

Introduction

Thank you for allowing the Operating Budget Review Committee the opportunity to provide the Board with recommendations for the proposed FY 2018 HCPSS operating budget. The current OBRC was chartered in early December and began meeting in early January. We would like to thank all the members of the committee for their sacrifice of time and effort. We have been fortunate to bring together members with many different points of view, with a universal vision of creating recommendations to support HCPSS at the highest level.

Knowing we had limited time, the Board Chairperson tasked the OBRC with taking a close look at staffing. We divided the work among subgroups, working cooperatively with the staff of HCPSS. By using subgroups, we were able to evaluate data more thoroughly and come back to the full committee to discuss outcomes.

Every member worked with admirable efficiency, congeniality and fidelity to produce this document. The committee believes that the recommendations we are providing to the Board will demonstrate the need, and our willingness, to make this committee a viable instrument for providing feedback to the Board and their stakeholders for many years.

Recommendations:

1. The Board should be sure to implement their right to review and approve all salary increases not included in negotiated agreements. See staffing positions found in all central office budget centers, pages 542 – 547.

Analysis – In Category 0304 - Central Office Instructional Personnel - staffing drops from 86 to 80 FTEs (with a reduction of 6 support staff) while Salaries and Wages increase by approximately \$400K. More details here and in other positions in all Central Office budget centers from p. 542 to 547 should be reviewed.

Impact – There is an impression that Central Office Staff routinely receive increases that average more than the negotiated agreements. This recommendation will help to develop and maintain the trust of employees represented by negotiated agreements, particularly in tight funding years.

2. The Board should analyze, potentially with the use of independent consultants, the extent to which Central Office staff that are certified instructional can be re-deployed to the classroom.

Analysis – It has been suggested that 30 or more certified instructional staff could be re-directed to the classroom. Note pg. 117.

Impact – Movement of these certified instructional staff to classrooms could result in a one-for-one reduction in the need for additional staff to support enrollment growth.

3. The Board should instruct School Administration to provide data and information to the negotiated groups (to which they are legally entitled per their contracts), sourced directly by the actuarial entities analyzing the data, e.g. Bolton. All requested data, such as Health claims experience and premiums, should be given in a timely manner. We will be offering further recommendations regarding Fixed Charges in our process report.

Analysis – We do not have an explanation of the source of \$35M (p. 27) projected Revenue. Other areas of Fixed Charges had surpluses to offset, and Freeze Committee or other savings are anticipated to be transferred to Fixed Charges. Thus, the deficit needs to be analyzed.

Impact – If the Health and Dental Fund deficit is not as large as projected, and/or can be offset, then the projected funds needed in this category are likely over-estimated.

4. Freeze Committee should continue to operate during FY18. Board should receive periodic reports on the committee's structure and operation.

Analysis – The Freeze Committee identified several areas funded in the approved FY17 operating budget that required additional approval before being authorized. The Freeze Committee is expected to reduce other areas by at least \$28M. It is unclear to the OBRC where the reductions have been made.

Impact – In addition to enabling HCPSS to manage through the challenges of the underfunded FY17 Fixed Charges category, the Freeze Committee applies considerable institutional spending discipline and likely provides additional insight to be used in the zero-based budgeting process.

5. The Board should ensure the Administration continues to apply its zero-based budgeting process and remove unfilled positions in the budget that are no longer required. While it is helpful that these positions may be identified by the Freeze Committee after the budget has been approved, it is much more effective and transparent if these positions are simply removed from the budget. We will address this topic again in the process report.

Analysis – Open positions are unfilled yet their corresponding salary amounts are still in the budgeted amounts for an area's positions. This makes the budget and category amounts inaccurate in those areas.

Impact – If open positions are not removed, salaries in some instances are inflated over that which is actually needed and planned. The savings could be used to fund needs elsewhere in the FY18 budget.

6. A Coordinator for Diversity and Inclusion position should be created using redirected staff or new staff.

Analysis – Funding sources may be found through Freeze Committee and General Staffing. Students, staff and the community are feeling the strain associated with issues of racial tension and the fears surrounding immigration status.

Impact – Dedicated and accountable staff member to work on strategic planning to address and improve cooperation and understanding among diverse student populations.

7. Should the Board decide to revert to in-house legal council, the FY18 budget should reflect any cost or savings figures.

Analysis – Temporarily, there may be an increase in funding to hire an in-house attorney. The Committee believes that over time, risk management policies will lead to savings with having an in-house attorney.

Impact – A short-term increase, with long-term savings. Current litigation will also, likely, make this budget year's legal expenses higher, as well.

8. The Board should prioritize honoring the negotiated salary agreements

Analysis – Concluded contract negotiations should not be revisited, especially with areas of savings identified in this report.

Impact – If there are decreased funding needs, they should be examined in other areas to retain contracted obligations.

➤ ***Recommendations #9-13 all relate to restoring Support Staff personnel to FY17 levels.***

9. Restore Central Office Instructional Personnel (0304, pgs. 116-117) Support Staff positions to FY17 levels.

Analysis – 5 Support Staff positions will move to Elementary School Instruction (3010, pgs. 235-236)

Impact – Pressure on current staff to 'do more with less'.

10. Restore English for Speakers of Other Languages (1002, pgs. 147-148) Support Staff positions to FY17 levels.

Analysis – 30 elementary school level paraeducator positions will move to Elementary School Instruction (3010, pgs. 235-236). English Language Learners student population experienced a very large increase of 31% for FY17 and is budgeted to increase another 5.6% for FY18. ESOL elementary will be losing their specifically appointed staff and will need to draw on the general support staff located throughout the building.

Impact – All support staff will need to be trained to work with this population and there is no line item in the budget for the costs associated with the necessary professional development. Students with little to no English will be pushed into the general education classroom with limited support. This will continue to put pressure on teachers and school based administrators to meet the unique needs of these students.

11. Restore Early Childhood Programs (1301, pgs. 161-162) Support Staff positions to FY17 levels.

Analysis – 63.5 paraeducator positions will move to Elementary School Instruction (3010, pgs. 235-236).

Impact – Early Childhood Programs will now have to share support staff with the entire elementary school building.

12. Restore Library Media (1501, pgs. 169-171) Support Staff positions to FY17 levels.

Analysis – 41 paraeducator positions will move to Elementary School Instruction (3010, pgs. 235-236).

Impact – While elementary schools will be gaining paraeducators, there will no longer be any library support staff for middle and high schools. Students in all grades will find it increasingly difficult to access the media centers with the elimination of this staff.

13. Restore Elementary School Instruction (3010, pgs. 235-236) support staff to at least FY17 levels, if not more.

Analysis – Budget document indicated that 139.5 Paraeducators were transferred from Central Office Instruction, ESOL, Early Childhood and Media to Elementary School Instruction. Elementary School Instruction will only gain 98.5

additional Support Staff along with 13 'new' support staff (pg. 32 – new positions).

Impact – 28 Support Staff positions will be eliminated. Schools will have fewer overall support staff. The lack of these critical support staff will lead to shortages in all areas of the school buildings, such as Media, Special Education, ESOL, behavior supports for students, teachers' instruction and/or planning time.

14. Reduce class sizes by investigating digital and alternative education models to support combining classes with smaller enrollment in specific need areas.

Analysis - Class sizes should reflect HCPSS best practices for providing the most teacher-student interaction. There may be opportunities with current staff in the development of stronger digital learning opportunities, and a strengthened partnership with Howard Community College, and others, to provide quality educational opportunities to small groups without devoting staffing resources that may take away needed areas.

Impact - We are still waiting for information from central office on specific numbers, but the intent is to find areas that meet class size needs going forward, while maintaining current staff funding.

➤ ***Recommendations #15-20 focus on Operations.***

15. Increase transportation staff (1 trainer and 1 bus router) to insure the safety of our students and to proactively address the potential liability exposure to HCPSS.

Analysis – Compared industry (ActPoint) recommended staff coverage to HCPSS ratios:

Supervisor:Driver – industry standard 1:43, HCPSS 1:74,

Planner:Routes – industry standard 1:61, HCPSS 1:216

Trainer:Drivers – industry standard 1:61, HCPSS 1:221

Impact – Improves student safety and reduces potential liability exposure to HCPSS. These ratios do not include the anticipated 1800 additional students in FY18. In the event of an accident this information could be used to support a judgement against HCPSS.

16. HCPSS is currently conducting a new bus route schedule study. In the event that budget funds need to be reassigned. We recommend postponing the test of the proposed new model.

Analysis – The one-time cost to test the model is \$150,000 plus \$250,000 for upgraded routing software. In addition, a contingency fund of \$300,000 has been budgeted if additional buses are needed. Postponing the test will produce \$700,000 in funds that could be redirected.

Impact – \$700,000 can be made available to fund an overriding priority.

17. After years of both freezes and staff reductions across multiple Operations departments (Risk Management, Custodial, Grounds, Energy Management and Utilities), there is no true opportunity to reduce staff. However, there are large budget line items for contracted services that may represent opportunities to revive frozen staff positions and reduce cost by bringing tasks in-house.

Analysis – No reviews or cost benefit analysis has been conducted in the past three years to determine if the actual cost of outsourcing is less expensive than retaining in-house staff.

Impact – Fill frozen positions. Reduce costs by cutting expenses for outsourced services. Create professional development and promotion opportunities by training HCPSS staff.

18. Two Risk Management positions should not be filled and several of the proposed responsibilities should be decentralized to school based staff.

Analysis - A proposed function is field trip application process which is currently initiated by a school-based assistant principal, and centrally gathered into a smart database, accessible and managed by risk management. By decentralizing the field trip review process, a bottle neck can be eliminated and the turn-around time for field trip requests reduced. There were 1900 field trip request forms from September 2016 through January 2017.

Impact – Reduce staff additions, spread workload, improve student safety and operate more efficiently.

19. Forgo the hiring of two IEQ managers. Train and develop current managers and create professional development opportunities for current staff. Move 911 monitoring and access card management to IT which allows for a pool of staff that can respond to these functions (currently being directed to a single employee).

Analysis – Spread critical functions across larger numbers of staff and create development opportunities as the HCPSS moves to a more eco-friendly organizational environment.

Impact – Eliminates additions to staff. Creates promotional opportunities and institutes knowledge management to cover staff turnover.

20. Convert all HCPSS buildings to LED lighting.

Analysis – The conversion of all HCPSS buildings to LED lighting would cut the \$13M electrical energy expense by approximately 50%. In addition to energy savings, the conversion to LED would reduce the number of man hours spent replacing light bulbs as these bulbs last for 7-10 years. Further, this action will create a significant reduction of the carbon footprint of the school system.

Impact – Creates a large pool of funds that can be used to fund staff. Provides major contribution to the LEED environmental conservation effort of HCPSS. The evidence of savings can be seen in the \$7M earned in 2010 LED conversions and \$4M in rebates and incentives offered by the local utility company.

Conclusion

Once again, thank you to the Board of Education, the HCPSS staff, the members of our committee and the community for the opportunity to provide recommendations to the Board. We look forward to providing the Board with a process report this spring, to providing clarity and transparency to the budget document, and to continuing the efforts of this committee for many years into the future.