Envisioning Workbook

Board of Directors
Education Committee
November 4, 2013

Pittsburgh Public Schools | EXCELLENCE FOR ALL

The Pathway to the Promise.™

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Envisioning Overview

We initiated the Envisioning process in the beginning of 2013 to address two fundamental challenges facing the Pittsburgh Public Schools: Insufficient student achievement and a worsening budget deficit. From the beginning, we have made clear that addressing both challenges simultaneously is daunting but nonetheless required if we are to meet the District's four core goals: 1. Accelerating student achievement, 2.Eliminating racial disparities, 3. Becoming a District of first choice, and 4. Developing a student-focused culture

This process has included engagement opportunities for over 1,000 people across all stakeholder groups: Students, parents, board members, teachers, principals, central office staff, foundation leaders, community, civic, and labor leaders. These engagements have occurred in a variety of formats including interviews, focus groups, surveys, advisory group meetings, and online idea exchanges.

We have brought these diverse perspectives together with internal analysis and external research to develop proposals to addressing our challenges.

Challenge 1: Insufficient Student Achievement

PPS has enjoyed some academic success…

- 40% increase in the number of seniors taking the SAT between 2008-09 and 2011-12
- Since the 2010 - 2011 school year, the number of students taking AP courses has increased 15%, with more than 30% of these students being African-American
- More than 3,200 Promise Scholars have graduated from PPS to date
- Stronger than expected results on the new end-of-course Keystone Exams taken in Algebra 1, literature and biology
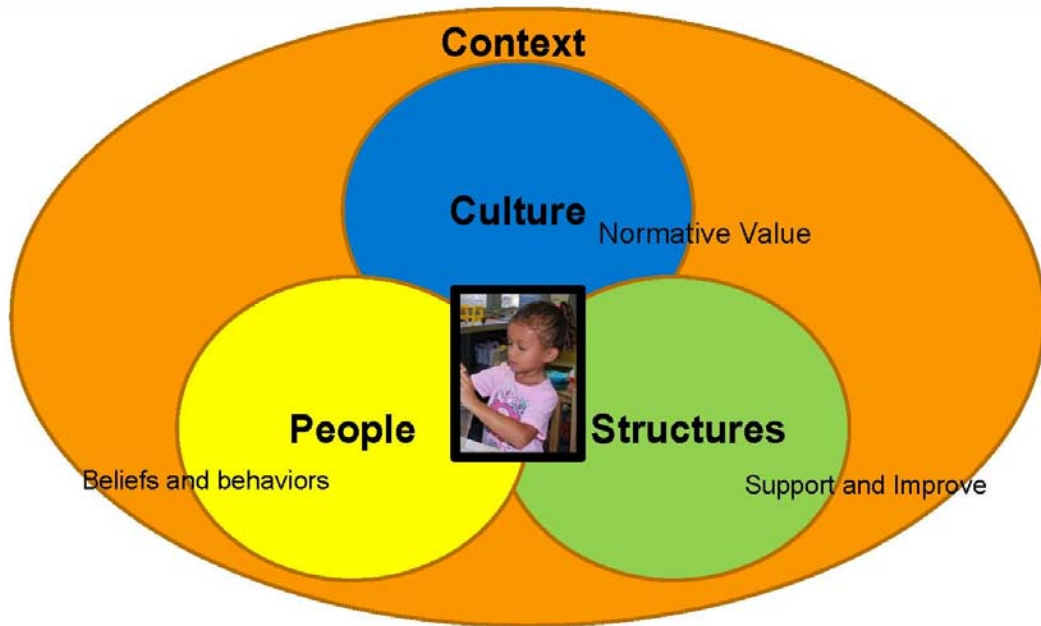- the District ranks in the top quartile for academic growth in the state

However, we still have a great deal of work ahead…

- 13 of our 22 K-5 schools were rated as yellow or red in the new School Performance Profile
- 74% of students in low-performing schools are African-American, compared to 44% of students in high-performing schools
- Nearly half of our students are not reading on grade level by the end of third grade
- Less than 60% of 8th grade students met standard in math on the PSSA
- The graduation rate was 73% for the Class of 2012
- 54% of high school graduates enroll in a post-secondary program in the year after graduation and only 29% of the Class of 2006 completed a degree within 6 years

Dramatically changing our student achievement trajectory will require a holistic approach. Our students need a solid foundation in academic, non-cognitive, and other social-emotional factors if they are going to be college and career ready. This holistic approach is rooted in three core elements: People, Structures, and Culture
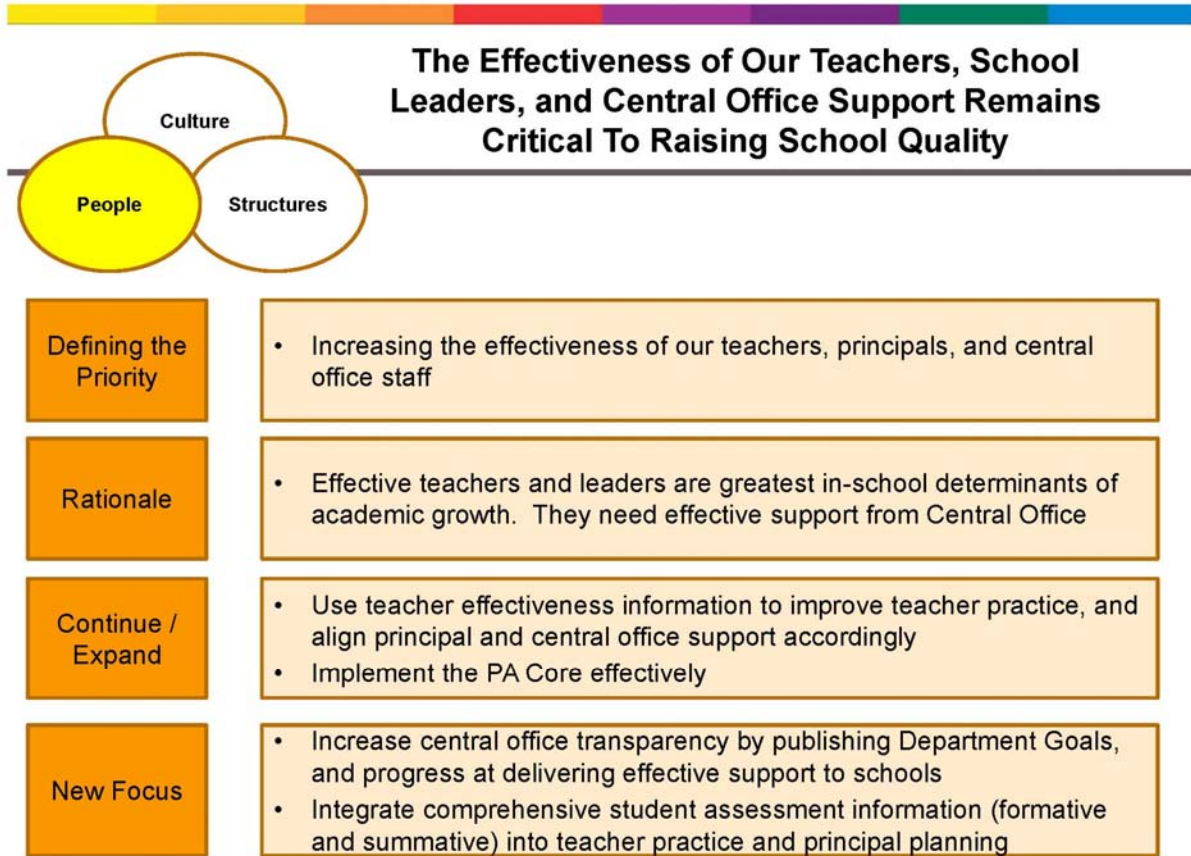
Promise Ready from Day One

Context

Culture — Normative Value

People — Beliefs and behaviors

Structures — Support and Improve

View using the EQUITY Lens

People

The Effectiveness of Our Teachers, School Leaders, and Central Office Support Remains Critical To Raising School Quality

Defining the Priority	• Increasing the effectiveness of our teachers, principals, and central office staff
Rationale	• Effective teachers and leaders are greatest in-school determinants of academic growth. They need effective support from Central Office
Continue / Expand	• Use teacher effectiveness information to improve teacher practice, and align principal and central office support accordingly • Implement the PA Core effectively
New Focus	• Increase central office transparency by publishing Department Goals, and progress at delivering effective support to schools • Integrate comprehensive student assessment information (formative and summative) into teacher practice and principal planning

Structures

The Challenges Our Students Face Aren't Just Academic; We Must Find Solutions Inside and Outside the Classroom

Defining the Priority	• Provide integrated student support to meet needs of all children • Provide equitable access to high quality schools, programs, and supports
Rationale	• The District cannot address students' needs in isolation; this work must be done in coordination with cross-sector community partners • Access to high-performing schools varies significantly region to region • African-American students are over-represented in the District's lowest performing schools
Continue / Expand	• Continue to work with key partners (e.g. Allegheny County DHS) to identify students' support needs • Identify ways to expand oversubscribed CTE programs • Continue partnerships with charters to create a learning community
New Focus	• Support the whole child through a multi-year Collective Impact effort • Develop students' non-cognitive and social-emotional skills • Improve equitable pathways into CAPA, SciTech and Obama • Expand Early College model offering dual enrollment

Culture

School and District Culture Both Require Attention In Order To Raise School Quality

Defining the Priority	• Build strong school cultures in all schools • Build a district culture focused on service to schools
Rationale	• School culture shapes how people behave in service to a school vision • Central Office staff and school leaders widely cited a need for greater District-wide trust, teamwork, and accountability
Continue / Expand	• Continue to learn from successful school cultures within PPS • Continue to leverage both teacher and student feedback in gauging the overall health of a school's climate and culture
New Focus	• Provide greater support for developing principal's culture leadership • Implement an accountability framework for Cabinet and Central Office staff aligned with delivering services that improve school quality • Develop quarterly Central Office report on goal progress

Student Achievement Discussion Questions:

1. **Do you agree with a greater focus on building our students' developmental skills and habits? What concerns do you have?**

2. **What is your reaction to having a broad collective impact effort to more systematically marshal community resources to address many of the non-academic factors that impede our students' achievement?**

3. **What is your reaction to the academic milestones outlined? (e.g. kindergarten readiness, 3rd grade literacy, algebra- readiness, etc.)**

Challenge 2: Projected Budget Deficit

The district forecast projects a $46M deficit in 2016 resulting in a failure to meet the fund balance requirement in 2016. This deficit is being driven by significant increases in employee retirement, health care, and salary costs as well as increased charter payments.
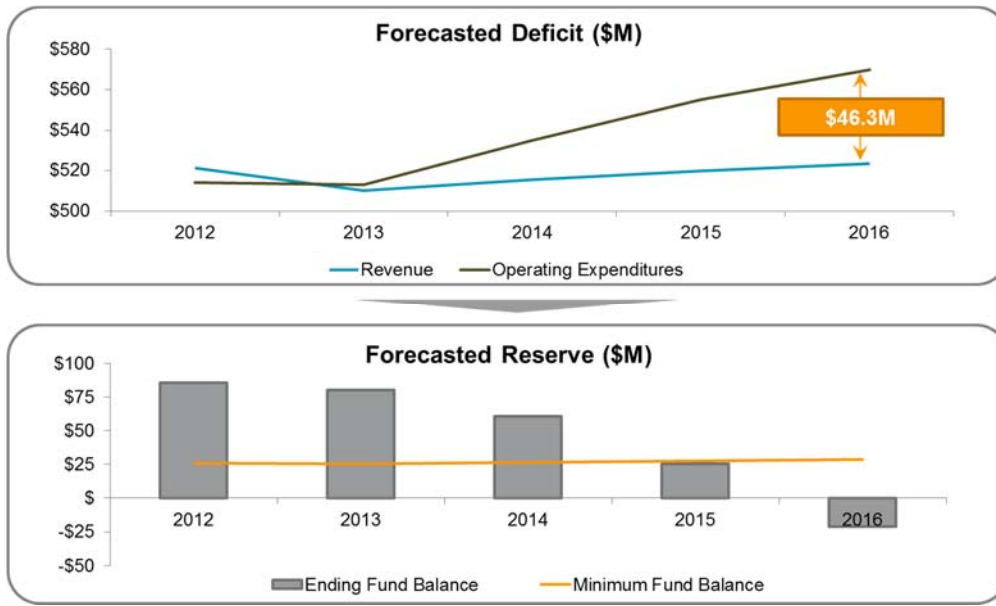
The two approaches for eliminating the projected budget deficit are increasing revenues and reducing costs:

Revenues

- **Feasibility: LOW**
  - PPS has limited control of most revenue drivers

- **Some revenue opportunities have been identified**, but with low levels of magnitude and feasibility

Costs

- **Feasibility: MODERATE**
  - $202 million of the $522 million budget is 'addressable', or is feasible to make adjustments to

- **We have identified options for cost reductions.** For simplicity, we categorized 2 cost reduction options:
  - Option 1, "moderate" cost reductions (3-4% of budget, $17-23M)
  - Option 2, ""aggressive" cost reductions (6-9% of budget, $32-45M)

A. District Revenue

While most of PPS' revenue comes from a mix of local and state funds, **the District has limited direct control over most of those revenue sources.**
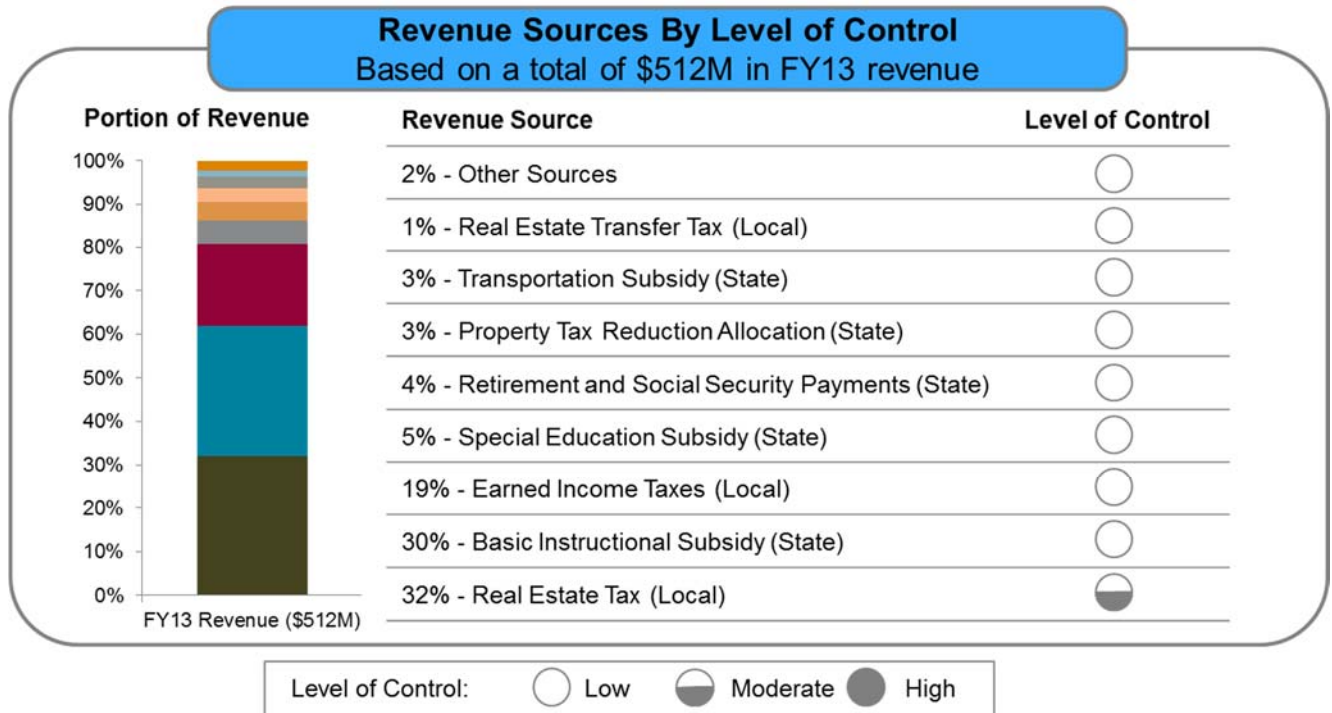
Looking at our diverse revenue streams, we realize we have limited control over most of these sources. Close to half of our funding comes from the state. Our two main local sources are income and real estate taxes. However, income tax rates require the state legislature to change.

Moreover, options for any additional revenue opportunities are limited.

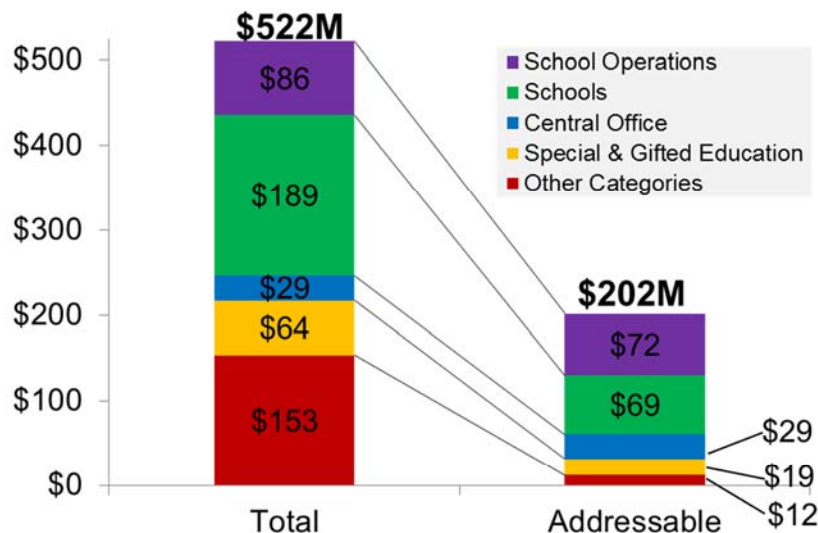| Opportunity	Feasibility[1]		Size of Net Contribution[2]		Considerations
Increase real estate tax millage rate by the maximum allowable each year under Act 1		High		High	• Millage increases would need to account for declines in property taxes from lowered property assessments after appeals
Expand Food Service offerings within and outside of the district		Moderate		Low	• Opportunities to increase offerings countywide, but would require additional costs • Prior analysis found increasing internal catering offerings not feasible under current cost structure • Raising full-price meal price requires Board approval
Enroll out-of-district high-needs Special Education students on a space available basis		High		Moderate	• Maximize current capacity in short-term and explore expanding in long-term
Increase and/or maximize permit fees		Moderate	(TBD)	Depends on policy	• Requires Board policy change, especially if adjusting current permit fee policies
Offer professional development services and materials around human capital, Common Core, and technology		Moderate	(TBD)	Depends on service model	• PPS perceived as a regional and national leader in this area • Net contribution depends on whether offering on space available basis or standalone business offering • Competitive, cyclical environment for PD service

B. District Costs

The total PPS General Fund Budget was $522M in 2013.

We broke the budget down into 5 categories:

1. **School operations- maintenance and facilities, school safety, and transportation**
2. **Schools –teaching staff, principals, counselors/social workers, etc.**
3. **Central Office –all the central support departments including HR/Finance/IT/Curriculum & Instruction, etc**
4. **Special & Gifted Education**
5. **Other - includes debt service, charter payments, and retirement funding**

Each of these categories can be analyzed to determine how much of it is addressable. Only about 40% of our budget can be considered addressable.

FY2013 General Fund Budget in Millions of Dollars

Color	Category
■	School Operations
■	Schools
■	Central Office
■	Special & Gifted Education
■	Other Categories

$522M
- $86
- $189
- $29
- $64
- $153

Total

$202M
- $72
- $69
- $29
- $19
- $12

Addressable

Non-Addressable Components

- State reimbursements for transportation
- Special Education teachers and other personnel required by student IEPs, state law, and contract with the PFT
- General education teachers as required by contract with the PFT
- A principal to lead each school
- All charter payments
- All debt service
- All other compulsory spending

Although the forecasted $46M deficit represents 9% of the total general fund budget, it represents nearly 25% of the addressable general fund budget

Note: Other categories includes non-public and charter payments ($63M), debt service ($56M), and retirement payments ($12M) which are non-addressable as well as budget contingencies of $12M that are considered addressable.

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The chart below summarizes both the range of spending categories that we have looked into, and the range of potential cost reductions within each spending category. Listed vertically is each of the spending categories. To the right of each is a bar indicating the range of reductions identified as options. These are all expressed as %'s of each budget.

<u>A total of $17-45M (4-9%) of cost reductions have been identified, and the following pages provide detail on reductions within each spending category</u>

Spending Categories and Range of Identified Cost Reductions
Displayed as total General Fund budget and identified reductions as % of budget
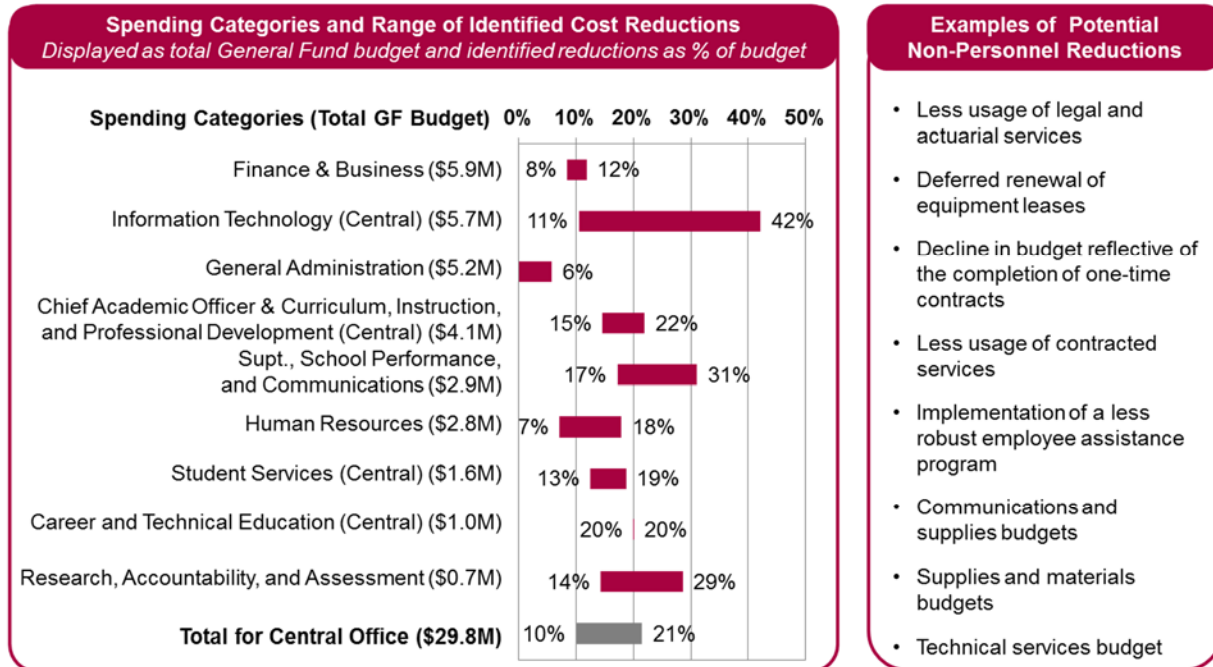
Spending Categories (Total GF Budget)	Range
Central Office ($30M)	10% – 21%
School Operations ($86M)	6% – 14%
Special and Gifted Education ($64M)	3% – 7%
Schools – Educational Delivery Model ($174M)	2% – 8%
Schools – Other Spending ($14M)	10% – 15%
Charter Payments ($63M)	Not applicable
Debt Service ($56M)	Not applicable
Other Spending ($34M)	Not applicable
Plus: School Closures (Net of Additional Transportation Costs)	1% – 2%

Description of Spending

- **Central:** Support for all schools; includes HR, IT, Student Services, Curriculum & Instruction, Finance, Legal, etc.
- **School Ops:** Includes school maintenance, transportation, and school safety
- **Special Ed & Gifted:** Review the efficacy and efficiency of the regional classroom model and other special education programs not required by law
- **Schools – EDM:** Delivery of education services (teachers, principals, counselors, social workers, librarians, etc.)
- **Schools – Other:** School-based technology, textbooks, athletics, health services
- **School Closures:** Reduction in number of schools operated

Central Office

$3.0-6.4M (10-21%) Worth of Potential Reductions Have Been Identified within the Central Office

Spending Categories and Range of Identified Cost Reductions
Displayed as total General Fund budget and identified reductions as % of budget

Spending Categories (Total GF Budget)	Range
Finance & Business ($5.9M)	8% – 12%
Information Technology (Central) ($5.7M)	11% – 42%
General Administration ($5.2M)	6%
Chief Academic Officer & Curriculum, Instruction, and Professional Development (Central) ($4.1M)	15% – 22%
Supt., School Performance, and Communications ($2.9M)	17% – 31%
Human Resources ($2.8M)	7% – 18%
Student Services (Central) ($1.6M)	13% – 19%
Career and Technical Education (Central) ($1.0M)	20% – 20%
Research, Accountability, and Assessment ($0.7M)	14% – 29%
Total for Central Office ($29.8M)	**10% – 21%**

Examples of Potential Non-Personnel Reductions

- Less usage of legal and actuarial services
- Deferred renewal of equipment leases
- Decline in budget reflective of the completion of one-time contracts
- Less usage of contracted services
- Implementation of a less robust employee assistance program
- Communications and supplies budgets
- Supplies and materials budgets
- Technical services budget

1) General Administration is primarily tax assessment & collection services ($2.4M), legal services ($0.9M), liability insurance ($0.6M), and the internal auditor's office ($0.9M).
Note: Ranges of identified cost reductions in both options 1 and 2 include savings from personnel and non-personnel reductions, though examples are provided for non-personnel reductions only; for each Central Office department, all of the budget is addressable; all figures based on FY13 budget.

These reductions are coming from a mix of personnel reductions and non-personnel reductions.

Central Office Cost Reduction Discussion Questions:

1. **Knowing our full budget situation, would you push for reductions in central office budgets closer to 10% or closer to 21%**

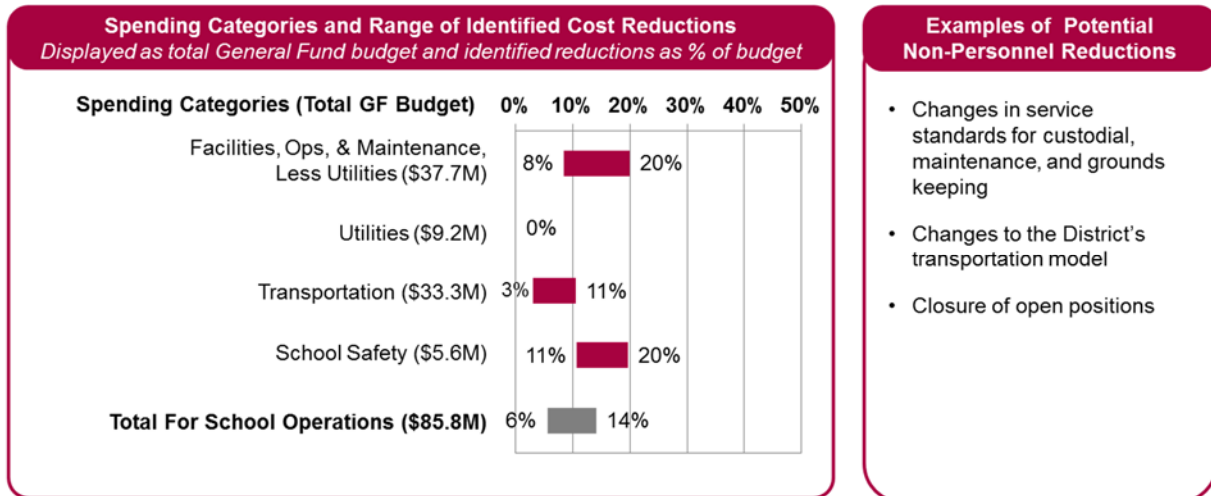   **10%**   **vs.**   **21%**

2. **Are there specific areas of central office that you think should be more aggressively reducing costs?**

3. **Are there specific areas of central office that you think should be less aggressively reducing costs?**

School Operations

School Operations includes maintenance, custodial services, grounds keeping, transportation, and school safety.

Note: Ranges of identified cost reductions in both options 1 and 2 include savings from personnel and non-personnel reductions, though examples are provided for non-personnel reductions only; all figures based on FY13 budget.

For Facilities, options explored include:

Moderate reductions: A/B cleaning, less preventative maintenance, less frequent snow removal and cutting of grass, less frequent delivery of interoffice mail

Aggressive reductions: Less frequent sanitization of desks and showers, shifting maintenance focus to primarily react to emergencies, stoppage of leaf removal, interoffice mail delivered once per week

For Transportation, options explored include:

More triple-tiering of buses, requiring some shifting of school start times, notably middle schools.

Using the PAT bus network to transport the majority of our high schools students.

For school safety, options explored include:

Closing of open, unfilled positions for cost reductions. More aggressive options include reducing school police patrols

School Operations Cost Reduction Discussion Questions:

1. **Knowing our full budget situation, would you push for moderate or more aggressive reductions to Facilities, Ops, and Maintenance?**

   Moderate   **Aggressive**   **No Change**

2. **Knowing our full budget situation, would you push for moderate or more aggressive reductions to Transportation?**

   Moderate   **Aggressive**   **No Change**

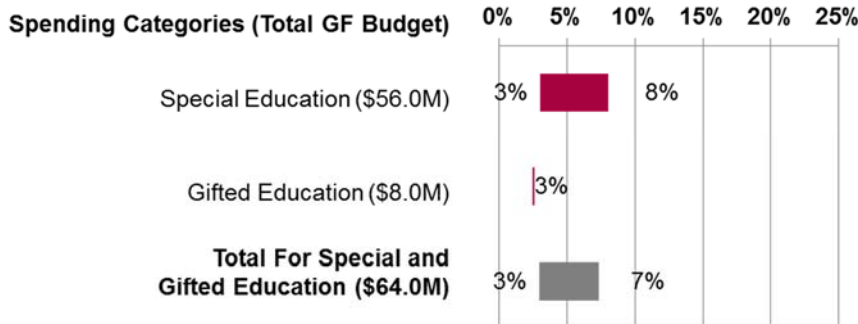3. **Knowing our full budget situation, would you push for moderate or more aggressive reductions to School Safety?**

   Moderate   **Aggressive**   **No Change**

Special Education & Gifted Education

Spending Categories and Range of Identified Cost Reductions
Displayed as total General Fund budget and identified reductions as % of budget

Spending Categories (Total GF Budget)	Range
Special Education ($56.0M)	3% – 8%
Gifted Education ($8.0M)	3%
Total For Special and Gifted Education ($64.0M)	3% – 7%

Examples of Potential Non-Personnel Reductions

- Review the efficacy and efficiency of the regional classroom model and other special education programs not required by law
- Changes in usage of contracted services
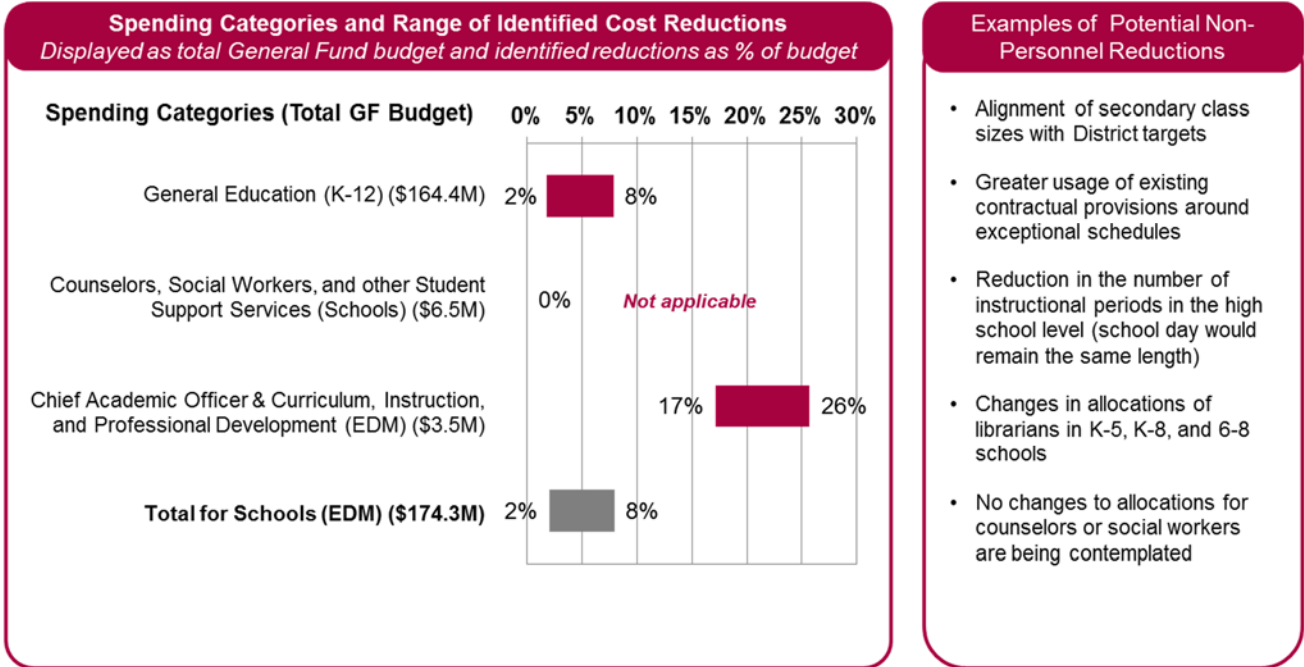- Smaller professional services, purchased services, and textbook / periodical budgets

1. On a scale of 1 to 5 (1=strongly disagree, 5=strongly agree), how strongly do you agree with the following statement: "I would consider changes to either special education regional classrooms and/or how/where gifted services are delivered?"

   1   2   3   4   5

2. Please provide any additional comments on special and gifted education

Schools - Educational Delivery Model (EDM):

Aligning High School Class Sizes with District Targets and Other Changes Could Generate $3.6-13.9M (2-8%) in Educational Delivery Model (EDM) Savings

Spending Categories and Range of Identified Cost Reductions
Displayed as total General Fund budget and identified reductions as % of budget

Spending Categories (Total GF Budget)	0%	5%	10%	15%	20%	25%	30%
General Education (K-12) ($164.4M)	2% — 8%						
Counselors, Social Workers, and other Student Support Services (Schools) ($6.5M)	0%	*Not applicable*					
Chief Academic Officer & Curriculum, Instruction, and Professional Development (EDM) ($3.5M)				17% — 26%			
Total for Schools (EDM) ($174.3M)	2% — 8%						

Examples of Potential Non-Personnel Reductions

- Alignment of secondary class sizes with District targets

- Greater usage of existing contractual provisions around exceptional schedules

- Reduction in the number of instructional periods in the high school level (school day would remain the same length)

- Changes in allocations of librarians in K-5, K-8, and 6-8 schools

- No changes to allocations for counselors or social workers are being contemplated

On average our high schools have lower class sizes than our elementary schools, which is not typical and not in line with current class size targets. We have not explored options related to changes to those class size targets.
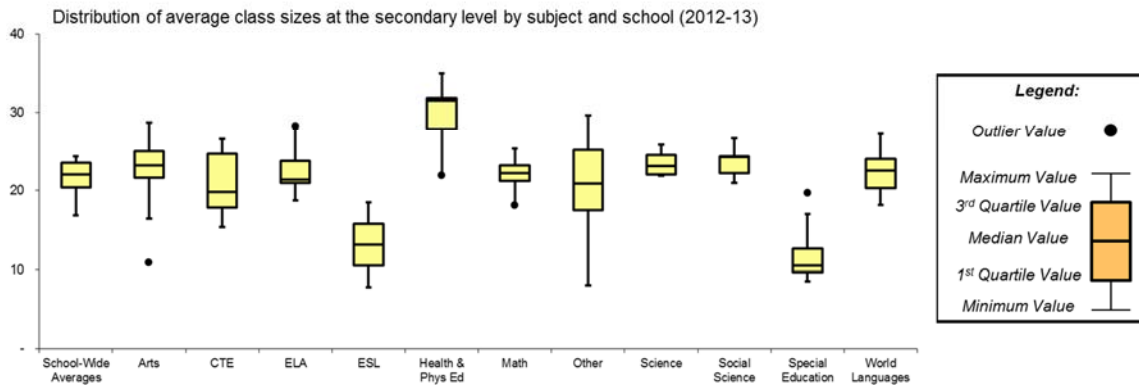
In 2013-14 each school has...

Schools with:	2013-14
At least 1 full time counselor or social worker	☑
Library services	☑
Art offerings	☑
Music offerings	☑
1 or more AP or IB classes (9-12)	☑
Dedicated resources for parent, family and community engagement	☑

..but our average class size is still well below our targets, particularly in high schools

2012-2013 Average Class Size

	Target	Actuals	Gap
K-5	25	23.8	1.2
K-8	25	20.5	4.5
6-8	28	24.3	3.7
6-12	30	20.8	9.2
9-12	30	21.6	8.4

The chart below shows the variability between schools and between academic departments:

Significant Variation Exists In Class Sizes Across Schools and Subjects at the Secondary Level

Distribution of average class sizes at the secondary level by subject and school (2012-13)

Legend:
Outlier Value ●
Maximum Value
3rd Quartile Value
Median Value
1st Quartile Value
Minimum Value

District-wide student to teacher ratios by school type (2012-13)

K-5	K-8	6-8	Secondary
20.5	21.7	17.6	17.0

Note: Outliers on chart are denoted with circles; chart reflects the distribution of average class sizes in all secondary (6-12 and 9-12) schools for the 2012-13 school year; student to teacher ratios exclude the Gifted Center, Student Achievement Center, and center Special Education schools (Conroy, Pioneer, Oliver), as well as teachers allocated under Title I, adjunct teachers, Special Education teachers, and teachers purchased by schools using discretionary dollars.

School EDM Options Explored:

1. **Increasing class sizes in high schools to be closer to target (30 students per class)**
2. **Better use out of our exceptional schedule provisions in our teacher contract**
3. **Reducing our high school schedules from 9 to 8 periods.**
4. **changes to how we allocate librarians across our schools**

School EDM Cost Reduction Discussion Questions:

1. **On a scale of 1 to 5 (1=strongly disagree, 5=strongly agree), how strongly do you agree with the following statements**

   a. **"Given our financial situation, we should consider increases in high school class sizes to be closer to the existing target of 30 students per class"**

      1   **2**   **3**   **4**   **5**

   b. **"Given our financial situation, we should try to make more use of our exceptional schedule provisions in our teacher contract"**

      1   **2**   **3**   **4**   **5**

   c. **"We should explore reducing our high school schedules from 9 to 8 periods "**

      1   **2**   **3**   **4**   **5**

   d. **"We should explore changes to how we allocate librarians across our schools"**

      1   **2**   **3**   **4**   **5**

Other School Spending:

Reductions to Non-Educational Delivery Model School Spending Could Save $1.4-2.1M (10-15%)

Spending Categories and Range of Identified Cost Reductions
Displayed as total General Fund budget and identified reductions as % of budget

Spending Categories (Total GF Budget)	0%	5%	10%	15%	20%	25%	30%
Information Technology (Schools) ($5.1M)			16%	16%			
Nursing and Other Student Health Services ($5.0M)	0%						
Student Athletics ($3.4M)			12%				29%
Chief Academic Officer & Curriculum, Instruction, and Professional Development (Textbooks) ($1M)							30%
Total for Schools (Non-EDM) ($14M)			10%	15%			

Examples of Potential Non-Personnel Reductions

- Longer cycles between technology replacement
- Fewer sports offered in middle and high schools
- Extend textbook replacement cycle

Other areas of school based spending include Information Technology, Health Services, Student Athletics, and Textbooks.

Options Include:

Technology: Reductions in technology replacement
Athletics: Reducing the # of sports offered in middle and high schools.
Textbooks: Extensions to the textbook replacement cycle.

Other School Spending (Non-EDM) Cost Reduction Discussion Questions:

1. **Which of these areas (IT, Health, Student Athletics, Textbooks) would you want to be explored for cost reductions? What do you want to protect?**