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July 19, 2012

## District Financial Updates


Greetings,

I am writing to share with everyone a few updates on the district's financial state as we work towards preparations for the 2012-2013 school year. For a district with a deeply troubled financial past, including a twelve million dollar budget deficit as late as this past January prior to our arrival in the district, we recognize and appreciate the calls for transparency and accountability at every level regarding the district budget and look forward to this update being the first of many going forward.

While we have closed the 2011-2012 school year with a balanced budget, erasing the twelve million dollar deficit that threatened the district's ability to provide essential services to students, it remains essential that we also continue to move forward with a budget that provides far greater services for our students. At the same time, we are also extremely cognizant of the past decisions that placed the district in financial peril. The summary below provides a brief overview of what past practices were consistently leading the district to financial distress, what the current financial plan has done to adjust and remedy those problems, and how we intend to dramatically improve student services going forward while maintaining full financial flexibility.

### **Previous Financial Practices**

I would begin by making it clear that the root cause of BPS' chronic financial distress is for the most part not attributable to our obligations under our collective bargaining agreements, as many outside the school district would like to believe. Rather, the district has continued to find itself in precarious financial condition largely as a result of: (1) a bloated and top-heavy central administrative office; (2) an outdated funding formula that illogically both overstaffed and understaffed schools at the same time; and (3) burdensome contracts with external vendors which disproportionately allocated 10% of the entire budget to just 1.5% of our students, unfairly shortchanging the majority of our students and their teachers. Furthermore, to the issue of the central administrative office, individuals once promoted to senior administrative positions were guaranteed high salaries over the long term regardless of position changes or effectiveness.



Our challenge has been to take quick action to close the budget deficit while also developing the long term solutions to ensure the sustained financial stability of the district.

### **Adjusting and Remediating the Financial Problems**


To both balance the 2011-2012 budget while also ensuring long term fiscal stability, we have taken the following steps to remedy the district's financial problems:


- 1) We reduced the central office administrative organization by 39 positions
- 2) In addition, we removed 11 positions in Facilities/Security from our jurisdiction, as a result of the consolidation of the services with the City Departments of Facilities/Police, resulting in a combined net reduction of one third of all central office positions
- 3) We have moved to a new school-based budgeting model, which funds our schools in an equitable and transparent manner based on a weighted formula that ensures that money follows the students
- 4) Finally, we have renegotiated with all vendors, adjusting terms and/or ending agreements when appropriate to ensure that we are taking advantage of all opportunities to reduce our costs and provide expanded services to all of our students at the most affordable rates



### **Improving Services and Maintaining Financial Flexibility**

While these steps were crucial towards balancing the budget, we have also worked ardently towards ensuring that these changes also lead to long term economic stability as well as dramatic improvements in student achievement. Linked to the main web page you can find reports which summarize all of the information on what new programs have been initiated, where the savings for these programs comes from, and how we have brought increased expertise into the central office at a fraction of the cost to the district is summarized. To give a more concise overview, however, we have also included some of the major highlights below.

- 1) Central office administrative salaries have been offset by external funding from the Fairfield County Community Foundation
  - 2) Unlike prior practice, the district no longer awards long term contracts to any central office administrative employees, ensuring full financial flexibility and respect for the democratic process considering the returning board. All new central office employees have been provided with either a one-year contract or are working on a per-diem basis
  - 3) We have replaced private professional development or school turnaround services that were previously outsourced to private firms such as GPS or the National Urban Alliance for millions of dollars by our predecessors with veteran educators who have performed key functions on a part time basis so that full time personnel could successfully be dispatched to schools where they were needed most
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- 4) All individuals contracted for the 2013 school year to provide these professional development/mentoring services will have their salaries offset by funding from the Bridgeport Public Education Fund
  - 5) The new curriculum and instructional reforms, including the expanded high school course offerings (dual enrollment and early college programs), will consume less than 2% of the district's operating budget over the next five years.

#### Where to Learn More?

It is our intention to continue to move forward with the financial plan and practices which will keep this district financially healthy, provide full flexibility for the incoming board, and also ensure that we are moving forward with our plan to dramatically improve our city's schools.

Linked on the main BPS web page, [www.bridgeportedu.com](http://www.bridgeportedu.com), you can find access to the following reports:

- 1) An executive summary of the district's FY13 financial plan
- 2) An overview of all new employees filling central office administrative positions
- 3) An overview of all external employees who will serve the district on a per-diem basis in FY13, providing professional development or mentoring services



These materials should provide a comprehensive overview of the FY13 budget and vividly indicate the financial flexibility that we have provided to the Board of Education. These materials and their presentation represent unprecedented transparency and accessibility. If you have more specific questions about individual contracts or agreements, please do not hesitate to contact the Office of the Superintendent or write your question in at BPSDirect, <https://sites.google.com/site/bpsdirect/question-forum>, and we will be happy to provide anyone with the information they need.

Thank you everyone for your sincere interest in helping bring great schools to our students and community.

Regards,



Paul G. Vallas  
Superintendent of Schools

