Balancing Competing Interests: Tough Times or Opportunity?

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ERS is a non-profit that works with district leaders to create great schools at scale.
Systemic Budget Gaps:
Cost structure rises regardless of revenue

- Longevity based teaching salaries grow at ~2-4% annually
- Benefits growing at ~10+% annually
- SPED spending continues to grow
- Pre-set COLA increases

- Tax revenue falling
- Enrollment declining
- Drop in Federal Funds
Improving performance requires innovative approaches...

• Common Core learning standards

• New evaluation, compensation, work place organization and job design

• Different models of instructional delivery
  • Early intervention
  • Instructional time
  • Targeted attention

• New technologies

• Redesigned central office
But typical responses preserve current structures and attempt to do less with less

- Across the board cuts
- Frozen salaries and furlough days
- “Non-classroom” spending
  - PD
  - Planning time
  - Data systems
  - School support
We’re stuck in a traditional budget process

- **Silo-ed departments** make systemic change difficult
- **Many constituencies** all focused on their budgets or programs
- Difficult to **look across system** and to make the tough decisions

How can we possibly **transform** the district cost structure using this process?
How can we change the conversation?

FROM

• Where can we cut?

TO

• Where do we need to invest?

AND

• How can we fund that investment?
It’s about trade-offs...

For the same cost, a typical 25,000-student urban district can:

- Reduce class sizes grades 4-12 by 2

- OR

- Invest $1,500 per teacher in professional development
It’s about trade-offs...

For the same cost, a typical 25,000-student urban district can:

- Reduce class sizes grades 4-12 by 2

- OR

  Pay the top contributing 15% of teachers $10K more
It’s about trade-offs...

For the same cost, a typical 25,000-student urban district can:

- Allow benefits spending to increase by 10%
- OR
- Add 60 minutes to the school day in the 25% lowest performing schools
It’s about trade-offs...

For the same cost, a typical 25,000-student urban district can:

- Give all teachers annual step increase
- OR
- Provide half-day PreK for 50% of incoming kindergarten students
Susan Enfield
Superintendent
Highline Public Schools, WA
Mission-Driven Decisions

• If educating all students is the mission, then budget reductions must reflect that, so:
  – Establish board priorities aligned to the mission
  – Create a process for engaging staff and the community
  – Be clear and realistic about trade-offs
“No Good Options”

- With cuts of such magnitude, “keeping cuts away from the classroom” is impossible
- Central office reductions do impact teaching and learning in schools
  - i.e., Reducing data analysts compromises the quality and frequency of data to schools
  - i.e., Eliminating early learning staff perpetuates achievement gaps over time
New Reality, New Rules

• Traditional budget development processes may not work today

• Districts need new processes and tools to:
  – help them be mission-driven in their decisions
  – engage the community in understanding trade-offs
  – monitor impacts of cuts and prepare to make adjustments
John Scanlan
Chief Financial and Administrative Officer
Cleveland Metropolitan School District
Why a card game?

• Removes us from the traditional budget process of fighting for resources within silos
• Focuses on investing in district priorities by freeing resources from low value-added “historic” uses
• Enables teams to engage in open exploration of a range of options available to the district in a low stakes environment
• Builds understanding of relative size of different options
• Playing cards frees “non-spreadsheet” types to interact in new ways with the budgeting process
The Cleveland Hold’em Experience: Collaborating with School Board

Cleveland Reflection:
- Fast Facts
- Environmental Scan
- Goal for playing it with the board
- Preparing for the session
- What outcomes did we see?
- Why We Played
Cleveland Municipal School District – Fast Facts

Our Students

Students served: 40,871
Student Ethnicity
- Asian or Pacific Islander: 0.8%
- Black, Non-Hispanic: 67.6%
- Hispanic: 13.8%
- American Indian or Alaskan
- Native: 0.2%
- Multiracial: 2.9%
- White, Non-Hispanic: 14.6%

Transportation

- Transport 8,449 students on yellow buses daily.
- Transport 6,368 students on RTA daily.
- Transport 488 students on cabs/vans daily (special needs to mainly alternative schools, i.e., PEP schools)
- The average mileage per day for fleet is 17,000.
- The estimated mileage per year for fleet is 3,060,000.

Food Service

- Number of meals served per day – 48,000
  - Breakfast – 17,000
  - Lunch – 31,000
- Number of meals served per year – 8.6 million

Our Staffing

Our Staffing - FY 2013 All Funds
- Teachers (classroom) ................................................................. 2,591
- Teachers (non-classroom) (e.g., Guidance Counselors) ............. 402
- Principals and Assistant Principals ........................................... 176
- Clerical/Support ..................................................................... 200
- Custodial ................................................................................ 376
- District administrators ............................................................. 31
- Food Service ......................................................................... 443
- Paraprofessionals ................................................................. 636
- Security .................................................................................. 240
- Technical/Professional ......................................................... 328
- Trades .................................................................................... 38
- Transportation ...................................................................... 292
- Truck Drivers ....................................................................... 10

Total Permanent Positions ......................................................... 5,763

Our Schools

Number of Schools: 99
- K-3: 1
- K-5: 2
- K-12: 1
- 2-12: 1
- PreK-8/K-8: 68
- High Schools: 26
Cleveland Municipal School District
FY 2012-2013

Where the Money Comes From

- State, 67.7%
- Local Taxes, 23.7%
- State of Ohio Reimbursement, 4.3%
- Other, 4.3%
CMSD General Fund Revenue Decline

Total Revenue

Total Revenue Excluding Charter

Year | Total Revenue | Total Revenue Excluding Charter
-----|---------------|---------------------------------
2010 | $662.7        | $564.4
2011 | $668.2        | $562.2
2012 | $654.2        | $537.2
2013*| $611.3        | $481.6

*Projected

$51.4 million

$82.8 million
Cleveland Municipal School District
Path Ahead - The Real Goal

Portfolio Strategy

• Equity
• Universal Autonomy
• Pupil Based Funding
• Schools Able to Choose Support
• Data System tied to Student Achievement
• Accountability Systems
Changing the Game-Strategic Investments

Select carefully
- Move towards improvement

Be bold
- A controversial choice or aligned behaviors

Find the most gain for the inevitable pain
- Strategic reductions

Accept approximation
- Relative decisions / Create leverage
Outcomes

- Alignment-Systems and functions
  - Resources/Dollars
  - Time
  - Staff
- Change Management
- Collaborative Relationship-Buy In
- Accountability
- Staff and Board awareness & understanding
Why We Played...

- Shift conversation from cuts
- Awareness of costs
- Conversations around importance, data to support decisions
- Simple way to address complexity
- Deployed strategy for coming year
- Opened communications between staff and board
- Highlighted difficulty but also investments and alignment
- Relative impact of changes. Scale of understanding
Questions?
Transform the system, transform the odds.

PLAY

Show Budget Hold’em

ASSESS

ResourceCheck

ANALYZE

Resource Guides

SEVEN STRATEGIES
For District Transformation

www.erstrategies.org
Interactive card game

Cards for investments and savings

Build your hand through thoughtful trade-offs

Transparency

Accessibility
### A Hold’em card

<table>
<thead>
<tr>
<th><strong>Category</strong></th>
<th><strong>Class Size</strong></th>
<th><strong>2.0%</strong></th>
</tr>
</thead>
</table>

**Description of savings or investment option**

*Card Information*

**FYI**: Additional information or words of caution

Use a wild card to play a savings or investment option that is not included in the deck.

**SCHOOL BUDGET Hold’em**

**ERS**

**Education Resource Strategies**
How to Play

• Play in a group
  – Decks of Hold ‘em cards
  – Facilitator’s guide

OR

• Play independently
  – On-line
  – Share hands
Transform the system, transform the odds.

PLAY
Show Budget Hold’em

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