

Realizing 100 Excellent Schools



A LOOK INTO THE 2014-2015 NPS BUDGET

Revenue Sources

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- **State Aid: The General Fund is primarily comprised of State Aid.**
 - Funding from a local tax levy is also included.
 - The General Fund funds most Central Office and K-12 school-based expenses.
- **One-time Revenues: Funds that are not reoccurring (e.g., building revenue).**
- **Grants and Entitlements: There are significant restrictions on the spending of these funds.**
 - Mainly comprised of Pre-K
 - Also includes federal funding in the form of Title I, Title II, Title III, and IDEA

The General Fund:

Our revenue will decline by \$5.5 million next year.

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	\$ in Millions		Change	
	FY2014	FY2015	\$	%
State Aid	\$716.3	\$717.3	\$1.0	0.1%
Local Tax Levy	\$111.2	\$113.4	\$2.2	2.0%
Other Revenues				
Tuition	0.6	0.6	0.0	0.0%
Unrestricted Miscellaneous Revenue	5.9	5.9	0.0	0.0%
Medicaid Reimbursement	1.2	1.2	(0.0)	-0.6%
Fund balance appropriation	31.1	18.1	(13.0)	-41.8%
Sale of 18th Avenue	-	4.3	4.3	-
Total General Fund	\$866.3	\$860.8	(\$5.5)	-0.6%

Expenditures: How does NPS spend its revenue?

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- **Schools**

- The Weighted Student Formula (“WSF”) is used to allocate funds to schools.
- WSF helps us to achieve our ultimate goal of college readiness for all students by distributing dollars equitably across schools based on the needs of the individual student no matter which school he or she attends.
- Dollars follow the student to each district school he or she attends, without hurting any schools.
- 95% of school budgets are spent on salary and benefits.

- **School-based Services**

- School-based services are priorities that are budgeted for centrally but are school-based expenditures (e.g., custodial services, transportation, and special education).

- **Central Office**

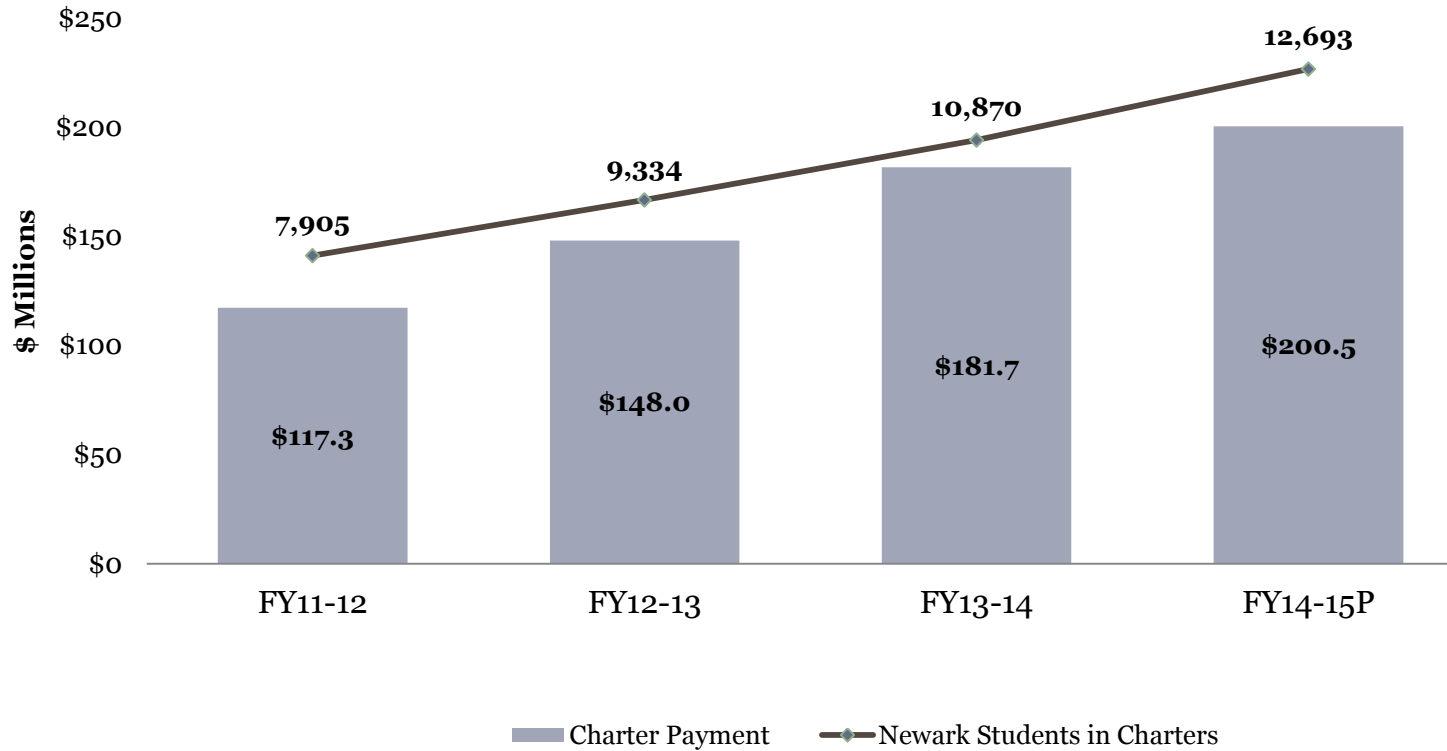
- Central Office teams include: Human Resources, Curriculum and Instruction, Bilingual Education, and Student Enrollment.
- 65% of the Central Office are spent on salary and benefits.

Expenditures: Charter Payment

As a result of students and their families choosing non-NPS options, our enrollment has declined and charter payment has increased.

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Charter Payment and Charter Enrollment , FY12-FY15

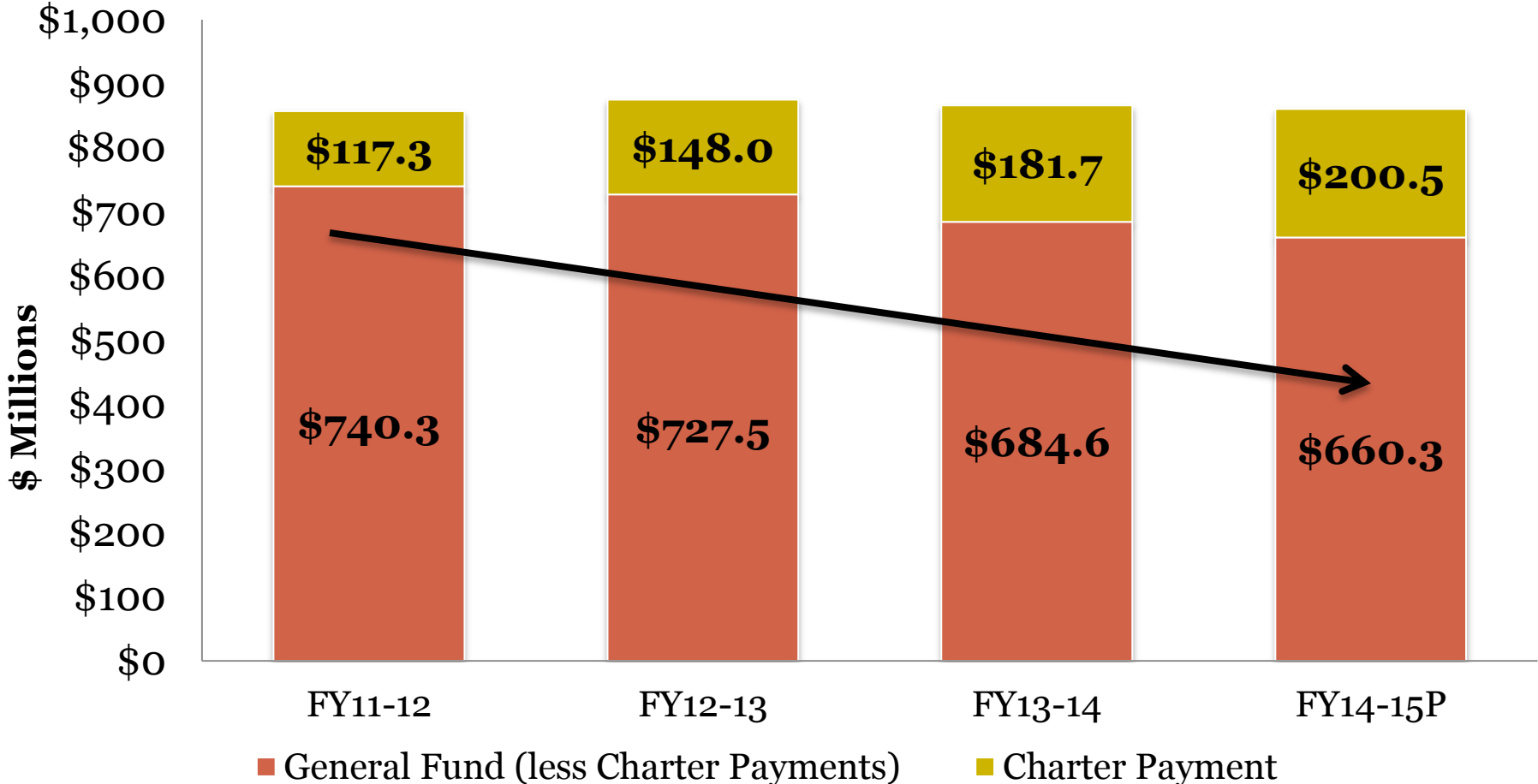


Expenditures: Charter Payments

The charter payment will increase by \$19 million next year. This has a significant impact on our General Fund.

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NPS General Fund Net of Charter Payments, FY12-FY15



Expenditures: Other Costs

In addition, our fixed costs are increasing.

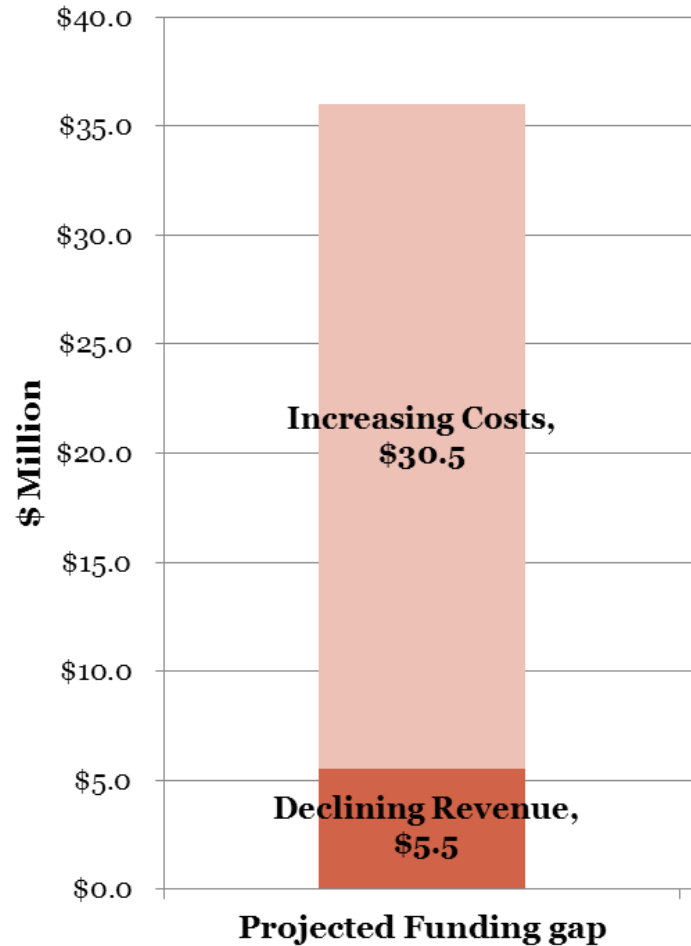


- We project salary costs will increase by \$6 million; this reflects both central and school-based staff advancement and contractual obligations
- New requirements will increase our benefit costs.
 - Affordable Care Act: \$4 million (projected)
 - Direct Contribution Retirement: \$1.5 million (projected)

Expenditures: Our Budget Gap

Taken together, the charter payment and fixed costs represent a \$36 million funding gap for 2014-2015.

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Our Budget Priorities: 100 Excellent Schools

To realize 100 excellent schools, we must hold 3 values at the core of our decision-making.

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Excellence

- We are focused on ensuring every possible dollar is invested in students.

Equity

- Through WSF, we can ensure students are funded equitably, regardless of which district school they attend.

Efficiency

- NPS will be a viable organization and options for families, but only if we make the tough decisions that will optimize our performance and bring down our costs.

Our Budget Priorities: Addressing Budget Challenges

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- Over the last two years, we've taken steps to address our financial challenges while keeping student achievement as our chief priority.
- Annual per pupil funding has gone down by less than 2% (less than \$200) while we have solved for a \$100 million funding gap over the last two years. This represents our commitment to put students and schools first.
- By focusing on driving as many dollars into schools as possible, we've saved \$18.2 million from Central Office efficiencies in FY2013-2014.

Our Budget Priorities: Addressing Budget Challenges

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	FY13 Budget (\$Million)	FY14 Budget (\$Million)	Change (\$Million)
Schools / School Based Services			
K-8s	\$222.9	\$219.6	(\$3.3)
High Schools	130.6	121.2	(9.4)
School Subtotal	353.5	340.8	(12.7)
School-Based Services	159.4	146.0	(13.4)
Central Office			
Operations	\$128.1	\$115.3	(\$12.8)
Offices, curriculum, other	36.0	30.6	(5.4)
Central Subtotal	164.1	145.9	(18.2)
Other			
Tuition to out-of-district partners	\$50.5	\$51.9	\$1.4
Charter payment	148.0	181.6	33.6
Other Subtotal	198.5	233.5	35.0
Total	\$875.5	\$866.3	(\$9.2)

Our Budget Priorities: FY2014-2015 Goals

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1. Keep per pupil funding as consistent as possible to direct resources to students and classrooms
2. Invest in personnel and non-personnel priorities to move the district in alignment with national best practices
3. Improve and garner efficiencies in school-based services
4. Align resources to our goals

Goal 1: We will keep per pupil funding as consistent as possible to direct resources to students and classrooms.

- School reductions will total \$17.1 million, a 5% decline from FY2013-14.

Proposed Reductions to Schools	Projected Amount
Non-salary	(\$1.9M)
Personnel	
Salary and Benefits*	(\$15.2M)

* These are estimated numbers that will continue to change until: (1) the budget has been approved; (2) the district receives a response on the equivalency request; and (3) all potential separations from the district are known, including but not limited to retirements, FMLA, tenure chargers, and non-renewals.

Goal 1: We will keep per pupil funding as consistent as possible to direct resources to students and classrooms.

- Overall, per pupil funding will decline by only 1.8%
 - K-8 per pupil finding will decline by 2.6%
 - High school per pupil funding will increase slightly by 0.7%.

- This amounts to a decline of \$174 per student

	Per Pupil Funding		Change	
	FY14 Average	FY15 Average (projected)	\$	%
K-8s	\$9,005	\$8,770	(\$235)	-2.6%
High Schools	\$11,639	\$11,719	\$80	0.7%
NPS	\$9,778	\$9,604	(\$174)	-1.8%

Note: Per pupil figures do NOT include funds budgeted centrally.

Goal 2: Invest in personnel and non-personnel priorities to move the district in alignment with national best practices

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- We must move the district in alignment with national best practices.
 - Approximately 65% (\$95M) of Central Office funds are spent on salaries and benefits.
- This year, Central Office funding will decline by 11.1%.
 - This amounts to \$16.2 million in reductions.

Proposed Reductions to Central Office	Projected Costs
Central Office Rent	(\$3.0M)
Personnel*	
Salary and Benefits	(\$4.0M)
Vacancy Savings	(\$3.9M)
Purchased and Professional Services	(\$5.3M)

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Goal 3: Improve and garner efficiencies in school-based services

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- School-based services are priorities that are budgeted for centrally but are school-based expenditures
 - We are out of balance from national norms
- School-Based Services will decline by 6.1%
 - This amounts to \$8.9 million in reductions

Proposed Reductions to School-based Services	Projected Amount
Out-of-District Tuition	(\$2.3M)
Building and Maintenance Efficiencies from One Newark	(\$3.5M)
Personnel*	
Vacancy Savings	(\$3.1M)

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Goal 4: Align resources to our goals

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Goal	Projected Amount	Description
Ensure all schools are 21 st century learning environments	\$5.0M	The Curriculum Office is purchasing technology in preparation for PARCC, as well as creating blended learning environments.
Grow NPS' capacity to innovate in order to meet students' needs	\$667K	To meet our goal of growing innovation to meet students needs, the district will continue partnerships with BRICK and others.
Attract, retain, and support our educators	\$578K	In continuing to implement the teacher contract, we are investing in technology for quality evaluation, teacher appreciation events, and partnerships with local universities.

Our Budget Priorities: Addressing Budget Challenges

Projected Budget Gap

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Cost Increases	Projected Amount
Charter Payment	\$19M
Salaries	\$6M
Benefits	\$5.6M

Strategic Investments	Projected Amount
21 st Century Learning Environments	\$5M
Innovation	\$667K
Teacher Support	\$578K

Revenue Decline	\$5.5M
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Projected Budget Gap	\$42.2M
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Our Budget Priorities: Addressing Budget Challenges

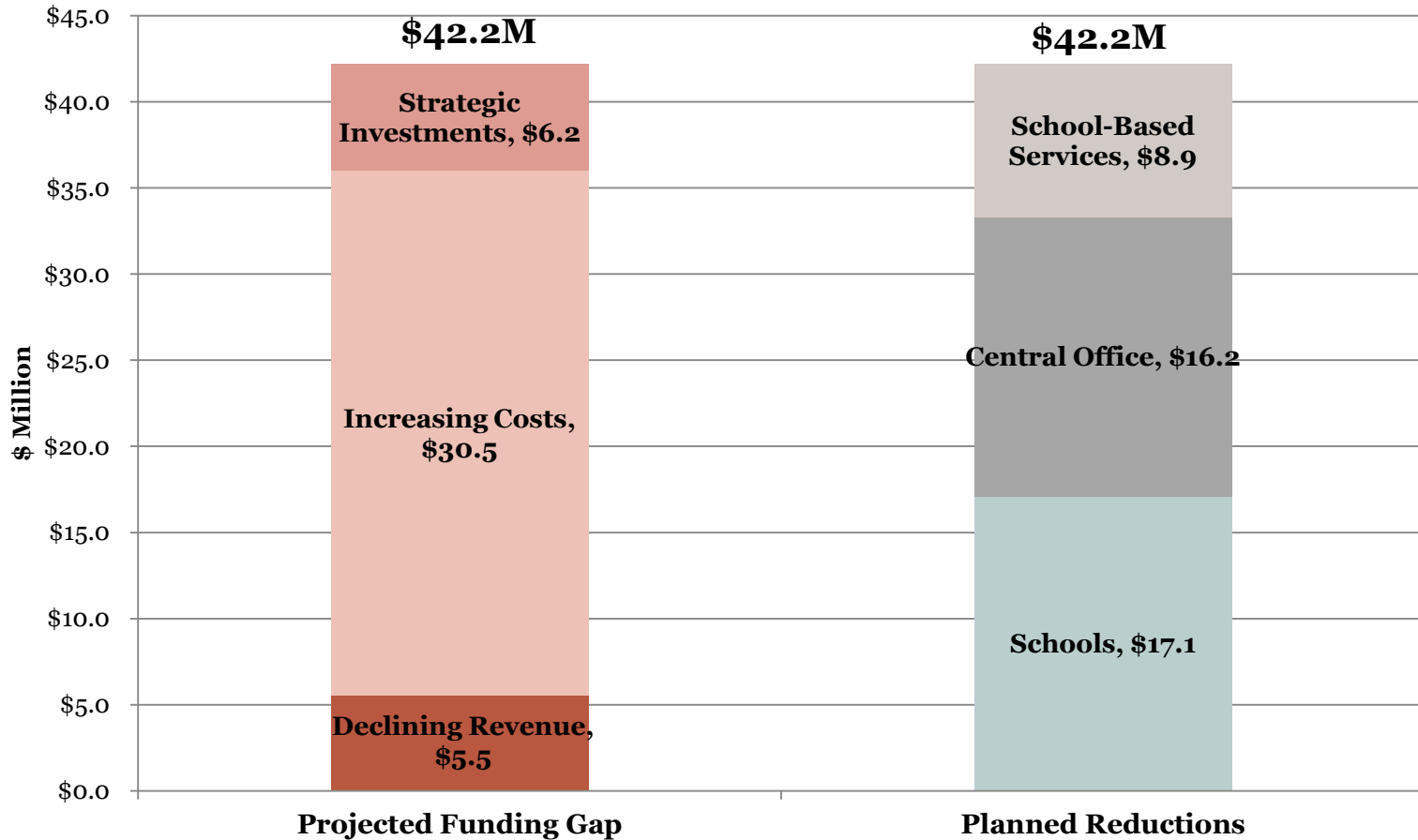
Proposed Reductions

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Reductions	Projected Amount
Schools	
Non-salary	(\$1.9M)
Personnel	
Salary and Benefits	(\$15.2M)
School-based Services	
Out-of-District Tuition	(\$2.3M)
Building and Maintenance Efficiencies from One Newark	(\$3.5M)
Personnel	
Vacancy Savings	(\$3.1M)
Central Office	
Central Office Rent	(\$3.0M)
Personnel	
Salary and Benefits	(\$4.0M)
Vacancy Savings	(\$3.9M)
Purchased and Professional Services	(\$5.3M)
Projected Reductions Total	(\$42.2M)

Our Budget Priorities: Addressing Budget Challenges

Projected FY15 Funding Gap and Reductions



Our Budget Priorities: Addressing Budget Challenges

To address the financial crisis, we are faced with the tough fact that we will need to layoff staff.

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	Salaries and Benefits	Vacancy Savings	Projected Total
School Staff	\$15.2M (N=250)*		250 out of 5500 = 5% of school staff impacted
School-based Services		\$3.1M	160 out of 1500 = 11% of staff impacted
Central Office	\$4.0M (N=160)*	\$3.9M	

We expect that we will need to eliminate about 30% of our teaching positions over the next three years. We are projecting 250 this year.*

* These are estimated numbers that will continue to change until: (1) the budget has been approved; (2) the district receives a response on the equivalency request; and (3) all potential separations from the district are known, including but not limited to retirements, FMLA, tenure chargers, and non-renewals.

The Educators Without Placement Sites Pool: Background

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School Changes (e.g.,
renew, closures,
and
consolidations)



**The EWPS
Pool**

**School-based
Budgeting**
Based on
Quality and
Need

Supports for a Mutual Match:

- Coaching
- Hiring Fairs
- Workshops (e.g., resume writing)



Outcome:

- Some EWPS teachers find a mutual match
- 79% have been in the pool for two or three years
- EWPS teachers are 6 times more likely to receive an Ineffective rating than other teachers

The EWPS: Performance

A smaller proportion of EWPS teachers receive highly effective or effective ratings compared to all teachers.

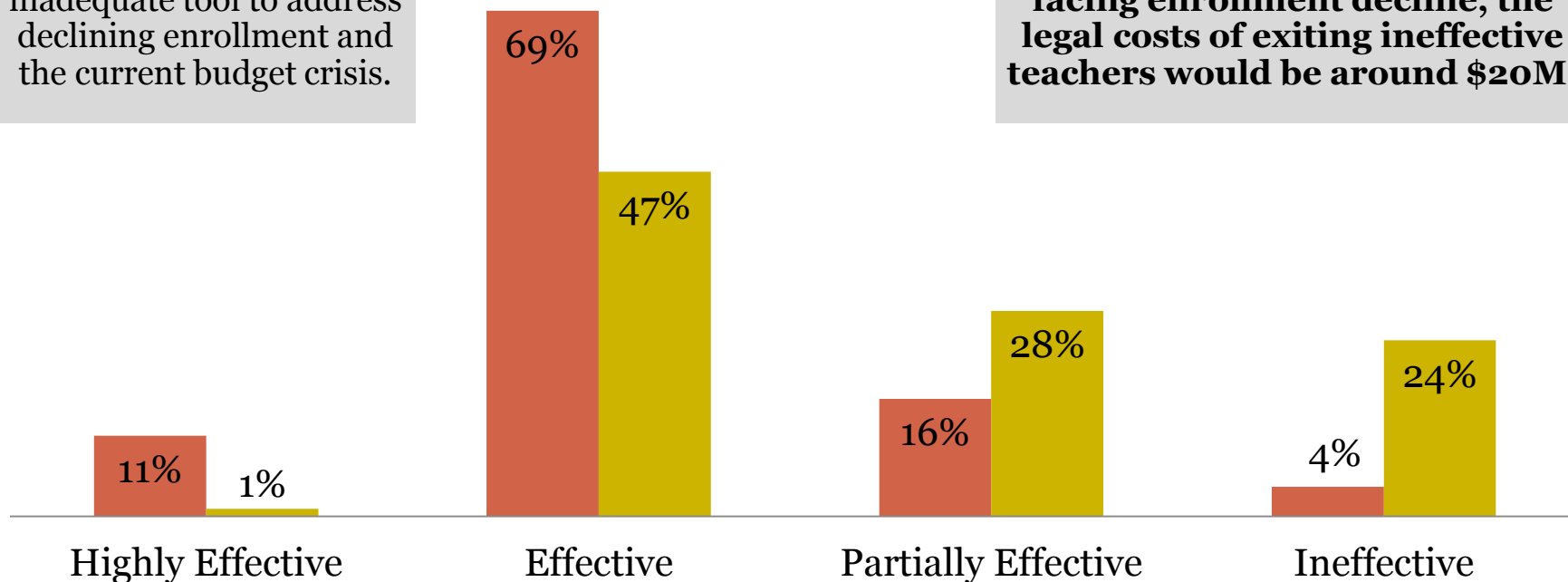
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12-13 Annual Evaluation Ratings by EWPS Status

■ All teachers ■ EWPS

TEACHNJ allows districts to exit low-performing teachers after two years; this is a useful but inadequate tool to address declining enrollment and the current budget crisis.

Each tenure case costs between \$50K and \$200K in legal fees – even with the new legislation – for an average of \$125K per case. **Even if we were not facing enrollment decline, the legal costs of exiting ineffective teachers would be around \$20M.**

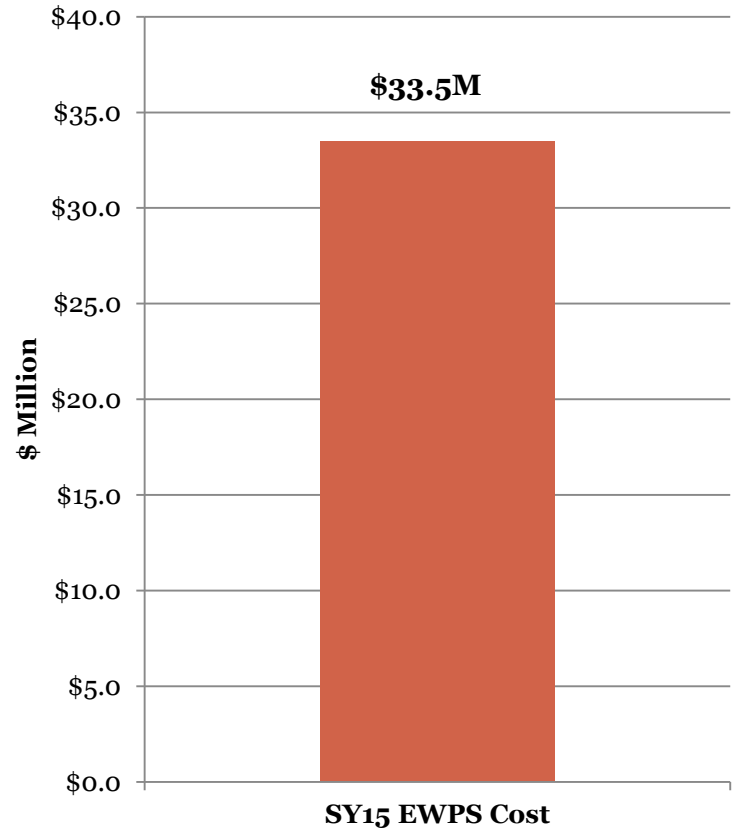


Our Budget Priorities: Addressing Budget Challenges

Maintaining the EWPS Pool does not address NPS' urgent fiscal issues.

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- In FY2013-14 we budgeted \$10.5M for EWPS
 - We're projecting the total cost for this year to be \$25M
 - Next year, the EWPS Pool is projected to cost \$33.5M
- Given the budget crisis we cannot maintain the pool at it's projected cost
 - For FY2014-15, we are budgeting \$1M for the EWPS Pool
- Every EWPS employee has been placed in positions where they can be rated
 - The district is trending towards every employee having an evaluation by the end of this school year



Our Budget Priorities: Addressing Budget Challenges

We know that when it comes to raising student achievement, nothing matters more than the quality of the teacher.

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- Current processes would force NPS to lay off teachers with out any regard to quality, considering only the number of years a teacher has taught. **We do not believe this puts kids and their achievement first.**
 - We would have to place teachers in classrooms even if they are ineffective and/or have not been chosen by school leaders.
 - This would have a catastrophic impact on student achievement and the district's ability to be on path to excellence and retaining families.
- We are currently seeking an equivalency allowing NPS to consider quality alongside seniority, thus implementing a performance-based lay off.
 - **This would give NPS an opportunity to keep the best teachers and create a sustainable system of excellence.**

Our Budget Priorities: 100 Excellent Schools

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Excellence

- Despite our budget challenges, per pupil funding is declining by only \$174 per student.
- We're investing in initiatives to retain and support teachers in order to ensure every student is taught by an effective educator.

Equity

- We're investing in technology to ensure all students attend 21st century learning environments.
- Through blended learning and wrap around service partnerships, we're growing our capacity to innovate and meet student needs.

Efficiency

- We're realizing building efficiencies as a result of One Newark changes.
- By focusing on retaining and supporting our students, out-of-district tuition is projected to decline.

Appendix

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Appendix: School Budget Allocations and Enrollment Projections

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	Act. SY14 K-12 Enr.	Proj. SY15 K-12 Enr.	% Change	SY14 Budget	SY15 Budget	% Change
Abington Avenue	742	744	0%	\$ 6,065,589	\$ 6,297,717	4%
American History High School	400	486	22%	4,341,216	4,876,109	12%
Ann Street	1,380	1,389	1%	9,131,807	9,568,450	5%
Arts High School	694	729	5%	7,789,995	7,758,210	0%
Avon Avenue	626	689	10%	4,756,115	5,280,121	11%
Bard High School Early College	252	346	37%	2,873,725	3,338,468	16%
Barringer Arts	542	543	0%	10,037,801	7,735,750	-23%
Barringer STEAM	730	679	-7%	6,564,405	9,011,259	37%
Belmont Runyon	485	554	14%	4,390,469	4,431,783	1%
Branch Brook	167	168	1%	1,807,356	1,795,858	-1%
Bruce Street	49	43	-12%	1,871,338	1,834,868	-2%
Camden Street	534	645	21%	6,573,552	7,224,295	10%
Central High School	828	821	-1%	10,655,615	10,979,774	3%
Chancellor Avenue	457	570	25%	4,530,957	5,449,643	20%
Cleveland	360	458	27%	3,818,563	4,156,811	9%
Dr. E. Alma Flagg	493	497	1%	4,268,693	4,022,897	-6%
Dr. William H. Horton	800	796	-1%	6,318,703	6,476,505	2%
Eagle Academy	132	231	75%	1,752,668	2,154,607	23%
East Side High School	1,558	1,598	3%	16,445,054	17,050,034	4%
Elliott Street	424	442	4%	4,054,793	4,141,558	2%
Fast Track Success Academy	152	152	0%	2,911,588	2,912,346	0%
First Avenue	1,073	1,082	1%	7,889,584	8,301,211	5%

Appendix: School Budget Allocations and Enrollment Projections

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	Act. SY14 K-12 Enr.	Proj. SY15 K-12 Enr.	% Change	SY14 Budget	SY15 Budget	% Change
Fourteenth Avenue	235	215	-9%	2,983,926	2,905,392	-3%
Franklin	629	636	1%	5,245,512	5,935,251	13%
George W. Carver	508	687	35%	4,254,157	5,005,462	18%
Girl's Academy of Newark	41	158	285%	1,025,181	1,553,556	52%
Harriet Tubman	318	319	0%	2,547,789	2,834,129	11%
Hawkins Street	573	645	13%	4,607,110	5,214,560	13%
Hawthorne Avenue	328	167	-49%	3,007,396	1,780,021	-41%
Ivy Hill	532	561	5%	4,959,006	5,159,747	4%
John F. Kennedy	168	173	3%	4,910,684	4,825,581	-2%
Lafayette Street	1,048	1,030	-2%	7,720,424	7,823,957	1%
Lincoln	390	416	7%	3,334,274	3,489,657	5%
Louise A. Spencer	427	425	0%	4,735,896	4,776,819	1%
Luis Munoz Marin Middle	896	920	3%	7,989,040	7,698,534	-4%
Malcolm X Shabazz High School	574	744	30%	9,519,684	9,364,270	-2%
McKinley	808	819	1%	7,326,994	7,526,530	3%
Miller Street	480	480	0%	4,639,861	4,500,873	-3%
Mount Vernon	644	645	0%	5,574,589	5,594,200	0%
Newark Early College	210	561	167%	1,789,109	6,121,779	242%
Newark Leadership Academy	131	200	53%	1,842,207	2,234,773	21%
Newark Vocational High School	389	494	27%	5,462,426	5,717,267	5%

Appendix:

School Budget Allocations and Enrollment Projections

	Act. SY14 K-12 Enr.	Proj. SY15 K-12 Enr.	% Change	SY14 Budget	SY15 Budget	% Change
Oliver Street	932	964	3%	7,025,932	7,427,733	6%
Park	814	855	5%	6,266,204	6,666,359	6%
Peshine Avenue	579	731	26%	5,175,190	6,216,332	20%
Quitman Street	539	585	9%	5,079,438	5,868,583	16%
Rafael Hernandez	599	628	5%	5,222,998	5,103,880	-2%
Ridge Street	607	603	-1%	5,015,482	4,997,628	0%
Roberto Clemente	557	541	-3%	4,728,480	4,848,013	3%
Science Park High School	813	847	4%	8,882,505	8,858,972	0%
South Seventeenth Street	463	456	-2%	4,293,452	4,003,738	-7%
South Street	328	342	4%	2,767,330	2,968,359	7%
Speedway School	460	564	23%	3,659,939	4,490,078	23%
Sussex Avenue	496	509	3%	3,891,215	4,150,570	7%
Technology High School	591	650	10%	7,653,856	7,624,263	0%
Thirteenth Avenue	739	716	-3%	8,610,544	7,638,384	-11%
University High School	611	630	3%	6,401,297	6,265,549	-2%
Weequahic High School	536	428	-20%	8,659,442	6,248,244	-28%
Wilson Avenue	980	1,037	6%	7,581,475	8,173,831	8%

Note 1: All budgets include Title I school-wide funding

Note 2: School budget allocations are based on the weighted student formula (WSF). WSF is based on the following: enrollment projections, # of general education students, # of students with disabilities, # of english language learners, and # of students who qualify for academic need funding. All weights are additive and dollars follow the student.

Note 3: Enrollment projections reflect the last 4 years of school enrollment and retention rates.

Projections also consider student movement, building capacities, and One Newark Enrolls' demand data.