

BALTIMORE CITY --- PUBLIC SCHOOLS

Financial Recovery Plan

August 1, 2017

Submitted to the Mayor of the City of Baltimore, the Secretary of the Department of Budget and Management, the Senate Budget and Taxation Committee and the House Appropriations Committee by the Chief Executive Officer and the Baltimore City Board of School Commissioners

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Executive Summary

In December 2016, Baltimore City Public Schools (City Schools) announced that an analysis of the developing FY 2018 budget had revealed a structural budget gap of approximately \$130 million, growing to up to \$190 million by FY 2020.

Many factors contributed to the FY 2018 structural gap, notably increasing expenses that are not offset by inflation-adjusted revenue sources, a state funding formula that does not distinguish between real growth in the city's tax base and paper wealth resulting from public-private partnerships and declining enrollment. Because of these factors, City Schools increasingly relied on fund balance to close the gap in preceding years, drawing on \$53 million in FY 2017.

During the 2017 session, the Maryland General Assembly, as a part of House Bill 684, required the Baltimore City Board of School Commissioners to prepare a financial recovery plan that would:

- (1) Address all repeat findings from the Office of Legislative Audits; and
- (2) Include steps to:
 - i. Eliminate the structural deficits of the Baltimore City Public School System by fiscal year 2020;
 - ii. Balance the Baltimore City Public School System budget and future deficits;
 - iii. Alter permanent and temporary staffing levels and review existing employment contracts and attrition levels to achieve greater efficiency, including size and scope of the Baltimore City Public School System central office;
 - iv. Alter the administrative organization of the Baltimore City Public School System to achieve greater efficiency;
 - v. Conduct special audits or further studies to analyze the effectiveness of the financial recovery plan; and
 - vi. Establish a capital budget that maximizes the use of available resources to address infrastructure deficiencies.

The Baltimore City Board of School Commissioners is committed to accountability and transparency in its work. To realize its mission, the Board provides policy direction and wide-ranging oversight — from monitoring student achievement to approving appointments of key staff to scrutinizing the budget. The Board recognizes that while House Bill 684 focuses on financial recovery, City Schools will not be able to stabilize its finances without addressing both the challenges of the current state education funding formula as well as the challenges facing Baltimore City as a whole and the resulting declines in city population and related declines in student enrollment. These issues are inextricably connected, and several strategies to address each are outlined throughout this document.

This Financial Recovery Plan includes steps to achieve three critical goals:

- Achieving savings and efficiencies to restore financial stability to the District;
- Improving the academic performance of the Baltimore City Public Schools; and
- Ensuring that the District’s school buildings provide safe and healthy environments.

While the *Financial Outlook* and *History* sections provide important context at the outset of the document, the sections on *Revenue*, *Staffing and Salary*, *Portfolio of Schools*, and *School Buildings* are critical in examining some of the most significant drivers of City Schools’ budget gaps, such as:

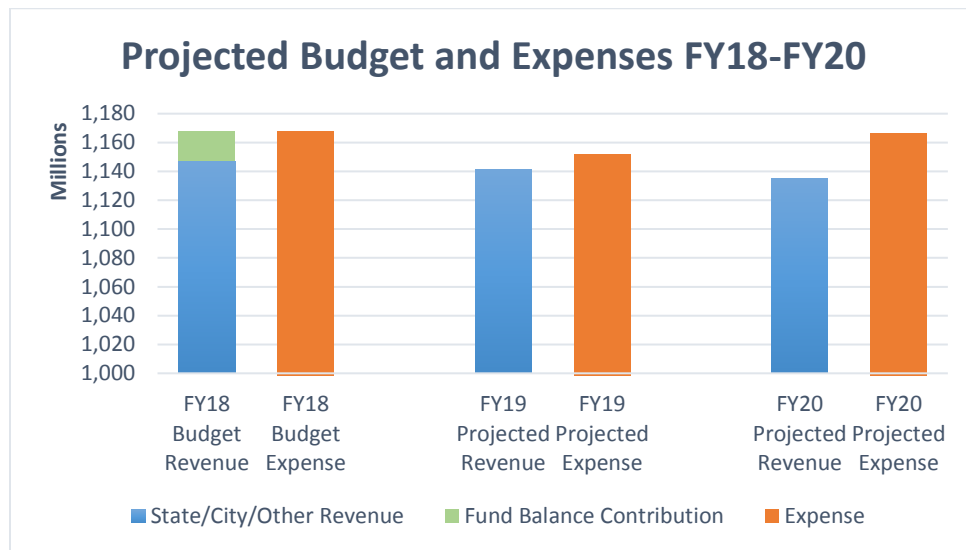
Revenue	State Funding Formula; Declining Enrollment
Staffing and Salary	Reductions in Force; Union Negotiations; City of Baltimore Matters of Concern
Portfolio of Schools	Types of Schools; School Closures; Facility Surplus; Strategic Staffing
School Buildings	21 st Century School Buildings Plan; Capital Budget; Energy Savings

For each of these areas, recent steps to ameliorate costs are described and future options to achieve efficiencies are presented. The document culminates with a series of specific steps City Schools will undergo in an effort to achieve financial stability, as described in the closing section on *Implementation and Monitoring*.

While the issues facing Baltimore City Public Schools are many, the district can and must meet these challenges. This Financial Recovery Plan provides a structure for doing so.

Financial Outlook

City Schools balanced the FY 2018 budget by using additional State and Baltimore City funding and deeply cutting expenses at the school level and at the district’s administrative offices.



In Fiscal Years 2019 and 2020, City Schools is projecting a budget gap of \$10 million and \$30 million, respectively, after taking into account the city and state funding commitments and the FY 2018 deep cuts in labor and non-labor expenses, partly due to a reduction in force. City Schools expects to eliminate the deficit in FY 2019 by contributing \$10 million from fund balance (on top of a \$20 million transfer from fund balance in FY 2018). In FY 2020, the district will accelerate strategies to create cost efficiencies and, again, draw a lower amount of funds from the fund balance.

The revenue and expense projections below (see page 5) are taken from the City Schools Revenue Allocation model which replicates the State and City funding models pertaining to City Schools as well as projected income from other sources. For future year projections, reasonable assumptions are made on several variables (based on prior years) such as city wealth, state wealth and enrollment.

The process for expenditure projections vary by expense category and individual sub-objects. The general baseline utilized for projections is the application of a trend rate to prior year actuals based on the three-year average of actual spending in that particular sub-object. The baseline is adjusted based on known variables and expected changes. In some instances, a four-year average is used or run rates are adjusted to exclude anomalous years of actuals.

In the case of personnel and fringe costs for FY 2019 and FY 2020, adjustments were made to projected expenditures to account for the reduction in force that has occurred in City Schools over the last few fiscal years. A percentage reduction in FTE was factored into salaries, wages and specific distributable fringe sub-objects. The projected expenses in FY 2019 and FY 2020 are therefore not comparable to the FY18 budgeted amounts for personnel and fringe costs. Additionally, the budgeted personnel and fringe costs would include the budgets for all funded positions, whether filled or vacant, whereas the FY 2019

and FY 2020 projections (being based on actuals) only project costs based on historically filled positions. Some elements of categories such as principal and interest, as well as 21st Century contributions are projected based on known debt schedules, and so are not subject to historical run rate adjustment.

FY18 – FY20 Expense Projections

		Projection	
Revenue Source	FY18 Budget	FY19 Projection	FY20 Projection
State Revenue	852,652,827	839,153,825	833,051,198
City Revenue	278,439,227	288,712,181	288,712,181
Federal Revenue	9,300,000	9,300,000	9,300,000
Other Revenue	6,751,593	4,160,000	4,160,000
Fund Balance	20,727,951	-	-
Total BCPS General Fund Revenue	1,167,871,597	1,141,326,006	1,135,223,378
Expenditure Category	FY18 Budget	FY19 Projection	FY20 Projection
Personnel Cost - Salaries & Wages	598,809,511	590,653,637	592,098,710
Fringe Benefits	260,703,075	240,045,823	245,458,952
Contract Services	138,047,572	150,217,039	155,913,018
Student Transportation	34,306,051	39,498,244	40,623,868
Instructional Materials & Text Books	8,721,636	8,030,428	7,847,283
Other Expenditures	16,234,979	13,516,564	14,600,053
21 st Century Contribution	25,400,000	30,000,000	30,000,000
Principal & Interest	21,699,791	18,115,543	17,351,511
Transfers - Out of District Placements	32,501,532	30,035,117	30,035,117
Utilities	31,447,451	31,512,580	32,270,504
Total Expenditures	1,167,871,597	1,151,624,973	1,166,199,015
Net Operating Surplus/Deficit [Projected Revenue - Projected Expense]	-	(10,298,968)	(30,975,637)

* Note: Revenue and expenses for FY19 and FY20 are projected based on current known landscape but are subject to change as more information becomes available during the course of the year.

History

At the outset of budget planning for the 2017-18 year (FY18), City Schools projected a budget gap of as much as \$130 million. An analysis of key budget drivers prepared in the fall 2016 provided a roadmap for identifying how and where to close the gap while laying the groundwork for the long-term financial stability needed to support improved student outcomes.

By late 2016, district office staff projected that total General Fund revenue from all sources would be \$1,113,985,176, a decrease of 7 percent from FY17, primarily due to lower enrollment and increased paper wealth in Baltimore (resulting from public-private partnerships that increase the tax base without a corresponding increase in taxes received), which in turn lowered the level of state funding through the state's current funding formula. With no new revenue identified at the time, City Schools leadership took the painful but responsible step to direct principals and the central office administrators to identify \$100 million in cuts, knowing that the effect on children and families would be devastating.

City and State leaders agreed that City Schools could not withstand up to 1,000 layoffs to close a structural budget problem. The FY 2018 budget gap was closed with incremental funding from the City and State, cost savings and expense reductions (meaning a corresponding loss in some service to students). City Schools employed a strategic approach to resource allocation that enables students and schools to continue on the path to success despite limited means. While a number of reductions will pose challenges, City Schools has reallocated available resources where they'll have the most impact on student outcomes.

Drivers of the Budget Gap

Long-term financial stability for the district is essential to improving student outcomes. The district's budget gaps are the result of several years of flat or declining revenue in the face of rising expenses; they are structural. To achieve the stability needed to improve students' opportunities for success, the Board and district leadership committed to identifying solutions to the structural challenges at the earliest stage of budget development for FY18.

With support from the local philanthropic community, City Schools engaged Education Resource Strategies (ERS), a nonprofit organization that works to improve organization and management with an emphasis on strategic resource allocation in urban school districts, ERS specializes on identifying specific drivers of the annual budget gaps and ways to address them. That work yielded potential for action in five areas – revenue, student need, types of schools and school programs, school buildings, and staff salaries and benefits.

Additional Resources to Close the Budget Gap

In early spring 2017, after advocacy by the City Schools community and the diligent efforts of state and city lawmakers, the State of Maryland and City of Baltimore announced additional resources for the district. These take two forms – revenue added to the district's General Fund projections and services to be provided directly by the state or city without payment from the district – totaling \$59.4 million for FY18. These efforts further resulted in a plan for additional resources of \$59.5 million for each of FY19 and FY20.

With these additional resources, schools and the district office were able to reverse many cuts and significantly reduce the number of layoffs initially planned.

Revenue

For several years, City Schools' revenue has been flat or declining. Future financial stability will depend on reversing this trend.

State Funding Formula

Most of the district's funding comes from the state, but the current implementation of the state funding formula (the "Thornton formula") has not kept up with inflation or been adjusted to reflect how increases in the city's wealth affect local funding for Baltimore's schools. According to the state's Department of Legislative Services, had the Thornton formula been fully funded, the district would have received an additional \$290 million annually. Further, a report commissioned by the state (*Study of Adequacy of Funding for Education in Maryland* by Augenblick, Palaich and Associates) indicates that, to ensure an adequate education for Baltimore's students as required by law, the district should receive an additional \$358 million per year.

Declining Enrollment

Under the Thornton formula, state funding is calculated on a per-pupil basis; this is true also for most local and federal revenue. This per-pupil basis means that the district's declining enrollment is a key contributor to the revenue decline experienced for the past several years.

Data analysis indicates that the enrollment increases that occurred between school year 2009-2010 and school year 2014-2015 reversed beginning in 2015-16.

School Year	Official Sept 30th Enrollment	% Change
2009-10	82,866	N/A
2010-11	83,800	1.13%
2011-12	84,212	0.49%
2012-13	84,747	0.64%
2013-14	84,730	-0.02%
2014-15	84,976	0.29%
2015-16	83,666	-1.54%
2016-17	82,358	-1.56%

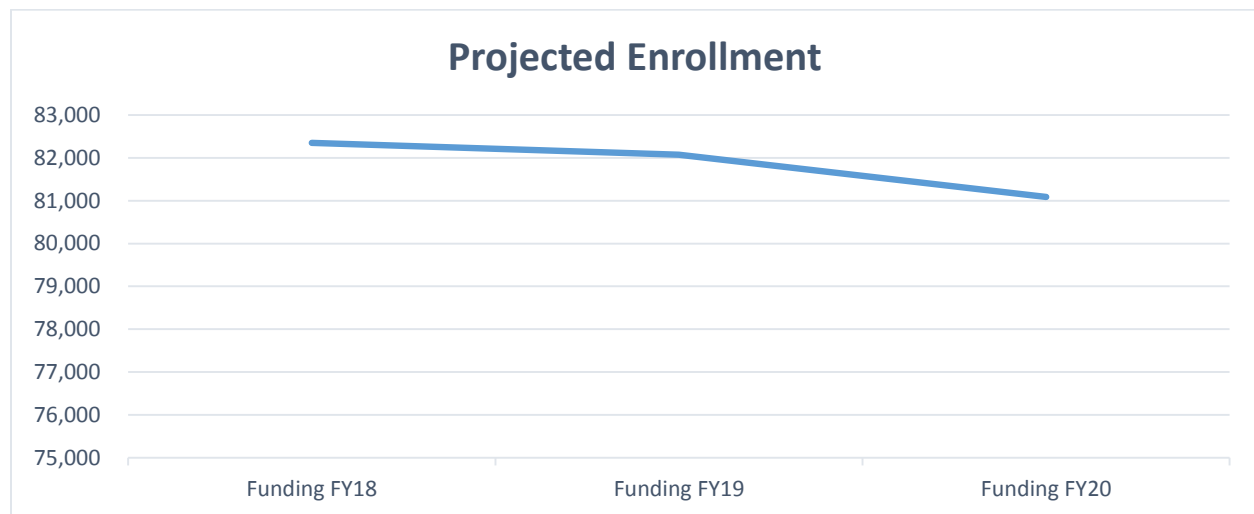
These enrollment trends are driven by a number of external factors such as parents' preferences for various academic settings, residential mobility and Baltimore City population changes.

City Schools tracks birth counts (as opposed to birth rates, which give the percentage of the population having children) in order to inform enrollment projections. Births in Baltimore City have declined from 9,875 in the year 2007 to 8,658 in 2015 (source: [DHMH annual reports](#), table 9A). In parallel, the

kindergarten cohorts corresponding to those birth cohorts (offset so that cohort members are age five minimum) decreased from 7,349 in the 2013-14 school year to 6,550 in 2016-17. These smaller birth cohorts will continue to affect the district's enrollment for years to come.

Additionally, new federal estimates show Baltimore City's overall population falling to a near 100-year low. As reported by the U.S. Census Bureau in March 2017, Baltimore's population fell by more than 6,700 people in the 12 months that ended July 2016, as the number of people leaving the city doubled.

Given the smaller birth cohorts, we estimate a continued decline in enrollment that is likely to be over and above the trend we have seen in recent years.



While the district must continue to use projections for financial and facility forecasting, these trends reinforce the urgent need to change the enrollment trajectory. City Schools is committed to implementing strategies that build confidence in the district and its academic programming and to actively engaging the community through strategic and direct outreach to increase our student count.

Next Steps

A new state funding formula is anticipated in FY21, based on recommendations from the state's Commission on Innovation and Excellence in Education (the "Kirwan Commission," after chair William E. Kirwan), which is now reviewing information and data to guide its work. The district will work diligently to provide information to the commission and advocate in the strongest possible terms for what our students need and deserve.

The district is also focusing on strategies to help increase revenue by growing enrollment. This summer, working with the City of Baltimore and the Baltimore Teachers Union, staff members are participating in a neighborhood door-knocking campaign, focusing on filling all available pre-k seats, promoting City Schools as a high-quality option in neighborhoods where families are not enrolling in their local schools, reengaging students who have dropped out, and connecting with at-risk youth who may need additional

support to attend school regularly. In the coming months, additional strategies will be implemented to boost enrollment:

- Expanding high-quality middle school programming, to improve equity of access and promote City Schools as a strong middle grades option among families who may consider leaving the district after 5th grade.
- Implementing programming that meets parent and student demand such as the introduction of Montessori programs at Garrett Heights Elementary/Middle School – a local neighborhood school that has seen an increase in enrollment as a result of the implementation of Montessori.
- Showcasing new and renovated buildings in the 21st Century School Buildings Plan, the first four of which will open in the coming school year.
- Strategically staffing school leaders to match skill and experience with school communities and create a pipeline of strong school leaders.
- Using data to identify areas for enrollment growth.
- Improving customer service across the district.
- Involving community partners on a taskforce to develop additional strategies to increase enrollment.

Staffing and Salary

City Schools recognizes that high-quality staff members at all levels are essential to the success of students and schools. To recruit and retain outstanding people, the district has negotiated innovative contracts with its unions to provide career pathways and reward performance. The result is a national model that promotes the professionalism of educators and provides a structure that would support the creation of professional learning communities like those seen in higher performing countries. However, the contract has not been implemented as originally designed to reward the accumulation of professional learning experiences that increases student performance. As a result, current implementation has facilitated salary increases at a rate that is not financially sustainable in the long term. The district also offers generous benefits where the cost in some areas (e.g., prescription drugs) have been increasing at significant rates.

City Schools remains committed to rewarding the professionalism of its staff, and the CEO's focus on staff leadership ensures that staff members will have opportunities for professional growth. At the same time, the district must seek ways to ensure that the contract is implemented as originally envisioned – tying pathway movement to professional growth that ultimately improves student outcomes while at the same time is fiscally responsible and sustainable.

Reductions in Force

The structural nature of City Schools' budget gaps has meant that the district has experienced a challenging fiscal landscape over the last several years. As a result, increased efforts have been directed toward maximizing efficiency, reducing costs when possible and aligning budget planning processes with strategic initiatives.

Over the past several years, City Schools has tried to mitigate impacts on schools and students by focusing the bulk of necessary cuts at the district office, with spending on administration now lower than most other comparable school districts according to research conducted by ERS. District office spending is now so low that there is little left to cut, which is why for the upcoming fiscal year (FY18), City Schools leadership could no longer shield schools from the impact of reductions. For the last three consecutive fiscal years (FY16, FY17, and FY18), significant reductions to budget allocations as well as decreased spending power have resulted in the elimination of staff positions. Although efforts were targeted at abolishing vacant positions when possible, some filled positions were also eliminated, causing three years of consecutive reductions in force.

In the first reduction in force, 282.7 full-time equivalent (FTE) positions were eliminated from FY15 to FY16. From FY16 to FY17, the number of budgeted positions at the start of the fiscal years reduced by 308.7 FTE. The most recent round of position cuts in preparation for FY18 yielded a net decrease of 278.2 FTE positions, and represented the most expansive reduction in force the district has faced in over a decade with every bargaining unit (including the Baltimore Teachers Union) as well as unaffiliated employees at the district office impacted by reductions or hiring freezes. The table below shows the decrease in approved funded FTEs from FY15 to FY18.

City Schools FTEs

FY15	FY16	FY17	FY18
9,955.3	9,672.6	9,363.9	9,085.7

*Figures reflect budgeted positions for each fiscal year. Staff awaiting funded positions are not included.

This table represents a total reduction of 869.6 FTEs across these fiscal years – or 8.7 percent of the FY15 workforce. This is a significant decrease in staffing, especially when considered in relation to decreases in enrollment that occurred during the same period. Enrollment and staffing levels do not track each other perfectly but there is a relationship between the two. Declines in staffing are often unable to decrease at the rate of enrollment declines as certain staffing levels or positions need to exist regardless of declines in enrollment (for example, a school still needs a second grade teacher even if the size of their second grade class decreased from 30 to 27 students). However, City Schools staffing declines have significantly outpaced any decreases in enrollment. Between FY15 and FY18 when district staffing levels decreased 8.7 percent, district enrollment decreased by 3.5 percent (taking into account current enrollment projections for the 2017-18 school year). Not only has the reduction in staffing outpaced reduction in student population, but districtwide FTEs began decreasing prior to the start of enrollment declines.

This decrease in positions poses service delivery challenges and, accordingly, through the cost and staffing reductions identified in FY18, the strategies identified herein and efforts to stabilize enrollment, City Schools hopes to limit further staff reductions as much as possible. It's reasonable to consider staffing reductions and the resulting decline in services exacerbate the enrollment decline as parents and staff decide to make other choices in the face of budget reductions. City Schools is working hard to build back that trust and mitigate the impact of programmatic cuts on enrollment by strategically using available resources to improve confidence in City Schools.

Cost-Saving Efforts for FY18

Although there were variances elsewhere in the budget, the reduction of 278.2 FTE positions from FY17 to FY18 yielded an estimated \$25 million of annualized savings, resulting from eliminated salaries, fringe benefit costs, and FICA expenses. If these positions are not recreated in future fiscal years, these savings will recur, contributing to structural savings for the district over time.

While position and staffing reductions were the most significant cost-saving measures, the district also implemented other initiatives to realize savings as part of the FY18 budget development process. For example, when allocating funds, particular attention was given to ensuring that all available grant dollars were fully and strategically utilized to alleviate demand on the General Fund while retaining resources to support key strategic efforts of the district. The district also formed a Prioritized Spending Committee to review expense requests for both district offices and schools in an effort to ensure that expenditures in late FY17 reflected true priorities and needs. Monies not allocated at the end of FY17, particularly vacancy savings, were reallocated centrally by the Finance Office to offset other costs in the district, further reducing the budget gap.

Union Negotiations – Salary Structure, Healthcare, and Contract Implementation

Starting in the spring of 2016 and through the spring of 2017, City Schools was in contract negotiations with the Baltimore Teachers Union (BTU), whose employees form the largest group of City Schools'

employees. At the time of the writing of this document, City Schools and the BTU have tentatively agreed to terms regarding new contributions toward healthcare cost and insurance coverage options. These changes are anticipated to be implemented for all employee groups as negotiations with other bargaining units proceed in 2017-18, ultimately yielding approximately \$4 million in annualized savings that would recur for the life of the new contracts.

Another focus of negotiations with the BTU has been teacher compensation. While the innovative career pathways in the current BTU contract have been recognized nationwide as a model that rewards and recognizes teachers and education professionals who excel both in advancing student outcomes and in teacher practice, implementation has revealed the necessity of modifications to the structure to ensure that it is financially sustainable.

Several analyses were conducted internally to determine how alternate pay structures and compensation models could be more sustainable over the long term. Some of the options explored included eliminating cost-of-living adjustments, shrinking interval and pathway scales, offering one-time stipends in lieu of accumulating salary changes over time, limiting the banking of “achievement units” (AUs, the mechanism by which professional learning is recognized within the BTU contract) across school years, increasing the number of AUs needed to move an interval, and modifying the method for accruing AUs as well as movement across intervals and pathways.

Given the long-term implications of career ladders, which allow teachers the opportunity to earn salary increases outside of cost-of-living adjustments, these cost reduction proposals – which would yield significant savings to the district – were offered in good faith by City Schools. After nearly a year of negotiations, however, none were accepted as the BTU has instead consistently pressed for salary increases. As the district and BTU have been unable to reach agreement on these proposals, the Public School Labor Relations Board (PSLRB) has accepted our request for impasse and, as part of that process, the district and BTU are about to begin mediation.

In addition, outside of the formal negotiations process, City Schools is working with the BTU through the Joint Oversight Committee (JOC) to identify ways to modify implementation of the career pathway model to streamline and improve its effectiveness in accelerating student achievement and strengthening teacher practice. As an example, the JOC will determine which activities are most aligned with best practices for adult professional learning that is most clearly connected to student achievement for the purposes of awarding AUs. Through this process, City Schools will work with the BTU to identify additional recurring savings to contribute to the long-term financial sustainability of the teacher contract.

Other Matters of Concern

The City of Baltimore has acknowledged its financial responsibility for Other Post Employee Benefits (OPEB) liability associated with retired City Schools’ employees. However, for some time the City has expressed a desire to transfer this liability and its associated cost to City Schools. Taking on this material liability would have significant negative impact on City Schools finances and on the education of the children of City Schools.

Additionally, City Schools asserts that the responsibility for the pension liability for City Schools employees covered by the Employees’ Retirement System of the City of Baltimore (ERS) remains with the City of Baltimore. The specific responsibility of City Schools relating to pension for employees in the Employees Retirement System of Baltimore City is noted in Senate Bill 795 of 1997 as payment for the

employee and employer contributions. All other costs/services previously provided to City Schools were to continue to be provided to City Schools on the same basis unless otherwise altered or agreed. Shifting the pension liability responsibility to City Schools would have significant financial implications for the district. City Schools will continue discussions with the City on both of these matters, and report to the State on the outcome of those discussions and potential financial implications.

Next Steps – Levers for Future Savings

City Schools is committed to continuing the successful cost-saving efforts implemented in recent years, as well as exploring potential new ways to streamline costs and grow revenue sources. Below are some of the initiatives the district is currently considering.

- **Optimizing staff resources**
Senior leadership has reviewed staffing levels as part of the annual budget process and will continue this analysis as part of ongoing efforts to improve organizational effectiveness and identify efficiencies. Due to the significant reductions in the size of the employee force that have already been made over the past few years, capacity to make additional reductions will be challenging. City Schools, therefore, will work through the Joint Operating Committee of the BTU and PSASA to ensure that the district is fully utilizing existing positions and pathways in the teacher and principal contracts to implement City Schools' blueprint and improve student outcomes, as well as to create professional learning communities facilitated by successful principals.
- **Temporary employees**
For the past two fiscal years, the district has restricted the circumstances under which a temporary employee position can be created. The district will seek to analyze the effectiveness of these restrictions in reducing costs and gaining efficiencies associated with the hiring of temporary employees.
- **Data trends and monitoring**
To ensure that the district is best positioned to make strategic budgetary decisions, City Schools will continue to analyze and track the staffing and position landscape throughout the year, as well as to assess their impact on the district's financial outlook.
- **Compensation survey**
The district will conduct a compensation study to assess City Schools' district office salaries and benefits in comparison to other jurisdictions.
- **Contract negotiations**
As noted previously, after nearly a year of negotiations during which the district was unable to reach agreement with the BTU on costs savings proposals related to compensation, the two parties finally requested that the PSLRB declare impasse and are now beginning the required mediation process. As a result, the district remains in negotiations for new contracts with the BTU and the district's other bargaining units, which tend to follow the BTU's lead in terms of contract terms around compensation and benefits.

Moving forward, City Schools is committed to establishing targets to build on the potential \$4M in health care savings that has already been tentatively agreed to with the BTU. Specifically, we will seek to achieve a more efficient relationship between accrual of academic units (AU's) that contribute to student performance increases and pathway progression.

One of the major tenets during this round of contract negotiations with our unions, given the current and future structural budget gap that has been identified through fiscal projections, is the need to identify the most efficient way to continue the implementation of a progressive contract that not only treats our educators as the professionals they are, but also to ensure the long-term financial sustainability of the contract. All of the proposals that the district has offered during negotiations with the BTU have followed this philosophy. The district hopes to continue a collaborative partnership with the BTU to continue to strengthen and improve on the contract's ability to support the acceleration of student achievement in a fiscally responsible way.

Portfolio of Schools

More than 10 years ago, City Schools adopted an ambitious reform agenda to become a “portfolio” district that offers a range of schools with different programs and structures, enabling students and families to choose from options that best meet their needs and interests. This approach is now a hallmark of the district, promoting families’ engagement in school communities and increasing opportunities for student success.

Today, City Schools’ portfolio includes the majority of Maryland’s charter schools; schools serving a range of grade bands (e.g., 4th to 8th, or 6th to 12th) and with a range of programmatic focuses; and schools run under unique partnerships with high likelihoods for success (e.g., with Johns Hopkins University and Bard College). All high school and many middle school students choose the schools they will attend. A per-pupil funding model puts as many resources as possible directly in school communities, where school leaders have discretion to determine how best to deploy funds to advance student success.

Each year, City Schools conducts a comprehensive review to ensure that the schools in the portfolio are meeting the diverse needs of students and communities. The review considers a variety of factors that make up the fabric of schools, including

- School quality and student achievement
- Student enrollment
- Equity of access to a range of programming options in all areas of the city
- Neighborhood demographic trends (increasing or decreasing school-age population)
- Sustainability of programming in relation to size of student population
- Facility utilization, age or condition of school buildings, investments in facility
- Transportation and safe passage to school
- Specialized educational programs

As part of the annual portfolio review, the district may make recommendations to change grade configurations, relocate specialized programming, or close or merge schools.

Since the portfolio approach was adopted, City Schools has seen increases in key measures of success – including, for example, the key indicator of high school graduation rates. Nevertheless, there are challenges in managing an extremely diverse portfolio within an administrative system that provides as much autonomy as possible to individual schools. Several of these challenges have financial implications.

Charter Schools

The first charter schools opened in Baltimore City in 2005, following passage of Maryland’s charter school law in 2003. The 12 charter schools that opened in 2005 served 2,925 students; the district now has 34 charter schools including Frederick Elementary. Last year charters served 14,334 students.

As per State guidance on funding charter schools, charters receive a larger share of resources in the form of cash than do non-charter (“traditional”) schools and receive fewer centrally provided services – providing greater autonomy to pursue programming outlined under their charters. Pursuant to the guidance, City Schools charges a 2 percent fee for administrative services but this fee has not covered

the cost of the services provided. Moving forward, the district will analyze its funding formulas for charter and traditional schools, exploring options for more comparable and transparent methodologies that are equitable across both school models. City Schools will also continue to seek agreement with charter school partners on costs and nature of required administrative services.

Small Schools

With steady declines in Baltimore City's population over time, City Schools' enrollment has also declined and has resulted in smaller student populations at schools. Small schools cannot benefit from the economies of scale that are available to larger schools, and some of these smaller programs require supplementary funds in order to provide the staff and programming necessary to support learning. They may also have larger class sizes and fewer teachers, resulting in less flexibility to implement different instructional approaches. This is why school size and student enrollment are important factors considered in the annual portfolio review and in decision-making around the district's 21st Century School Buildings Plan.

High Schools

Over the past 10 years, City Schools has seen significant growth in high school graduation rates, along with significant reduction in the number of students dropping out. This success coincides with initiatives pursued in Baltimore (and elsewhere across the country) to reduce the size of high schools. Prior to 2007, City Schools had a number of high schools with 2,000 or more students. Beginning that year, City Schools introduced new school models, including schools serving grades 6 to 12 that ease middle school students' transition to high school and schools with specific programmatic focuses that serve smaller populations than had previously attended large, "comprehensive" high schools.

Additionally, since 2006-07, City Schools has had no "zoned" high schools; instead, each fall, rising 9th graders choose the high school they will attend. Since 2010-11, rising 6th graders have been able to choose their middle school. As the district has continued to improve and reflect on practices, programs that were not working have been closed and others changed in structure; careful consideration is also given to placement of Career and Technology Education pathways and other thematic and career-focused programming to ensure that students have opportunities to pursue their interests and position themselves for post-secondary success.

School Closures

With 177 schools and programs in 2017-18, City Schools has 26 fewer schools than it did in 2011-12. Over these years, the district has closed both traditional schools and schools run by external operators – both charter schools and schools that operate under contract with the district. For these schools, in the final two years of their contracts, an intensive review process takes place to guide decisions regarding contract renewal. In 2012-13, the district created a revised framework for this review. At that time, there were 53 operator-run schools; currently there are 40. (This decrease reflects non-renewal of charters or contracts following the review process, school closures, and operator withdrawals. See the appendix for a complete listing of planned school closures and facility surpluses, along with the schedule for review of operators seeking renewal of charters or contracts.)

At present, as part of the first phase of the 21st Century School Buildings Plan, five additional schools are proposed to close (and, as described below, a total of 26 buildings will be vacated and returned to the City of Baltimore for disposition). Further, as part of the annual portfolio review in the years ahead, the district will continue to consider closing school programs, both traditional and operator-run, that are not meeting the needs of students.

Facility Surplus

As part of the 21st Century School Buildings Plan, City Schools is working to have an overall buildings utilization rate of 86% by 2019-20 through continued school closure, relocation, merger, and reconfiguration. The plan also includes “surplusing” 26 buildings out of the portfolio – vacating them and returning them to the City of Baltimore – and is currently ahead of the agreed upon schedule with 8 facilities surplus thus far.

Many of the communities affected by closing and surplus of buildings will have access to new or renovated buildings. One of the guiding principles adopted by the Board for the prioritization of the 21st-century plan construction projects is to provide students from closing or merging schools the opportunity to attend a newly renovated or replaced building. For example, the Samuel F.B. Morse Elementary School program was closed as of June 30 and its building is being returned to the City of Baltimore; the Morse program has now merged with Frederick Elementary School, which will open for the 2017-18 school year in a newly renovated and expanded building.

Since 2013, City Schools has surplus a total of eight facilities back to the City of Baltimore; an additional four buildings will be surplus in 2018 with more to follow in 2019.

Strategic Staffing – Accelerating Support through a Lab School Model

In 2016 -2017 Maryland identified Priority Schools as 5 percent of all the Title I schools that are the lowest performing; and/or have graduation rates below 67 percent; or receive SIG funding. These schools analyze their needs and develop intervention plans based on the Maryland Turnaround 7 Principles model. They also receive support from Title I, City Schools, and Maryland’s statewide system of support to improve overall school performance.

City School is committed to improving student outcomes by optimizing use of available resources that include staffing and the district’s innovative union contracts. To that end, City Schools is utilizing a strategic staffing model with the goal of deploying transformational principals to mentor less experienced principals tasked with improving outcomes in low-performing schools.

In 2010 Commodore John Rodgers Elementary was identified as a Priority School. Staff subsequently turned the school around using the following principles:

- Effective teachers
- Additional time for learning
- Instructional program
- Safe and supportive schools
- Family and community engagement
- Using data

Given their success, Commodore John Rodgers will now serve as a Lab School whereby the principal and staff will mentor and assist with turnaround strategies to be implemented at three newly selected schools – James McHenry Elementary-Middle, Mary E. Rodman Elementary and Harford Heights Elementary. The district has been purposefully deliberate about staffing decisions in each of these three schools. New principals were recruited and all faculty had to reapply for their positions. The principal of Commodore John Rodgers was instrumental in selecting the new principals, all of whom were chosen based on demonstrated growth and steady gains in the City schools where they previously served as principals. In an effort to build on the strategic staffing that is critical to turning around a school, the

district has allowed each principal to bring select members of their previous leadership team with them to their new schools.

For each of these three schools, after five years as a turnaround with Commodore John Rodgers Elementary serving as a Lab School, the district expects to see:

- Improvement in student academic outcomes, specifically in literacy and mathematics
- Increased student enrollment and attendance
- Improvement in student belonging and safety
- Increased school-family partnerships

The district looks forward to bringing the best of a Lab School model to the other schools in Baltimore City and to expanding strategic staffing efforts moving forward.

Next Steps

- As part of the annual school portfolio review, the district will continue to evaluate whether schools are meeting the needs of students, families, and communities – and subsequently may make recommendations to change grade configurations, relocate specialized programming, or close or merge schools, including those that are small and not sustainable without supplementary funding support.
- City Schools will continue to progress on its plan to surplus 26 facilities out of the portfolio, vacating them and returning them to the City of Baltimore.
- In FY18, City Schools will implement a \$125 per-pupil fee for charter schools to offset costs of emergency response services provided by City Schools Police. Going forward, the district will evaluate the equity between the cost of services provided to traditional and charter schools by the central office and consider the potential development of a more comprehensive fee structure.
- City Schools will implement strategic staffing processes to place high performing principals in high-need schools and utilize mentor principals as key agents for improving outcomes in low-performing schools.
- City Schools will review its Fair Student Funding model, identifying ways to enhance equity, efficacy and transparency.

School Buildings

Part of a high-quality educational experience includes attending school in a high-quality building that supports best practices in teaching and learning for the 21st century. With its facilities in the poorest condition overall of any district in the state, City Schools has to strategically prioritize available resources to address basic facilities needs.

21st Century School Buildings Plan

In the spring of 2013, Governor Martin O'Malley signed legislation to enable approximately \$1 billion to be raised for renovation or replacement of public school buildings in Baltimore City. The first two buildings in the 21st Century School Buildings Plan, Frederick Elementary and Fort Worthington Elementary/Middle, will open in August 2017, with John Eager Howard Elementary and Lyndhurst Elementary/Middle opening in January 2018.

The plan is a partnership among the state, city, and district, and under the terms of that partnership, City Schools directly contributes \$20 million out of its general funds each year to support the bond issuance that will provide the bulk of construction funding. In addition, as part of the original agreement, an additional \$10 million that the city previously provided to City Schools for other general fund expenses was repurposed to support the bond issuance bringing the total annual contribution from City Schools' general fund to \$30 million. While this is an added cost for the district, it is an important and necessary one to ensure that our students and Baltimore's neighborhoods have the school buildings they need and deserve.

Capital Budget

Every year, City Schools has more than \$250 million in unmet capital needs. Given these significant needs and the limited resources available, City Schools is committed to establishing a capital budget that maximizes the use of available resources to address infrastructure deficiencies. The district's facilities planning team submits a Capital Improvement Plan (CIP) each year for approval by the Board of School Commissioners and the Baltimore City Planning Commission.

In recent years, the district has taken several steps to maximize the use of available resources:

- A more robust review and analysis of CIP projects has resulted in a more strategic use of state and local funds. The review process includes a system to rate and rank facilities based on facility conditions, alignment with other facility plans, and financial and academic impacts of failing systems. The conclusion of the review process ensures the district is proposing capital investments in facilities with the greatest need, coordinated with other districtwide investments.
- Identifying and addressing schools with the greatest needs relieves pressure on General Fund dollars, which are used for ongoing and continuous repairs. Continuous repairs result in compounded and higher costs which need to be repeated to keep systems functioning.
- Clear processes and procedures now guide all contracts for systemic projects funded through capital dollars. This ensures that construction timelines and processes are managed to avoid excessive costs (e.g., as a result of change orders). While awarding contracts for construction projects is still driven primarily by the low-bid award requirement, review and approval of

contractors based on reference and performance checks ensures the use of qualified contractors.

- A facility condition assessment is being implemented to inventory all system conditions and preventative maintenance, providing additional support for capital planning.
- New staffing models have led to increased support of building systems, maintenance and repairs.
 - Change in the classification of Education Building Supervisors to Lead Technicians, which allows technically qualified staff to perform more of the in-house repair projects at schools.
 - Increase in HVAC staff has included in-house preventative maintenance staff with the intent to decrease the dependence on contractors who tend to have fluctuating rates and long wait times.
 - Increase in maintenance and repair staff has led to highly specialized staff with experience to self-perform the work and better schedule work to reduce maintenance and repairs in facilities.
- Implementation of a computerized maintenance management system (School Dude) to manage all maintenance and repair work. This system has led the district to maximize resources in several ways:
 - Allows the district to better budget for maintenance and repair costs based on tracked data for materials and staffing capacity;
 - Allows the district to provide preventative maintenance schedules and track implementation and budgets to implement schedules; and
 - Allows the district to track the impact of decreased budget expenditures due to closing schools.
- Given City Schools limited resources, less than one percent of the district’s capital budget is spent on school beautification, such as painting and other non-structural improvements. In order to fill this gap, Heart of America and other partners have been enlisted to help address beautification needs. Heart of America’s mission is to transform spaces into modern learning environments so that students and communities can learn and grow. Their model is research-driven and grounded in the belief that the school environment plays a crucial role in a student’s success. The partnership with Heart of America has convened partners, designed vibrant learning environments, and engaged volunteers at three sites in two years with more planned for the upcoming years.
- Supplemental state resources are maximized for deferred or needed projects when the governor approves funding.
- Given the district’s commitment to ensuring that students of all socioeconomic backgrounds have access to high-quality facilities, one consideration in the review is to consider whether facilities in all areas of the city are receiving equitable attention.

Energy Savings

- Savings are being realized through energy and resource conservation initiatives that include updating, analyzing, and monitoring utilities data (electricity, natural gas, fuel oil, steam and water/sewer) for all buildings. These efforts have resulted in savings and billing credits of over \$3 million over the past four fiscal years.
- An estimated \$2 million in savings is anticipated over the next 20 years through off-site solar procurement.
- Energy efficiency rebates of \$200,000 have been received from past closeout projects, as well as \$85,000 in additional energy efficiency rebates from new lighting projects.
- In an effort to engage students and staff in energy conservation, four energy reduction competitions have been held. In 2017, 22 schools participated in a month-long competition and saved more than \$8,500.

Next Steps

- As previously indicated, City Schools makes an annual financial commitment to the 21st Century School Buildings Plan as part of the terms of the memorandum of understanding that governs the project. For FY18, additional resources in the funding package provided by the state and city include a \$4.6 million contribution toward the district's \$30 million annual commitment, with the district budget providing the \$25.4 million balance. Also under the terms of the MOU, the district must expend funds for building maintenance. While this year's additional maintenance commitment of \$11 million added to the district's challenge in balancing its budget, over the long term the increased maintenance effort will reduce the need for costly emergency repairs.
- In response to the current State standards, all new school buildings, including the 21st Century projects, will be built to a minimum of LEED (Leadership in Energy and Environmental Design) Silver standard. This is expected to increase energy savings due to the energy efficiency levels of the newly renovated or replaced buildings – particularly in comparison to the dilapidated facilities that are being replaced.
- Currently many of our school buildings have mechanical systems with mixed manufacturers' components. Additionally, the manufacturers vary widely across the schools. This leads to inefficiencies in maintaining and repairing the systems. A key goal of the 21st Century Initiative was to bring down maintenance costs in new or renovated facilities which was to be achieved in part by creating uniformity in the mechanical systems in those facilities. Unfortunately, in the first round of facilities, different mechanical systems were selected for nearly every facility. City Schools has flagged concern over this issue for our MOU partners and is working to ensure our partners understand the importance of significantly increasing uniformity in the remaining renovation/replacements and the impacts on our long term expenses of installing such a wide range of mechanical systems. To facilitate City Schools' long term financial sustainability, it is important that we consider long-term life cycle costs and not just first costs when selecting systems for installation.

- As noted above, in addition to the 21st Century School Buildings Plan, the district receives funds through the state’s Capital Improvement Program (CIP). Over the next five years, City Schools will use CIP funds strategically to install air-conditioning in more than 40 school buildings. Whenever possible, energy efficient dual systems will be installed to provide both heat and cooling, rather than less efficient window units, to mitigate impacts on our utilities costs and help augment school heating systems which are generally outdated and inconsistent in the heat they provide through school facilities. However, because initial installation costs for dual systems are higher than for traditional window units, City Schools will not be able to install them in all facilities that require air conditioning. As a result, it should be noted that the installation of air conditioning across the system will negatively impact City Schools’ long term utilities costs and the costs of maintaining so many individual air conditioning units will impact our long-term maintenance costs.
- For all buildings projects, City Schools will work to protect the environment and reduce utility costs. The district will continue to promote energy awareness among staff and students to reduce utilities costs, and designs for renovated and new school buildings will emphasize energy efficiency. With the assistance of grant funding, City Schools will be opening two “net zero” buildings that produce as much energy (through solar and other alternative sources) as they use over the course of a year. In addition, a newly created position in the Operations Office will increase City Schools’ ability to monitor and analyze energy use, make recommendations regarding energy costs, and create an energy management plan.

Repeat Findings from the Office of Legislative Audits (OLA)

The following eight findings were repeated in full or part from City Schools' preceding audit report.

Procurement and Disbursement Cycle

- Finding #2 – Critical Processing Duties Were Not Properly Separated

Human Resources and Payroll

- Finding #5 – Critical Human Resources and Payroll Transactions Were Not Independently Reviewed
- Finding #7 – Sufficient Justification Was Not Provided as to Why Salary Reductions Were Not Processed
- Finding #8 – BCPSS Personnel Policies Were Not Sufficiently Comprehensive

Information Technology

- Finding #14 – BCPSS Had Not Developed a Disaster Recovery Plan

Facilities Construction, Renovation, and Maintenance

- Finding #16 – A Long-Term Facilities Master Plan Was Not Prepared

Transportation

- Finding #22 – BCPSS Had Not Established Comprehensive Bus Routing Policies and Did Not Track Key Operational Data
- Finding #23 – The Process for Reviewing Contractor Invoices Did Not Ensure the Propriety of the Billings

City Schools' response to each OLA recommendation is as follows:

Procurement and Disbursement Cycle

Finding #2 – Procurement and disbursement processing duties were not properly segregated.

Certain employees had been assigned system capabilities that allowed them to perform incompatible critical functions relating to purchase order, vendor functions, invoice payments.

Original OLA Recommendation:

- We recommend that BCPSS improve its internal controls over procurements and disbursements by segregating employee duties and restricting system capabilities so that incompatible critical processes cannot be performed by one employee acting alone (repeat).

Original City Schools Response:

- City Schools agrees with this recommendation. Effective June 5, 2012, no one person has access to these separate critical functions.

Status of Response:

- City Schools considers that the corrective actions address the finding; the critical functions remain separate.

Human Resources and Payroll

Finding #5 – Critical human resources and payroll transactions were not independently reviewed for propriety.

Certain employees had the ability to record human resources data, such as new employees and employee pay rates, without any independent review. Furthermore, no report of such changes was produced to enable supervisory personnel to review such changes.

Certain employees could process additional compensation payments in the payroll system and adjust employee leave balances without independent review. Furthermore, no report of such changes was produced to allow supervisors to review these payments and adjustments.

Original OLA Recommendation:

- We recommend that BCPSS establish adequate controls over the various aspects of payroll and human resources processing to ensure the propriety of payments to employees (repeat). Specifically, we recommend that BCPSS:
 - a) Generate output reports of critical changes and adjustments made to human resources and payroll data, including additional compensation payments; and
 - b) At least on a test basis, verify output reports of these critical changes and adjustments to appropriate supporting documentation.

Original City Schools Response:

- a) City Schools agrees with this recommendation. The Office of Human Capital and Finance have partnered with the Information Technology Department to develop a series of audit reports for Compensation and Payroll functions. These initial phase and implementation of these audit reports will be finalized in December 2012. These reports will log information specifically related to the salary and wage changes, grade/step changes, leave accruals, and leave accrual-related payments.

Currently, the Office of Human Capital uses the “Employee Change Report” to validate changes input into the core Oracle system though this report captures all changes made to an employee record and is not specific to Compensation and Payroll related transactions.

- b) City Schools agrees with this recommendation. Beginning October 1, 2012, the Manager of Strategic Compensation and the Director of Payroll will independently review the appropriate audit report(s) on a bi-weekly basis and maintain a review log to identify that an independent review of changes initiated by relevant employees was sufficient and accurate.

Status of Response:

- a) City Schools considers that the corrective actions address the finding. Regarding Human Capital functions, City Schools has implemented processes and created custom reports over the last several years to address this OLA audit finding. The Office of Human Capital and the Information Technology Department developed a Human Capital Audit Report in the

Oracle platform to check data input into HRMS across a number of personnel and payroll-related attributes. The report is systemically run daily and a copy of the report is maintained in a permanent file, available for various reviews. The HCIS team corrects any identified issues. The Human Capital and Information Technology Department also enhanced the process for inputting salary changes into the HRMS system to include independent verification of certain salary changes including those that result from reassignments, promotions, other. HC will enhance the process for verification of salary changes to include a bi-annual verification of samples of all new hire salaries entered as well as salary changes for current employees.

Payroll independently reviews all Additional Compensation Requests prior to payout, and maintains documentation of these independent reviews. Additionally, quarterly reviews are conducted of the Additional Compensation Payments and the People Group Changes/Batch Element Details Report, of which sample transactions are reviewed and cross matched to the support documentation to confirm that the transactions were processed appropriately. The sample testing and related results are reviewed by the Financial Leadership Monitoring Team, with documentation maintained of the quarterly reviews.

- b) City Schools considers that the corrective actions address the finding. Regarding the Human Capital function, Human Capital is developing the enhancement of the current process to include verification of sample transactions. Regarding the Payroll function, the Financial Leadership Monitoring Team reviews of sample quarterly transactions against support documentation are documented in a permanent file.

Finding #7 – BCPSS could not provide sufficient justification as to why salary reductions to certain administrators, in excess of \$300,000, were not processed.

The Board approved a demotion for a certain employee with a related salary reduction for the administrator; however, the employee’s salary was not reduced. BCPSS advised that the salary should not have been reduced due to unique circumstances, but produced no evidence that the Board was requested to reconsider its decision.

Certain teachers were identified with annual salaries that exceeded the salaries of their teaching positions. BCPSS did not provide justification deemed adequate to support why some of these employees were allow to retain their higher salaries after the effective dates of their demotions from school administrator to teacher.

Original OLA Recommendation:

- We recommend that BCPSS:
 - a) Design controls to ensure that employee compensation is consistent with Board decisions and applicable personnel agreements, such as union agreements (repeat);
 - b) Ensure that salary adjustments resulting from personnel actions are immediately processed for the applicable employees; and
 - c) Investigate the circumstances regarding the excess salaries paid to the aforementioned teachers and former administrators and determine, in consultation

with BCPSS legal counsel, whether any salary adjustments should be made and whether any amounts paid can be recovered (repeat).

Original City Schools Response:

- a) City Schools partially agrees with this recommendation. The Office of Human Capital has, since 2010, implemented an on-line automated tracking system for all employees for whom the City Schools Board of School Commissioners adjusts his/her salary. This system is based upon an electronic workflow through manager queues in Oracle. The Compensation and Staffing departments within the Office of Human Capital are in the approval queue workflow and initiate all offer letters and subsequent salary changes that result from Board personnel action.
- b) City Schools partially agrees with this recommendation. The Office of Human Capital has, since June 2011, implemented a Compensation-specific salary form used to initiate salary adjustments. This system has been in effect since 2010 and is based on an electronic workflow through manager queues in Oracle. The Compensation and Staffing departments within the Office of Human Capital are in the approval queue workflow and initiate all offer letters and subsequent salary changes that result from Board personnel action.
- c) City Schools disagrees with this recommendation. City Schools asserts that this is a complex issue that includes interpretation of State law, collective bargaining agreements, the reorganization of Area Academic Offices and documents referencing grant-funded positions, at a minimum. The collective bargaining agreements and the COMAR Regular Contract for certificated employees guide the Office of Human Capital's allowance of school administrators to retain an adjusted salary for up to one year after they have been reassigned to a lower-salaried teaching position.
 - a. References were noted to the PSASA contract and COMAR

Status of Response:

- a) City Schools considers that the corrective actions address the finding. HC implemented an enhancement to Oracle which includes an end date to all interim/acting assignments as well as demotions that result from Board action. The system automatically decreases the employees' salaries at the specified end date input into the system. In addition, HC implemented the Compensation-specific salary form resulting in Compensation and Staffing Department reviews of salary adjustments, and alignment of salary changes to Board approved personnel action.
- b) City Schools considers that the corrective actions address the finding. The implementation of the Compensation-specific salary form resulted in Compensation and Staffing Department reviews of salary adjustments, and alignment of salary changes to Board approved personnel action.
- c) City Schools continues to disagree with this recommendation, and follows their interpretation of State law, collective bargaining agreements, and other supporting

documentation relating to the retainage of salary adjustments for school administrators who have been reassigned to a lower-salaried teaching position.

Finding #8 – BCPSS personnel policies were not sufficiently comprehensive.

There were no comprehensive policies to address personnel matters for non-affiliated salaried employees. The Board adopted emergency personnel rules in 1997 for these employees; however, a final and complete version had not been adopted by the Board as of July 31, 2011. Furthermore, the emergency personnel rules are not sufficiently comprehensive. State laws governing the Baltimore City Board of School Commissioners required that the Board establish a personnel system, and empowered the Board to establish terms of employment, benefits, and leave policies, among other things.

Original OLA Recommendation:

- We recommend that BCPSS establish and implement comprehensive personnel policies (repeat).

Original City Schools Response:

- City Schools agrees with this recommendation. The Office of Human Capital will support the Office of Legal Counsel in reviewing the Maryland State Law regarding personnel policies involving Local Education agencies with specific attention to policies, guidance, and regulations involving unaffiliated employees. If additional City Schools personnel policies are required as a result of this review, the Office of Human Capital and the Office of Legal Counsel will develop, prepare, or revise City Schools personnel policies and prepare them for presentation and adoption by the Baltimore City Board of School Commissioners by June 2013.

Status of Response:

- City Schools considers that the corrective actions address the finding. Personnel policies for unaffiliated employees continue in development by City Schools staff and the related work group.

Information Technology

Finding #14 – BCPSS had not developed a disaster recovery plan.

Without a complete recovery plan, a disaster could cause significant delays, for an undetermined period of time, in restoring information systems operations above and beyond the expected delays that would exist in a planned recovery scenario. Required critical elements cited that are included in best practices outlined in the /state of Maryland Information Technology Disaster Recovery Guidelines, dated July 2006.

Original OLA Recommendation:

- We recommend that BCPSS develop and implement a comprehensive information systems disaster recovery plan (repeat).

Original City Schools Response:

- City Schools agrees with the recommendation. The Information Technology Department developed and implemented a comprehensive information systems disaster recovery plan. The response was implemented by May 2012.

Status of Response:

- City Schools considers that the corrective actions address the finding. The Disaster Recovery Plan remains in effect.

Facilities Construction, Renovation, and Maintenance

Finding #16 – BCPSS had not prepared a long-term facilities master plan to address issues such as facility conditions, utilization, and future needs.

BCPSS's annual facilities master plans did not include long-term facility needs analyses as required by the State's Interagency Committee for the Public School Construction Program. A long standing issue that has not been sufficiently addressed is that BCPSS' available facility space far exceeds the space required for its enrollment; the failure to address the excess capacity is costly. BCPSS does not have a list of deferred maintenance projects and associated costs. BCPSS estimated the 2011 deferred maintenance costs at approximately \$1 billion, based upon a facility assessment performed 13 years prior, adjusted for inflation and estimates of further facility deterioration, not considering renovation. In June 2012 a consultant issued a facilities condition assessment report on BCPSS facilities. The consultant inventoried all BCPSS facilities, assessed the educational adequacy, determined the functional capacity, and assessed the physical condition. The consultant also determined the costs to maintain and improve the facilities for the next 10 years.

Original OLA Recommendation:

- We recommend that BCPSS
 - a) Prepare a long-term educational facilities master plan, which is updated annually, to address the facility needs of the System and to meet State requirements, and
 - b) Ensure the efficient use of resources from a capital planning and maintenance perspective, including establishing planned major maintenance and renovation priorities, identifying excess capacity, and closing unneeded schools (repeat).

Original City Schools Response:

- a) City Schools agrees with the recommendation. In May of 2011, City Schools approved a contract with Jacobs Project Management firm to conduct an independent and data driven assessment of all City Schools facility inventory. The assessment is complete and was submitted to City Schools in June 2012. The assessment will allow City Schools to create a ten-year master plan by November 2012. In addition, the assessment will also contain a ten-year plan for the maintenance of school buildings, except for those buildings that will be closed.

The information contained in the Jacobs' study and the ten year facilities master plan will be utilized in the preparation of the annual Comprehensive Educational Facilities Master Plan (CEFMP), due to PSCP each July. The first long range ten year CEFMP will be submitted on July 1, 2013.

- b) City Schools agrees with this recommendation. The ten year master plan will identify schools for closures and consolidations and schools for replacement or renovation resulting in a “right sized” facilities plant with an overall average utilization of 75-80%.

Status of Response:

- a) City Schools considers that the corrective actions address the finding. City Schools had compiled the long term facilities master plan, and has submitted the annual Comprehensive Educational Facilities Master Plan (CEFMP) due 07/01/15, 07/01/16, and 07/01/17 to meet State requirements. Beginning with the Comprehensive Educational Facilities Master Plan (CEFMP) submitted on 07/01/13, the 10 Year Master Plan (Appendix B) includes recommendations for replacement, renovation, or closure for each building in City Schools’ portfolio.
- b) City Schools considers that the corrective actions address the finding. City Schools has submitted the annual Comprehensive Educational Facilities Master Plan (CEFMP) due 07/01/15, 07/01/16, and 07/01/17 to meet State requirements. These reports address the issues of utilization, facility capacity and enrollment projections, and excess capacity as related to school closures. On 12/17/13, the Baltimore City Public Schools Board of School Commissioners approved a resolution to establish both a final Utilization Rate target to be met upon completion of the 10-Year Plan projects, as well as intermediate Utilization Rate targets. The intermediate target district wide utilization rate of 80% was met for school year 2015-2016. The final district wide utilization rate target is 86% for school year 2019-2020. Since 2014 the annual Comprehensive Educational Facilities Master Plan (CEFMP) contains City Schools’ Utilization Plan (Appendix H) which includes the district’s current and projected utilization rates for the next 5, 7, and 10 years. In addition, each year progress made towards meeting utilization targets through actions approved by the Board of School Commissioners is contained in the CEFMP.

Transportation

Finding #22 – BCPSS had not established comprehensive bus routing policies and did not track key data necessary to develop efficient school bus routes and accurately report required information to the Maryland State Department of Education.

The Transportation Department did not have comprehensive and formalized policies that defined the relevant factors for BCPSS to consider when determining the most appropriate bus routes, such as busloads (that is, desired capacity) and student ride times. In addition, BCPSS did not use its automated routing software to evaluate the efficiency of its bus operations by compiling and analyzing bus routing data, including the number of riders per school bus, the route times, and the miles traveled by bus. Student ridership for certain routes was significantly less than bus capacity limits. Support documentation could not be provided for required reporting to State on bus mileage and driving hours reported.

Original OLA Recommendation:

- We recommend that BCPSS take steps to ensure the efficiency of its bus operations. Specifically, we recommend that BCPSS

- a) Develop formal, comprehensive bus routing policies and procedures that include guidance regarding bus capacities, student ride times, and bus sizes;
- b) Compile and analyze bus ridership, mileage, and operating hours data; verify the reasonableness of the data; and use automated routing software to develop more efficient bus routes (repeat); and
- c) Retain documentation supporting transportation activity reports submitted to MSDE

Original City Schools Response:

- a) City Schools agrees with this recommendation. In January 2012, to accomplish comprehensive bus routing policies and track key data, City Schools contracted with an experienced vendor of GPS, student tracking, and routing and scheduling systems.
- b) City Schools agrees with this recommendation. The solution mentioned above provides applications for GPS/AVL location, student ridership tracking, driver time and attendance tracking, electronic vehicle inspection, and a Mobil Data Terminal (MDT) system. The MDT allows for two way communication with the driver (including alerts or changed transportation plans) and the tracking of special needs students.
- c) City Schools agrees with this recommendation. Effective October 1, 2012, we will retain documentation supporting transportation activity reports submitted to MSDE.

Status of Response:

- a) City Schools considers that the corrective actions address the finding. The Transportation Routing Policy is currently in effect and was approved for implementation by the Chief Operating Officer. This policy specifically outlines ride-time goals, bus stop goals, and bus capacity limits.
- b) City Schools considers that the corrective actions address the finding. As a result of the routing study conducted in 2012, the Office of Pupil Transportation reduced the number of bell times from 47 to 7 increasing operation efficiency. The new bell structure was implemented in SY 13-14. In 2015, another consulting group, School Bus Consultants (SBC), was hired to assess the current student transportation service delivery model. This was to have included an analysis of the potential costs and benefits of different models including the full range of options, from complete outsourcing of all operations and related functions to a meaningful change in the current percentage of district-provided versus contractor-provided services. Based upon a SBC recommendation, the Office of Pupil Transportation hired First Student Consultants in 2016 to analyze the utilization of our current routing staff and software. City School's data was analyzed and compared with 3 other large school districts (Oakland Unified in California, San Francisco Unified and Cincinnati) and was found in line with those districts. It was found that the overall route plan is statistically efficient. Additionally, to utilize the full system capabilities of the Edulog software, Edulog training was scheduled and is ongoing for the routing team to assure that they are abreast of the latest software updates and are equipped to employ all of the software's functionalities. The consultants also recommended OPT to transition over to the more advanced, web

based version of the Edulog system. This upgrade is currently being processed with a target implementation of August 2017.

- c) City Schools considers that the corrective actions address the finding. Data supporting the MSDE reports is being pulled and stored in permanent files, along with the required reports. Data pulled from Edulog, Fleet Maintenance, and the Safety Office is stored electronically according to report type and date. Independent review of files and data collaboration are conducted by the Operations Manager and Director of Transportation to ensure that reports and backup files are stored and maintained.

Finding #23 – The BCPSS Transportation Department’s process for reviewing school bus contractor invoices did not ensure the propriety of the invoices.

The review of school bus contractor invoices by the BCPSS Transportation Department did not ensure that invoices were accurate and consistent with supporting documentation. Contractors did not always bill the correct daily fixed route rates, and BCPSS Transportation Department did not review charges for time and mileage above the threshold amounts for propriety reasonableness, and agreement with supporting documentation.

Original OLA Recommendation:

- We recommend that BCPSS
 - a) Improve the bus contractor invoice review process to include verifying the accuracy and propriety of billing rates and bus operating hours and mileage, as reported on bus contractor invoices, to supporting documentation (such as, contractor rate schedules and Global Positioning System reports) (repeat); and
 - b) Review past billings for correct daily fixed route rates and excess time and miles for reasonableness, including the billings for the aforementioned contractors, and recover any improper payments

Original City Schools Response:

- a) City Schools agrees with this recommendation. In January 2012, on-site service checks were scheduled at assigned schools to document bus arrival times. This, along with the review of Translog data assists in monitoring the actual delivery of services to schools. When invoices are received, transportation reconciles the amount due on the invoices to the records compiled from the data collected at the schools. When services are not delivered as scheduled, transportation provides written documentation to support not processing the invoice for payment. The use of the GPS technology as well as the Mobile Data Terminal (MDT) provides meaningful analysis ability in reviewing invoices.
- b) City Schools agrees with this finding. Effective SY10-SY11, a three tier cooperative plan was established to review bus contractor invoices for accuracy. Invoices are submitted to the Accounting Assistant for review. Each month, a route mileage report is sent to the Accounting Assistant from the Transportation Division. The reports include the vendor, route, and miles for each route as determined using our software. The final invoices are (reviewed) by the Program Manager, Accounting Assistant, and the COO Budget Manager.

Finance reviews amortization payment for purchased BCPS buses for vendors for accuracy. The COOs Budget Manager. This process has reduced overbilling for over the base hours and mileage.

Status of Response:

- a) City Schools considers that the corrective actions address the finding. The process to ensure the accuracy of the contractor invoices continues to be updated, with significant progress noted. Transportation utilizes many components to validate the accuracy of the billings, including the establishment of a monthly invoice format that uses the monthly service days to support the daily cost for providing services, confirmation that the drivers billed have been certified through Transportation, random selection of invoiced buses to verify overbase charges billed, verification of daily rates and overbase rates utilized on the invoices, and other considerations. Two vendors had been selected to pilot a global positioning system (GPS) in November 2016; a request was submitted in July 2017 for Board approval of the selected GPS contract. Once the GPS system is fully operational, the invoice review process will incorporate the GPS data to confirm the accuracy of the invoices. The target implementation of the GPS system is SY17-18.
- b) City Schools considers that the corrective actions address the finding. The Office of Pupil Transportation completed a review of invoices in 2014. The primary focus of the analysis was to analyze billed rates; reimbursements were attempted for overpayments where applicable.

Looking Ahead

Over the years, City Schools has made strategic investments to give students the opportunities and programming they deserve. These investments – including high-quality full-day pre-k, middle and high school choice, 21st century school buildings, and competitive compensation packages that create pathways to support teacher and principal development and attract outstanding educators to our district – were strategic investments that have benefited our students.

For example, students who attend City Schools pre-k are better prepared for kindergarten than their peers in other jurisdictions (KRA results, January 2017). It should be noted that as part of this year’s package of additional resources from the city and state, we are grateful that beginning in FY18 the state will provide funding for pre-k students in full-day programs. Initially, the funding will be at 50 percent of the per-pupil amount allocated in the higher grades, with the percentage increasing over three years to 100 percent.

Investments like these are critical to Baltimore’s students who have a greater level of need than other children in the state. Compared to other Maryland school districts, City Schools serves more students with higher needs and spends more on each of those students. This includes students with disabilities, those living in extreme poverty, and those who have experienced trauma in their lives and communities. Twenty-four percent of the district’s operating budget is spent on services for students with disabilities, and the district also spends more than comparison districts on support for students’ physical, social, and emotional well-being and on specialized transportation for students with disabilities and homeless students. To provide an adequate education that meets the needs of all our students – academically, and also with necessary specialized services and support for social, emotional, and physical well-being – simply costs more.

Working for a Long-Term Solution

As a result of this year’s package of additional resources from the city and state and the reductions that City Schools has made to expenses including the reduction in force in FY18, City Schools expects to have a balanced budget for each of the next two years without need of the significant reductions in resources and staff experienced in recent years. Moving beyond FY20, a new state funding formula is anticipated in FY21, based on recommendations from the Kirwan Commission. These potential additional resources will be critical in ensuring that students in jurisdictions like Baltimore, which are disproportionately dependent on state support, receive an adequate education as required under the law.

Implementation and Monitoring

As described throughout this document, City Schools is committed to exploring every possible option to achieve savings and increase efficiencies system-wide. At the same time, the district must successfully improve and strengthen academic offerings in order to successfully recruit and retain students in City Schools. It was with these goals in mind that several steps to achieve efficiencies were taken in FY18:

Summary of FY18 Organizational and Efficiency Changes

- Elimination of 278 FTEs, including reductions at the school level
- \$25 million reduction in the FY18 staffing allocation as compared to FY17
- Elimination of the Office of School Transformation and Turn Around
- Anticipated \$4M in annual health care savings once contract is finalized; impasse declared regarding salary increases
- Creation of additional position to monitor and analyze utilities usage is expected to yield additional energy savings
- Change in classification of Education Building Supervisors to Lead Technicians will reduce costs by increasing staff ability to perform in-house projects at schools
- Formation of a Prioritized Spending Committee to review expense requests for both district offices and schools maximized savings for FY17, allowing additional revenue to be available from fund balance
- Increased attention to available grant dollars when allocating funds so as to concentrate investment in the highest-need schools and alleviate demand on the General Fund
- Restructured the district call center to deploy staff to individual offices and departments, improving customer service for callers

Moving forward, beginning November 1, City Schools will provide the state with quarterly updates on progress as it relates to the following additional steps:

1. City Schools will continue to provide monthly financial reports, winter and spring budget forecasts, as well as end-of-year budget closeouts for the current fiscal year and the annual budget for the forthcoming fiscal year, to the Baltimore City Board of School Commissioners. Copies of these reports will be provided in our quarterly progress updates to the state.
2. As part of the annual school portfolio review, the district will continue to evaluate whether schools are meeting the needs of students, families, and communities – and subsequently may make recommendations to change grade configurations, relocate specialized programming, or close or merge schools, including those that are small and not sustainable without supplementary funding support.
3. City Schools' budget process will include a review of the district's organizational and staffing structure to improve organizational effectiveness and identify efficiencies. Due to the significant reductions in the size of the employee force that have already been made over the past few years, capacity to make additional reductions will be challenging. City Schools, therefore, will

also work through the Joint Operating Committee of the BTU and PSASA to ensure that the district is fully utilizing existing positions and pathways in the teacher and principal contracts to implement City Schools' blueprint and improve student outcomes, as well as to create professional learning communities facilitated by successful principals.

4. To ensure that the district is best positioned to make strategic budgetary decisions, City Schools will continue to analyze and track the staffing and position landscape throughout the year, as well as to assess their impact on the district's financial outlook.
5. The district will conduct a compensation study to assess City Schools' district office salaries and benefits in comparison to other jurisdictions.
6. City Schools will convene a working group with outside partners to explore potential solutions to reducing transportation costs over the long term. Student transportation – and the many challenging complexities that accompany it – continues to serve as a significant cost to the district, with especially high amounts spent on specialized student transportation.
7. City Schools will seek to analyze the effectiveness of the revised temporary employee positions guidelines in reducing costs and gaining efficiencies associated with the hiring of temporary employees.
8. City Schools will partner with the Center Baltimore Partnership to issue a Request for Proposals (RFP) from qualified industry professionals to prepare a comprehensive cost benefit analysis of retaining our district headquarters at 200 E. North Ave or relocating to another site. The analysis will include existing and future operating costs, near- and mid-term capital costs, deferred maintenance, operational efficiencies, space planning, and a conceptual test fit for a new location. City Schools will only proceed with a relocation option if cost-savings are apparent, or if such a move – while cost-neutral – would improve workplace efficiencies and efficacy.
9. The district currently remains in negotiations for new contracts with the BTU and the district's other bargaining units which tend to follow the BTU's lead in terms of contract terms around compensation and benefits. To build on the potential \$4 million in health care savings that has already been tentatively agreed to with the BTU, City Schools is committed to establishing targeted savings that would be realized through work with the Joint Operating Committee of the BTU and PSASA. Specifically, we will seek to achieve a more efficient relationship between academic unit accumulation and pathway progression.
10. City Schools will review its Fair Student Funding model, identifying ways to enhance equity, efficacy and transparency.
11. City Schools will continue to pursue federal, state, and private grants, as well as philanthropic partnerships and funding opportunities that support City Schools.
12. City Schools will update its Master Plan in alignment with district priorities and MSDE requirements.

13. City Schools will continue to monitor the expenditure and use of grant funds to achieve compliance with statutory requirements along with strategic use of resources.
14. City Schools will implement strategic staffing processes to place high performing principals in high-need schools and utilize mentor principals as key agents for improving outcomes in low-performing schools.
15. In FY18, City Schools will implement a \$125 per-pupil fee for charter schools to offset costs of emergency response services provided by City Schools Police. Going forward, the district will evaluate the equity between the cost of services provided to traditional and charter schools by the central office and consider the potential development of a more comprehensive fee structure.
16. City Schools will continue to progress on its plan to ultimately surplus 26 facilities out of the portfolio, vacating them and returning them to the City of Baltimore.
17. City Schools will focus on strategies to boost enrollment in our schools including engaging in a door-knocking campaign during the summer of 2017, the formation of a task force with community partners to develop strategies for an enrollment campaign, and strengthening academic offerings in middle grades to attract additional students.
18. City Schools will strive to reduce utility costs by continuing to maintain a comprehensive energy database for all buildings that tracks utilities consumption and cost. Data will be routinely analyzed and audited with the goal of reducing consumption and achieving savings.
19. City Schools will work with MOU partners to strive to implement uniformity in the manufacturing systems installed in each 21st Century school building to help minimize maintenance costs.
20. The district will continue discussions with the City of Baltimore regarding the issues surrounding OPEB and pension liability. City Schools will report to the State on the outcome of any pertinent discussions and potential financial implications.

Appendix

- Appendix A – Board Approved School and Program Closures
- Appendix B – Planned School Closures
- Appendix C – Building Surplus / Exhibit 6
- Appendix D – Operator Renewal Schedule
- Appendix E – General Fund Financial Results – March 2017
- Appendix F – FY17 End of Year General Fund Projections as of February 2017

Appendix A

Board Approved School Closures, 2004-05 to 2017-18

# of Schools	School Number	School Name	Year of Closure
1	40	Lake Clifton High School	2004-05
2	70	Southern High School	2004-05
3	303	Upton Home and Hospital	2004-05
4	43	Highlandtown Middle	2005-06
5	101	Elmer A. Henderson	2005-06
6	411	Walbrook High	2005-06
7	102	Thomas G. Hayes Elementary	2006-07
8	202	Lafayette Elementary	2006-07
9	222	Pimlico Middle	2006-07
10	412	Southwestern High	2006-07
11	436	Liberal Arts Academy	2006-07
12	36	Harford Heights Primary	2007-08
13	41	Hamilton Middle	2007-08
14	56	Robert Poole Middle	2007-08
15	78	Harlem Park Middle	2007-08
16	82	Dr. Roland N. Patterson Sr. Academy	2007-08
17	170	Thurgood Marshall Middle School	2007-08
18	315	Dr. Lillie M. Jackson Elementary	2007-08
19	372	Woodbourne Day School	2007-08
20	488	Alternative Learning Center	2007-08
21	57	Lombard Middle	2008-09
22	79	William H. Lemmel Middle	2008-09
23	138	Harriet Tubman Elementary	2008-09
24	157	George G. Kelson Elementary	2008-09
25	230	Canton Middle	2008-09
26	255	Southeast Middle	2008-09
27	288	Alternative Elementary School	2008-09
28	420	Dr. Samuel L. Banks High	2008-09
29	424	Thurgood Marshall High	2008-09
30	434	Homeland Security High School	2008-09
31	451	Central Career Center at Briscoe	2008-09
32	46	Chinquapin Middle	2009-10
33	80	West Baltimore Middle	2009-10
34	133	Paul Laurence Dunbar Middle	2009-10
35	162	Diggs-Johnson Middle	2009-10
36	209	Winston Middle	2009-10
37	426	Doris M. Johnson High	2009-10
38	457	Laurence G. Paquin Middle/High	2010-11
39	435	Institute of Business and Entrepreneurship	2011-12
40	42	Garrison Middle	2012-13
41	163	Patapsco Elementary/Middle	2012-13

42	181	Southside Academy	2012-13
43	263	William C. March Middle School	2012-13
44	344	Baltimore Rising Star Academy	2012-13
45	423	Baltimore Freedom Academy	2012-13
46	334	Bluford Drew Jemison STEM Academy Middle	2013-14
47	338	Friendship Academy of Science and Technology	2013-14
48	343	Baltimore Civitas	2013-14
49	365	Baltimore Liberation Diploma Plus High School	2013-14
50	366	Baltimore Antioch Diploma Plus High School	2013-14
51	428	Baltimore Talent Development	2013-14
52	25	Dr. Rayner Browne Elementary/Middle School	2014-15
53	425	Heritage High School	2014-15
54	5	Langston Hughes Elementary School	2014-15
55	431	Maritime Industries Academy	2014-15
56	49	Northeast Middle School	2014-15
57	418	W.E.B. DuBois High School	2014-15
58	367	Baltimore Community High School	2015-16
59	24	Westside Elementary School	2015-16
60	331	Maryland Academy of Technolgy and Health Sciences	2015-16
61	401	Northwestern High School	2016-17
62	378	Baltimore IT Academy	2016-17
63	98	Samuel FB Morse Elementary	2016-17
64	224	Grove Park Elementary	2017-18

Appendix B

Planned School Closures

School Number	School Name	Proposed Year of Closure Per 21st Century Buildings Plan
89	Rognel Hieghts Elementary/Middle School	2018
160	Dr. Carter G. Woodson Elementary/Middle School	2018
60	Guildford Elementary/Middle School	2019
145	Alexander Hamilton Elementary School	2019
73	Sarah M. Roach Elementary School	2020

Appendix C

Building Surplus - Exhibit 6 as of March 20, 2017

	School Building	Building Number	Building Address	School Program Closure as of March 20, 2017 Acceptance Letter	School Program Relocation as of March 20, 2017 Acceptance Letter	Building Surplus as of March 20, 2017 Acceptance Letter	Swing Space	Sq. Footage	SRC
1	Garrison Middle	42	3910 Barrington Road, 21207	2013		2023	Designated Swing Space	149,627	920
2	Laurence G. Paquin	457	2200 Sinclair Lane, 21213	2013		2013		57,850	425
3	Waverly Middle (Building)	115	701 E. 34th Street, 21218	2014		2014		40,680	234
4	Samuel B. Morse Elementary	98	424 S. Pulaski Street, 21223	2017		2017		63,205	471
5	Thurgood Marshall	170	5001 Sinclair Lane, 21206	N/A	2020	2023	Designated Swing Space	269,975	1473
6	Patapsco	163	844 Roudview Road, 21225	2013		2018		73,620	433
7	Alexander Hamilton	145	800 Poplar Grove Street, 21216	2020		2020		53,304	314
8	Claremont Special Education High	307	5301 Erdman Avenue, 21205	N/A	2019	2019		18,780	80
9	Rognell Heights	89	4300 Sidehill Road, 21229	2018		2018		78,988	359
10	Lois T. Murray	313	1600 E. Arlington Avenue, 21239	N/A	2019	2019		20,725	60
11	Sarah M. Roach	73	3434 Old Frederick Road, 21229	2020		2020		44,874	258
12	Sharp Leadenhall	314	150 West Street, 21230	N/A	2020	2020		20,725	20
13	Westside Elementary	24	2235 N. Fulton Avenue, 21217	2016		2018	Temporary Swing Space	73,740	541

14	Independence Charter	333	1250 W. 36th Street, 21211	N/A	2018	2015		9,280	
15	Southeast Building	255	6820 Fait Avenue, 21224	2016		2019	Temporary Swing Space	95,000	319
16	Langston Hughes	5	5011 Arbutus Avenue, 21215	2015		2015		40,920	305
17	Northwestern High	401	6900 Park Heights Avenue, 21215	2017		2019	Temporary Swing Space	307,200	1535
18	William Pinderhughes	28	1200 N. Fremont Avenue, 21217	2013		2015		34,757	460
19	William C. March	263	2050 N. Wolfe St., 21213	2013		2024	Designated Swing Space	97,809	714
20	Dr. Carter G. Woodson	160	2501 Seabury Road, 21225	2018		2018		110,732	286
21	Lake Clifton Building	40	2801 Saint Lo Drive, 21213	N/A	2019	2019	Temporary Swing Space	485,622	2540
22	Dr. Rayner Browne	25	1000 North Montford Avenue, 21205	2015		2015		40,920	229
23	West Baltimore Bldg.	80	201 North Bend Road, 21229	2015		2024	Designated Swing Space	244,681	1460
24	Chinquapin Building	46	900 Woodbourne Ave, 21212	2017		2021	Temporary Swing Space	176,407	1070
25	Guilford	214	4520 York Road, 21212	2019		2019		65,851	407
26	Corps Building	866	5000 Gwynn Oak Avenue, 21207			2014		10,206	

Appendix D

School Year 2017-18 Operator Renewal

School Type	School #	School Name	Operator	Grade Conf.	Year Opened	Current Contract Term
Charter	47	Hampstead Hill Academy	Baltimore Curriculum Project	PK-8	2005	2013-2018
Charter	262	Empowerment Academy	Empowerment Center, Inc.	Pk-8	2005	2013-2018
Charter	321	Midtown Academy	Midtown Academy, Inc.	K-8	2005	2013-2018
Charter	323	The Crossroads School	Living Classroom Foundation	6-8	2005	2013-2018
Charter	326	City Neighbors Charter School	City Neighbors Foundation, Inc.	K-8	2005	2013-2018
Charter	327	Patterson Park Public Charter	Patterson Park Public Charter School, Inc.	PK-8	2005	2013-2018
Charter	328	Southwest Baltimore Charter	Southwest Baltimore Charter School, Inc.	K-8	2005	2015-2018
Charter	333	Independence School Local I High School	Baltimore Teachers Network	9-12	2007	2015-2018
Charter	335	Baltimore International Academy	Baltimore International Academy, Inc.	K-8	2007	2013-2018
Charter	337	Afya Public Charter School	Afya Baltimore, Inc.	6-8	2008	2013-2018
Charter	348	Baltimore Leadership School for Young Women	Foundation for the Baltimore Leadership School for Young Women	6-12	2009	2015-2018
Charter	357	Banneker Blake Academy of Arts and Sciences	Baltimore Education Trust for Young Men, Inc.	6-8	2015	2015-2018
Charter	384	Creative City Public Charter School	Creative City Public Charter School Foundation, Inc.	K-5	2013	2013-2018

School Year 2018-19 Operator Renewal

Charter	63	Rosemont Elementary/Middle School	Coppin State University	K-8	2006	2014-2019
Charter	125	Furman L. Templeton Preparatory Academy	F.L. Templeton Preparatory Academy	Pk-5	2011 (conversion)	2016-2019

Charter	325	ConneXions: A Community Based Arts School	Baltimore Teacher Network	6-12	2006	2016-2019
Charter	330	Northwood Appold Community Academy	Northwood Appold Community Academy, Inc.	K-5	2005	2016-2019
Charter	332	Green School of Baltimore	Experiential Environmental Education, Inc.	K-5	2006	2014-2019
Charter	347	KIPP Harmony Academy	KIPP Baltimore, Inc.	K-8	2009	2014-2019
Charter	377	Green Street Academy	Green Street Academy, Inc.	6-12	2010 (charter 2014)	2014-2019
Charter	379	Roots and Branches School	Roots and Branches, Inc.	K-5	2011	2016-2019
Charter	381	Monarch Academy Public Charter School	Monarch Academy Baltimore Campus, Inc.	K-8	2011	2016-2019

School Year 2019-20 Operator Renewal

Charter	23	Wolfe Street Academy	Baltimore Curriculum Project	PK-5	2007	2015-2020
Charter	213	Govans Elementary School	Baltimore Curriculum Project	PK-5	2015	2015-2020
Transformation	341	The REACH! Partnership School	Civic Works, Inc.	9-12	2008	2017-2020
Transformation	349	NACA Freedom and Democracy Academy II	Northwood Appold Community Academy, Inc.	6-12	2009	2017-2020
Contract School	362	Bard Early College High School Baltimore	Bard College	9-12	2015	2015-2020
Charter	371	Lillie May Carroll Jackson School	The Girls Charter School, Inc.	5-8	2015	2015-2020
Charter	373	Tunbridge Public Charter School	Afya Baltimore, Inc.	Pk-8	2010	2015-2020
Charter	375	Baltimore Collegiate School for Boys	Five Smooth Stones, Inc.	4-8	2015	2015-2020
Charter	376	City Neighbors High School	City Neighbors High School, Inc.	9-12	2010	2015-2020

Appendix E

BALTIMORE CITY PUBLIC SCHOOL SYSTEM
STATEMENT OF REVENUES
GENERAL FUND
FOR THE NINE MONTHS ENDED MARCH 2017
(IN THOUSANDS)

	FY 2017 Estimated Revenue	YTD March 2017 Actual Revenue	Balance
Revenue:			
State Grants	\$ 868,345	\$ 690,004	\$ 178,341
Baltimore City	265,412	202,112	63,300
Federal Grants	9,300	5,560	3,740
Other Revenue (including MSA revenue)	7,334	3,125	4,209
Investment Income, net	250	56	194
Collington Square Supplemental Appropriation	376	-	376
Other Financing Sources	53,571	-	53,571
Total Revenue	<u>\$ 1,204,588</u>	<u>\$ 900,857</u>	<u>\$ 303,731</u>

Appendix E

**BALTIMORE CITY PUBLIC SCHOOL SYSTEM
STATEMENT OF EXPENDITURES BY CATEGORY
GENERAL FUND
FOR THE NINE MONTHS ENDED MARCH 2017
(IN THOUSANDS)**

	FY 2017 Current Appropriations	Carryover Appropriations	Total Appropriations	YTD March 2017 Expenditures	Encumbrances	Unencumbered Balance
Expenditures (by category):						
Administration	\$ 47,950	\$ 4,992	\$ 52,942	\$ 42,253	\$ 10,381	\$ 308
Mid-Level Administration	67,367	1,363	68,730	51,881	2,818	14,031
Instruction	429,197	5,338	434,535	287,026	12,016	135,493
Special Education	196,323	11,859	208,182	125,457	18,657	64,068
Student Personnel Services	14,951	25	14,976	9,478	25	5,473
Student Health Services	7,108	-	7,108	6,954	4,017	(3,863)
Student Transportation	47,850	2,152	50,002	30,721	14,589	4,692
Operation of Plant	64,230	5,131	69,361	43,611	10,296	15,454
Maintenance of Plant	20,226	2,320	22,546	13,109	7,672	1,765
Capital Outlay	32,397	1,438	33,835	1,508	1,633	30,694
Debt Service	21,585	-	21,585	4,913	-	16,672
Fringe	255,063	(4)	255,059	171,812	(4)	83,251
Enrollment Adjustment	341	-	341	71	-	270
Total Expenditures	<u>\$ 1,204,588</u>	<u>\$ 34,614</u>	<u>\$ 1,239,202</u>	<u>\$ 788,794</u>	<u>\$ 82,100</u>	<u>\$ 368,308</u>

Appendix E

BALTIMORE CITY PUBLIC SCHOOL SYSTEM
 STATEMENT OF EXPENDITURES BY OBJECT
 GENERAL FUND
 FOR THE NINE MONTHS ENDED MARCH 2017
 (IN THOUSANDS)

	FY 2017 Current Appropriations	Carryover Appropriations	Total Appropriations	YTD March 2017 Expenditures	Encumbrances	Unencumbered Balance
Expenditures (by object):						
Salaries and Wages	\$ 614,580	\$ -	\$ 614,580	\$ 418,356	\$ (1)	\$ 196,225
Fringe Benefits	255,063	(4)	255,059	171,812	(4)	83,251
Contract Services	184,098	22,862	206,960	126,340	60,921	19,699
Textbooks	786	269	1,055	613	334	108
Instructional Supplies	10,134	1,845	11,979	5,796	3,004	3,179
Other Supplies and Materials	11,400	2,259	13,659	7,857	3,294	2,508
Utilities	33,660	4,884	38,544	20,884	7,940	9,720
Other Charges	3,911	222	4,133	2,330	297	1,506
Property	30,955	927	31,882	652	977	30,253
Principal & Interest	21,585	-	21,585	4,901	-	16,684
Indirect Cost Recovery	(2,486)	-	(2,486)	(1,802)	-	(684)
Transfers	39,535	175	39,710	30,927	4,193	4,590
Structures and Improvements	276	1,175	1,451	128	1,145	178
Contingency Reserve	1,091	-	1,091	-	-	1,091
Total Expenditures	<u>\$ 1,204,588</u>	<u>\$ 34,614</u>	<u>\$ 1,239,202</u>	<u>\$ 788,794</u>	<u>\$ 82,100</u>	<u>\$ 368,308</u>

Appendix F

FY17 End of Year General Fund Projections as of February 2017

Expense Type	Total Budget	Adjusted: Full Year Projection	Over/Under Budget Variance
Salary & Wages – Permanent	\$583.7M	\$569.9M	\$13.8M*
Salary & Wages – Other	\$32M	\$37.4M	(\$5.4M)
Fringe Benefits	\$255.3M	\$237.2M	\$18.1M
Contract Services	\$140.8M	\$146M	(\$5.2M)
Student Transportation	\$40.5M	\$43.1M	(\$2.7M)
Instructional Materials & Text Books	\$11.2M	\$10M	\$1.1M
Other Expenditures	\$16.6M	\$15.3M	\$1.3M
21 st Century Contribution	\$30M	\$30M	-
Principal & Interest	\$21.6M	\$21.6M	-
Transfers – Out of County/ Kinship Care	\$39.6M	\$40.3M	(\$0.7M)
Utilities	\$33.3M	\$29M	\$4.3M
Potential Year End closing entries	-	\$3.8M	(\$3.8M)
Total Projected Expenditures	\$1,204.6M	\$1,183.7M	\$20.9M*