

# Operating Budget Review Committee FY19

## Strategic Report

### **Members of the OBRC 2017-18**

Alonso-Hughes, Julia

Bodensiek, Jennifer

Clark, David, Board Liaison

Coleman, Robert

Dennison, Teri, Secretary

Duclos, Sheri

Engle, Debbie, Co-Chair

Holz, Andrea

Kramer, Sharon

Krupiarz, Barb

Mallo, Ted

Medinger, Dan

Motley, Robert

Novak, Nick

Ramey, Laurie

Robinson, Mavourene

Sheridan, Dean, Co-Chair

Taj, Sabina

Turner, Nat

Worley, John

Xu, Jean

June 21, 2018

Good evening. Thank you to the Board of Education and Chairperson Vaillancourt for inviting us to speak one final time this school year. Thank you to Superintendent Martirano for providing us with staff time and data to help our committee answer outstanding questions that came up throughout the year. Most importantly, thank you to our OBRC committee members, the majority of whom are in attendance tonight. We estimate that our 17 committee appointees have volunteered over 1,500 hours in researching, discussing and evaluating the Operating Budget for the Board of Education. Our members understood and took very seriously the importance of our task, and our attendance was very high all the way through our last June 12<sup>th</sup> meeting.

Following is our Spring, OBRC Strategic Report:

# Our School System in Crisis

## Preamble

With a projected structural deficit of \$50 million and deferred maintenance exceeding \$500 million, our school system is in a financial crisis.

The OBRC has now been through two budget cycles since its reconstitution by the current Board, first with the prior administration, and now with the current administration. Although different, both budgets continue to represent a financial oversight and management accountability short-fall that requires a desperately needed paradigm shift. During the course of our review process we have observed several major themes that continue to present a challenge in the examination and validation of the information that is present. These themes center around:

- The absence of a strategic plan that informs the allocation of resources year over year.
- The truncated time frame in which each annual operating budget is presented and reviewed.
- The absence of a continual review and correction of the HCPSS's financial well-being throughout the budget year.
- The absence of immediately available data to support the conclusions presented.
- The absence of a robust system of accountability for major budget categories.
- The absence of industry standard benchmark analysis against which HCPSS performance is measured.

Public expectations related to education in Howard County, including such initiatives as:

- investing in new schools,
- reducing the number of portable classrooms,
- addressing the staggering amount of deferred maintenance,
- eliminating the health fund deficit,
- significantly reducing class size,
- fully providing for special education,
- fairly compensating teachers,
- successfully launching innovative programs such as Jump Start,
- and ensuring equity for all students

exceed the resources allocated for education. It is imperative that HCPSS demonstrate that it is an effective and efficient steward of the resources it has been provided, and that HCPSS provide the foundation for advocating for and securing additional resources in the very near future.

As an advisory body to the Board, the OBRC is charged with examining the operating budget and its execution. We have found that the budget process falls short as a tool to benefit our students and the community. To regain the community's confidence, it is imperative that HCPSS demonstrate effective and efficient stewardship of its resources. The failure to act on your required fiduciary responsibility will be a betrayal of our children and our mission.

We strongly urge the Board of Education to take steps to change “the culture of the business operations” of our schools. We call for the Board to require that HCPSS develop a five-year budget that includes measurable quarterly and annual goals. To that end, the Board should be fully and substantially engaged in the development of the long-range strategic plan and these recommendations should be part of that engagement.

The following recommendations are the OBRC’s response to the themes mentioned above:

## **OBRC Long-Term/Strategic Recommendations**

### **Revenue**

#### ***General Statement:***

The OBRC recognizes the need for all programs to be structured in a way that makes them as efficient as possible, while demonstrating through performance measures and best practices that the outcomes of those programs have the appropriate positive impact.

In examining multiple areas of the budget over the past two cycles, the OBRC believes that there is room for improvement in those efficiencies and their impact. The OBRC has also come to realize that the current deficit situation cannot be completely solved within the context of program cuts, program reorganization, or the freezing of all new initiatives that may provide positive impact to our students and community.

County government should recognize the efforts being made by many groups to improve the budget efficiencies of the school system while noting that additional funding from government sources must be a priority to insure the best result for all stakeholders involved.

Therefore, the OBRC recognizes that the county and its elected officials will need to take on the responsibility for improving the funding needed to keep HCPSS moving in a positive direction as one of the premier systems in the nation.

#### ***1) To Increase Revenue***

Simply stated, Howard County is underfunding the HCPSS budget. The consequences of this underfunding are larger class sizes, deferred cost-saving investments, turnover of faculty and staff, reduced morale and declining reputation of our school system. We believe that this approach will have a negative impact on our students, who only go through our system once. It also will have other negative consequences for our community. The current deficit situation cannot be completely solved by program cuts, program reorganization, or the freezing of all new initiatives.

The OBRC recommends that the BOE and HCPSS annually make a persuasive, compelling and exceedingly public case for adequate revenue based on data driven best practices. A ‘Maintenance of Effort’ approach to budgeting will not be adequate to support required innovations within HCPSS.

## **Revenue (cont.)**

- a) The OBRC calls on the BOE to advocate to the Howard County Government to increase its revenue streams so that it can effectively support HCPSS to the level expected by its citizens.
- b) The OBRC believes the current new development and resale impact fees do not generate sufficient revenue to cover the additional education cost. The OBRC calls on the BOE to request an immediate increase in these fees from the Howard County Delegation to levels similar to surrounding counties.
- c) The OBRC calls on the HCPSS administration to aggressively increase grant writing efforts.
- d) The OBRC asks the HCPSS leadership to refocus the Bright Minds Foundation to produce income for the schools at least equal to similar foundations nationally.
- e) The OBRC also recommends looking at efforts for generating revenue for specific programs that are tangential to the core mission of our schools.

## **Business and Technology Division**

- 2) The BOE should not increase funding for curriculum and business operations technology above the FY18 actual until a board approved plan is in place with performance measures and outcomes specified, finalized, and agreed upon.
  - a) The approved Plan must include projections for maintenance, replacement, upgrades and training for at least three years.
  - b) The approved Plan must also include how the school system will leverage and measure technology to improve academic delivery and instruction.
  - c) The approved plan must provide clarity on the budgets for instructional and business technology.
- 3) HPCSS should perform best practice review of like size organizations to review opportunities to bundle, outsource, etc. to achieve effectiveness and efficiencies of outcomes and fiscal responsibilities.
- 4) Divisions should be required to submit agreed upon supportive data that point to how category initiative(s) support overall system strategic plan, with key performance metrics. This will aid the BOE in prioritizing new initiatives and retiring existing programs.

## Human Resources and Leadership Development Division

- 5) The OBRC recommends that HCPSS develop a strategic staffing plan.
- 6) *The OBRC recognizes that the following recommendation is a huge shift in how the HCPSS addresses the alignment of resources and needs in the hiring and placement of teachers, however, these changes will positively affect change within the school system.*

Implement a staffing model based on teacher experience for individual schools that incorporates an assumption of the need for more experienced staff based on higher levels of FARMs students. The OBRC further recommends that this curve be leveraged by the Administration in teacher assignments to create more deliberative staffing of experienced teachers at schools with higher levels of FARMs students. Finally, the OBRC recommends that the Administration annually report on the degree to which individual schools differ from the model shape curve, and what plans are in place to address.

Rationale: The recommendation is the result of examining the budget with an eye toward equity. Multiple studies (e.g., <https://learningpolicyinstitute.org/product/brief-does-teaching-experience-increase-teacher-effectiveness-review-research> ) show that teachers increase in effectiveness throughout their careers. While all of our schools require an effective mix of teachers with varying levels of experience, it appears that schools with higher levels of FARMs students in Howard County have a lower mix of more experienced teachers. When looking at the salary mix of teachers at individual schools, we are effectively spending the least at schools with high levels of FARMs students, and the most at schools with low levels of FARMs students. With a deliberative effort to ensure more experienced teachers at these schools, HCPSS will address one of the factors contributing to the current achievement gap. The concentration of experienced teachers in better resourced schools is counter to this goal.

*[Background: When the OBRC reviewed the Human Resources Annual Report, we discovered a concerning trend. The report identifies the number of teachers in each school by years of experience (0-3 years, 4-9 years, 10-19 years, 20+ years). For elementary schools, we plotted these numbers against the percentage of FARMs students at the school. The results showed a relatively strong positive linear correlation for teachers with 0-3 years of experience and schools with high FARMs populations, and similarly a relatively strong negative correlation for teachers with 20+ years of experience and schools with high FARMs populations. That is, the higher the FARMs population at the elementary school, the lower the overall staff experience.]*

- 7) HCPSS should gather additional data to improve and expand the above recommendation to apply to other high needs groups such as Special Education and English Language Learners.
- 8) During negotiation for the teachers' collective bargaining agreement, the hiring step cap be lowered from Step 18 to a Step benchmark (other Counties are using Step 10/12) unless the position is determined, through a needs assessment that would be created, to be a critical position.

## **School Management and Instructional Leadership Division**

- 9) The OBRC recommends a macro-level review and analysis to determine and report all existing and proposed FY19 high school and middle school courses and sections in the buildings with 15 or fewer students enrolled. We further recommend high school-wide coordination to incorporate live digital offerings to reduce the impact of inefficient staffing of low enrollment courses and ensure equitable county wide offerings that are currently not available at every high school.
  
- 10) The BOE should require the Superintendent to have specific staffing requirements for general education and special education students with defined targets for all classrooms addressing overcrowding and understaffing of all classrooms. Staffing metrics should be established and transparent to address these concerns.

## **Academics – School Improvement, Curricular Programs, and Accountability**

- 11) The OBRC strongly recommends HCPSS develop and implement a comprehensive, measurable strategic plan that incorporates digital learning instructional offerings fully into the overall HCPSS curriculum.

HCPSS lags behind other school systems in Maryland as well as around the country in the implementation of digital learning. With the exception of a relatively small number of course offerings, HCPSS has failed to leverage the potential of digital learning to increase both the variety and flexibility of courses, as well as to reduce the associated cost of instructional delivery.

Other systems are using digital learning to offer more flexibility to home and hospital students, as well as those serving suspensions. Other systems are using digital learning to reduce the impact of snow days and other school closures. Other systems are using digital learning to increase the variety of courses offered by combining students from multiple schools. This has the additional advantage of ensuring that all students at all schools have access to the same robust set of course offerings. HCPSS must invest to do the same.

A common objection to digital learning is that it is not as effective as traditional classroom instruction. The problem is that budget realities are going to place increased pressure to eliminate many of the optional courses that enroll small numbers of students at each school. The question to ask of digital learning is not whether it compares to classroom instruction – but rather is it better than entirely eliminating an offering altogether.

## Academics – School Improvement, Curricular Programs, and Accountability (cont.)

12) The OBRC recommends that dual enrollment be piloted and evaluated based on its academic potential, and not leveraged as a mechanism to address school over-crowding.

Dual enrollment has been implemented throughout the country, and the general evaluation appears to be positive. For example, students who enroll in community colleges were 2.5 times more likely to achieve an Associate’s Degree in 2 years if they had participated in a dual enrollment program in high school.

<https://journalistsresource.org/studies/society/education/high-school-dual-enrollment-college>

The success of dual enrollment shows significant variance by state – and so the OBRC concurs with the decision by HCPSS to pilot the effort before deciding on a model to implement system-wide. In the event the pilot is successful, HCPSS should develop and implement a plan to offer dual enrollment throughout the county. If this pilot proves to be successful, then the partnership between HCPSS and HCC needs to be funded equitably from each organization’s budget.

Using dual enrollment – or JumpStart – as a voluntary mechanism for re-districting adds significant cost (for transportation) and complicates what may become a worthwhile program to be offered at all high schools. It is unfortunate that HCPSS initiated this effort for the 2018-19 school year – and it will certainly make it challenging to ‘unroll’ this as students who enter the program in 2018-19 should have the opportunity to continue it through high school. At the same time, we would recommend a plan be developed now to address this for the 2019-20 school year and beyond.

## Operations

13) With a deferred maintenance deficit of a half billion dollars, the Board should undertake a major review of the deferred maintenance report in order to understand process and procedures. The Facilities and Maintenance committee should be reconstituted and charged with providing recommendations to the Superintendent on the state of deferred maintenance and the school system’s most critical maintenance needs so that decisions can be made strategically, and our buildings do not further decline. Building Services should develop a plan with specific objectives and measures for items such as:

- a) Custodial ratios - Formulas for staffing custodial needs to be revisited and better aligned to best practices. Along with square footage, new schools with specialized lighting, educational outdoor space/courtyards should be considered in the staffing allocations.
- b) Percentage of lighting (i.e.: LED or special lighting) - Revisit LED lighting and other cost savings and leverage BG&E rebates and incentives.
- c) Outdoor educational spaces.

## Operations (cont.)

- d) Courtyard safety and standards for those educational spaces.
- e) Employee safety and preventative measures to protect our employees and keep Workers' Compensation claims to a minimum.
- f) Contracted versus in-house cost benefit analysis.

***The OBRC continues to work on additional Operations and Special Education recommendations as well as general recommendations. Unfortunately, these areas have not been formalized as of our meeting date with the Board of Education. These details will be shared with the FY20 OBRC for a future presentation to the Board.***

Thank you again, to the Board of Education for giving the OBRC the opportunity to present this evening. The OBRC hopes that the good work of this committee will continue, and that the Board sees the value in having a community-based committee devoted to evaluating the operating budget.

Thank you to Superintendent Martirano and the staff of HCPSS for giving their time and resources to allow the OBRC to provide additional perspective to the operating budget.

And finally, thank you to the members of the OBRC for the many, many hours of hard work they have volunteered in service to HCPSS.