget Development Update will be January 11, 2016.

The Draft Budget will be presented to the Board on January 26, 2016.