

**Opening Statement
Baltimore City Council Budget Hearing
Dr. Andres A. Alonso, CEO
Baltimore City Public School System
May 16, 2008**

Today, I am proud to present to you for your approval the Baltimore City Public School System (BCPSS) FY 2009 Budget. This budget is the result of extraordinary work to help create a system of great schools. The decisions in this budget are based on three key principles: 1) Resources need to be in the schools, where the children are. 2) Schools should have autonomy over those resources within a framework of guidance and accountability. 3) Resources should be distributed to school on a fair and predictable basis that incorporates policy decisions. The budget was developed with input from stakeholders, and was discussed publicly in a series of working sessions, discussion forums and hearings. The BCPSS FY 2009 Budget includes \$1.2002 billion in expenditures.

The BCPSS began the budget process estimating a funding shortfall of \$50.4 million, as a result of changes in revenue streams and an increase in base line expenditures. There were also additional Facility Solutions costs after assistance from the City of \$20 million, and we proposed three new or expanded initiatives – pre-K expansion (\$2.5 million), Secondary Transformation Schools (\$3.5 million), and parent engagement (\$500,000). To address the expected shortfall and targeted needs, the BCPSS identified one-time savings from the FY 2008 budget of \$13 million, reserves of \$18 million, and FY 2008 City Bonds for Facility Solutions of \$6 million. The BCPSS identified \$40 million in cuts to central office. This includes a reduction of 310.5 positions from central for a reduction of 20.3%. The BCPSS also identified an additional \$70 million in reductions in central for redistribution to schools. Including savings and contingencies, overall the BCPSS identified \$147 million to cover the shortfall, Facility Solutions, new initiatives, and to give additional money to schools with more flexibility.

Many people in different roles then worked to establish a fair formula to distribute resources to schools. In FY 2009, the main funding mechanism for schools shifts from a staffing allocation model to a per pupil model. Despite the expected shortfall, the budget for schools was increased by the \$70 million redistribution of resources from central to schools. This new funding comes with additional responsibility spelled out in specific guidance that was made available to schools and the public with unprecedented transparency. The Fair Student Funding initiative distributes funds to schools on a per pupil basis. Every student gets a base amount. Additional student weights are added for academic need at both ends of the achievement spectrum (\$2200) and for graduation support for high school students (\$900). Historic weights remain unchanged for English Language Learners and Students with Disabilities. In order to minimize the impact of this change in funding in schools, we phased in this approach by creating caps in

reduction or increases in flexible funding up to 15 percent and 10 percent, respectively. This cap is applied before “locked” funding such as special education and grant funding. As a result, excluding charters, alternative schools, special education schools, and new schools, 125 schools gained flexible funding under Fair Student Funding with an average gain of \$430,462. Only twenty-two schools have fewer flexible funds than in FY 2008, with an average reduction of \$40,102. There are still funding streams such as carryover or new grants that have not yet been distributed to schools, and will be submitted to the Board of School Commissioners for approval.

Principals received their budgets on April 22, 2008 along with extensive guidance describing new expectations of schools. A helpline was established at central to field any and all questions from principals. Principal support teams were established with internal and external partners to provide support to principals, and surveys of principals indicate satisfaction with the level of support they are receiving.

I would like to stress the public nature of this work. There were several public meetings held to share information and have a dialogue with stakeholders regarding the proposed Fair Student Funding Plan including:

1. Public Hearing.
2. City Council Hearing.
3. Working Session with Parents co-sponsored with PCAB.
4. Board of School Commissioner public working sessions.
5. Supportive Documents were made available online at www.baltimorecityschools.org in order for the BCPSS to receive public feedback.
6. Principals have been required to consult their organized SIT Team and PTA/PTO when developing their school-based budget before it is submitted to the CEO on May 22, 2008.

This is the first year of a multi-year effort to direct more resources to schools and redesign a leaner central office to support a system of great schools. With the changes in the funding formula for school systems in Maryland, the BCPSS cannot continue to function as though it is a time of expansion. It has to make hard decisions about resources. This difficult time has become an opportunity to rethink how to make our schools better, how to make them more responsive to the needs of students and parents, and how to ensure responsibility and accountability at both the school and central level. We cannot do these three things without fairness and responsibility at the school level.

We thank you for your continued support.