

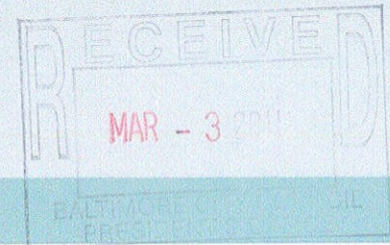
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BALTIMORE CITY PUBLIC SCHOOLS

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City Council Bill Charter Amendment - Nonlapsing Funds for Quality Schools

Andrés A. Alonso, Ed.D.
Chief Executive Officer
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Why is Alternative Financing of Improvements to School Facilities Important?

Importance of facilities to student success:

- High quality school facilities have measurable positive impact on rates of student learning, attendance and graduation.
- Schools in poor condition, with such visible deficiencies as broken windows, missing floor and ceiling tiles, flickering lights and flaking paint, indicate to students that they and their education are not valued.
- Studies have shown that student achievement is stifled in bad school facilities, while dropout rates and absenteeism increase.
- School facilities in poor condition pose threats to health and safety of school staff & students.
- School districts with old and deficient facilities face problems attracting and retaining high quality teachers, which directly impacts student achievement.
- Modernization of school buildings is integral to Baltimore City's education reform effort.

Why is Alternative Financing Needed?

- State and City funding for capital improvements falls far short of City Schools' annual requests and total need.
- State criteria for project eligibility, as well as limitations on availability of State and City funds, constrain allocations to City Schools.
- Since existing funding sources will never meet City Schools' total current and future capital improvement needs, alternative sources must be identified.
- City Schools must strategically leverage State and City CIP funding as part of an alternative funding strategy.

Why is Alternative Financing Needed?

FIVE-YEAR COMPARISON OF FUNDING NEEDS VERSUS FUNDING ALLOCATIONS

*ALL \$ AMOUNTS SHOWN
REFLECT THOUSANDS

CIP FUNDING	FY 2007	FY 2008	FY 2009	FY 2010	FY 2011	5-YEAR TOTALS
Est. Total Need (per Proj. Costs)	\$169,768	\$316,517	\$294,509	\$250,823	\$232,838	\$1,264,455
Total State + City CIP Funded	\$56,436	\$70,665	\$59,000	\$50,733	\$48,559	\$285,393
Total Funding Shortfall	\$113,332	\$245,952	\$235,509	\$200,090	\$184,279	\$979,062
Total State CIP Request	\$91,298	\$145,057	\$149,925	\$121,327	\$87,532	\$595,139
Total State \$Allocation	\$39,436	\$52,665	\$41,000	\$27,733	\$28,559	\$189,393
Total State Funding Shortfall	\$51,862	\$92,392	\$108,925	\$93,694	\$58,973	\$405,746
Total City CIP Funds Needed	\$34,000	\$63,000	\$59,000	\$50,000	\$46,000	\$252,000
Total City CIP Funds Allocated	\$17,000	\$18,000	\$18,000	\$23,000	\$20,000	\$96,000
Total Addl. City Funds Needed	\$17,000	\$46,000	\$41,000	\$27,000	\$26,000	\$156,000

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City Schools Capital Funding Needs

<i>Project Categories</i>	<i>Estimated Cost</i>
Facility Air Conditioning (81 Schools)*	\$277, 000, 000
Facility Window Replacement (134 Schools)*	\$205, 000, 000
Unfunded Systemic Projects (65 Schools)*	\$105,000,000
Deferred Maintenance (178 Schools)*	\$1, 000,000,000
Provide some new/replacement schools and major renovations	\$1,300,000,000
TOTAL	\$2,800,000,000

* Indicates items necessary to bring City Schools to optimal acceptability and create acceptable conditions for learning.

- “Unfunded Systemic Projects” category includes fire safety, roofs, doors, etc.
- “Deferred Maintenance” category includes such projects as gutters, painting, sidewalks, parking lots, fences, playgrounds, athletic fields, bleachers, etc.

City Schools Capital Funding Needs (Cont.)

<i>Project Categories</i>	<i>Number of Schools</i>
New or Replacement Schools	28
Major Renovations	69
Moderate/Minor Renovations	51
General Renovations	14
TOTAL COST	\$2.8 Billion

- These funds are what will be necessary to bring City Schools to an optimal educational atmosphere.
- It is evident that existing funding sources will never meet City Schools' current and future capital improvement needs, so alternative sources must be identified.
- City Schools must strategically leverage State and City CIP funding, as well as implement an alternative funding strategy.

Recent Alternative Finance Successes

- City Schools provided a guarantee for a \$2.5M loan for the Baltimore Leadership School for Young Women (BLSYW), which enabled its Board to renovate the former YWCA building on W. Franklin Street for its new school location. Once all renovations are completed, the BLSYW Board will transfer the building title to City Schools.
- City Schools assisted the Patterson Park Public Charter School in obtaining a \$13M conventional loan by guarantee- ing payments through the system's intercept fund. The loan is underwriting a new building addition and completion of bldg renovations to the existing school property.
- City Schools provided a guarantee for a \$6M loan for City Neighbors Charter School to completely renovate the former Hamilton Middle School facility and create a new learning environment for what will eventually be a PK-12 school. The loan supplements funds privately raised by the City Neighbors Charter School Board.
- City Schools partnered with the East Baltimore Development Initiative (EBDI) to secure bond approval for its new school in East Baltimore. The new PK-5 school will primarily educate children who live within the EBDI community boundaries.

Recent Alternative Finance Successes

- These examples indicate how operators and partners of City Schools' non-traditional schools have utilized alternative financing strategies to date; however, we have not yet moved toward systemic implementation of such methods to ensure that all schools can take advantage of these opportunities.
- What City Schools has done so far toward that end is partner with the City of Baltimore to initiate an alternative financing study by consultant Vantage Point Associates. The study highlighted numerous examples of city, state and private sector investment in school systems to build new schools or complete building renovations.
- City Schools has met with the Mayor's Chief of Staff to discuss how the Mayor's Office can assist us in utilizing alternative financing to improve school facilities; possibilities include a referendum to develop a funding source. To this end, we are seeking the Mayor's support and approval of State legislature.

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For More Information:
Chief Operating Officer
J. Keith Scroggins
410-396-8721

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