

School Pathways Plan – Good Start But More Savings Needed

With state aid cuts looming, first year savings total only \$3.1M

To provide more resources for improving academic achievement, Superintendent Carol Johnson submitted her revised “Pathways to Excellence” plan to the School Committee on October 29th. The plan to create savings in school operations centers on restructuring, consolidating and closing schools and revising transportation guidelines without major changes to the student assignment policy. The plan is projected to achieve a cumulative savings of \$27.8M over five years but only \$3.1M next year.

The School Committee will vote on this plan at its November 5th meeting, but the Superintendent and Committee members should be prepared to deal with even greater budget cuts for the next school year. State aid cuts are inevitable in FY10 given the state of the Massachusetts economy.

The Pathways plan was developed because:

- Savings will fund high quality programs to improve academic achievement and meet student needs.
- This year’s school budget is supported by a one-time \$10M reserve that will not be available in FY10. The reserve was approved to give the Superintendent time to develop her operational savings plan.
- School collective bargaining costs from salary and step increases alone will grow by approximately \$30M in FY10.
- The Department must adjust to an 11.1% decline in student enrollment since 2002.

The School Department is too big to not be directly affected by a loss of local aid. The FY09 budget represents 34% of the City’s operating

budget and 51% of departmental spending. Local aid cuts in FY03-FY04 resulted in the School Department accounting for 47% of the total city employee reduction of 1,522.

School Spending FY04-FY09				
In Millions				
Category	FY04	FY09 Budget	Change	% Change
Salaries	\$437.8	\$543.7	\$105.9	24%
Benefits	83.7	116.6	32.8	39%
Property Serv.	35.9	44.4	8.5	24%
Transportation	55.6	69.8	14.2	26%
Purchased Serv.	33.7	41.5	7.8	23%
Other	9.9	17.2	7.3	73%
Total Schools	\$657	\$833	\$177	27%
Total City Spending	\$1,888	\$2,420	\$532	28%
% of Total City Spending	34.8%	34.4%	--	--

Over the past five years, school spending has increased steadily by a total of 27%, for an average annual increase of 4.9%. School personnel numbers have returned to 99.3% of 2002 levels, even though enrollment decreased by almost 7,000 students since 2002.

School Personnel Trends					
In FTE's					
1/02	1/04	1/08	Change 02-04	Change 04-08	Change 02-08
8,509	7,793	8,451	(717)	659	(58)

The Superintendent’s Pathways plan is only the first round of budget cuts and savings that will be required to achieve a balanced budget next year.