



STATE OF LOUISIANA
DEPARTMENT OF EDUCATION
RECOVERY SCHOOL DISTRICT

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2007-2008 Recovery School District Operating Budget

Executive Summary

On behalf of the New Orleans Recovery School District (RSD), we are pleased to present to the Louisiana State Board of Elementary and Secondary Education (BESE) the RSD's 2007-2008 Operating Budget. This budget covers the 2007-2008 school year, breaking down spending by line-item, school, program, and revenue by source, for the first time since the RSD was restructured after Hurricane Katrina struck New Orleans in 2005. This budget also separates the RSD's Operating Budget from the district's Capital Budget (the Capital Budget update is described in a separate summary page.)

Despite obstacles, the RSD has started to build a superior school district that will be a model for the nation and a critical component to the revitalization of the City of New Orleans. This involves creating an institutional structure that will bring and sustain the very best educational and management practices to the RSD's direct-operated and charter schools. These goals are reflected in the top financial priorities of the RSD's FY08 budget, including:

- **Small Class Sizes:** The RSD budget ensures that through March testing no more than a 20-1 student-teacher ratio is in place in all elementary schools, a 25-1 student-teacher ratio in all middle and high schools, and a 10-1 student-teacher ratio in over-age and special education classrooms. **The district met this goal by hiring more than 500 teachers in the months prior to the first day of school, reaching a total of approximately 1,100 teachers within the RSD-operated schools alone. Included in this number is a Teacher Reserve, which ensures that despite attrition and surging enrollment, these ratios remain consistent throughout the entire 2007-2008 school year in both RSD-operated and charter schools.**
- **Provide High Quality Teachers:** The district requires that every classroom teacher is highly qualified and/or highly effective and school staff perform at a superior level. The RSD is working with principals to give them charter-like authority to evaluate teachers' performance. **Approximately 80% of the RSD's teachers are currently certified, or enrolled in state-approved certification programs.** While this is a substantial increase compared to New Orleans public schools pre-Katrina, the RSD will continue to work to increase this percentage to 100%.
- **Modernize all Classrooms:** The RSD has brought an unprecedented level of information technology—on par with the most affluent of school districts—to every student and teacher, and into every core classroom in the district, enhancing the quality of instruction and student learning. In FY08, the RSD is spending **approximately \$53 million** on classroom modernization, of which a considerable portion will be covered by the federal

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e-Rate program. The RSD is continually training every teacher and student in the district to use this technology to maximize academic achievement.

- **Improve the Quality of Instruction:** Establish a comprehensive managed instructional system by September 2008 consisting of a standardized general curriculum model that teaches children to grade-level standards in the core subject areas. This system also includes standardized interventions, accelerated, and Advanced Placement curriculum. The system is characterized by data-driven instruction, benchmarking, close classroom monitoring, and year-round professional development. **One goal of this system is to raise the instructional skill level of non-certified teachers, and teachers teaching subjects outside of their content expertise, giving them the resources to teach at superior levels as they work toward certification.**
- **Superior Student Intervention Programs:** The district is establishing a comprehensive academic intervention program to ensure that all students, regardless of socioeconomic status or special needs, are meeting state standards. For example, students who perform below Basic on the Louisiana Educational Assessment Program (LEAP) Exam or the Graduation Exit Exam (GEE) are provided an additional 100 hours of instructional time on task and an additional 100 hours during the summer.
- **Increase Instructional Time on Task:** Increase the amount of instructional time spent on task in language arts and math during the school day. For example, two hours per day is spent on language arts and ninety minutes is spent on math in grades K-8. For children who are struggling, the RSD provides at least an additional hour of language arts and half-hour of math every day. These same students may receive up to 200 hours in additional instructional time through after school and summer school programs. **Next year, the school day will be extended to 4:30 PM for all students and the school year will be extended by one month for all eighth and ninth grade students. This will allow for additional instructional time on task, interventions, and enrichment.**
- **Enhance School Choice:** Continue the district's pioneering efforts to broaden school choice among RSD-operated and charter schools. **Forty-six percent of the RSD's schools are charters, the highest percent of any large urban school district in the nation.** By fall 2008, the RSD will begin implementing magnet programs in all of the RSD's comprehensive high schools and a number of elementary schools, which will be open enrollment and broaden choices among RSD-operated schools. The process for identifying and selecting magnet programs has begun and is soliciting input from community members and with much of the start-up funding provided by foundations. Planning for this initiative is to be completed by May 2008. **Our goal is to provide every child in New Orleans with multiple school options beyond their neighborhood school.**
- **Deliver Superior Operations:** Provide top quality and cost-effective operational services to all students, including hot food in all schools, clean restrooms, timely school transportation, and responsive maintenance services. The RSD is also exploring the option of consolidating some operational services with the Orleans Parish School Board (OPSB), particularly in food service, transportation, and information technology, to develop the most efficient means of delivering operational services to all of the city's students. **The RSD is also working to ensure that all contracts entered into by the**

district are written and implemented to maximize the highest quality of service while keeping taxpayers' costs down. One example of this initiative is the RSD's management of the district's transportation contracts, monitoring the delivery of services regularly and holding its contractors financially culpable for any failure to deliver students to school and home safely and on time.

- **Ensure that Schools are Safe and Secure:** Provide superior school safety by upgrading the quality of our professional security and by establishing a comprehensive school-based community policing program. **The RSD is also working to institutionalize a large community presence in schools by partnering with community and faith-based organizations to recruit school climate personnel.**
- **Ensure Parental and Community Involvement:** In addition to having parents and community members serve in school climate and safety roles, **the RSD has increased parent and community involvement through building school-based PTAs and parent councils, creating school-based parent help desks and parent resource centers, and by establishing faith-based partnerships within all of our schools.**
- **Maintain and Efficiently Manage a Lean Central Office:** The RSD will have a Central Office that operates with the goal of designing and delivering top-quality services to the children of New Orleans. The RSD will work to ensure that the vast majority of every dollar spent by the district goes into the classroom. Every department within the Central Office will work to reach specific, performance-based targeted goals, both internally and built into all contracts. Among these goals include the following:
 - **The RSD will build an effective Central Office, with a staffing level that does not exceed six percent of the total number of RSD employees in FY09.** The RSD's FY08 budget requires the district to decrease to 8.6%—the district met this goal by the end of January 2008.
 - **The RSD's goal will be to spend 66% (2/3) of the district's total budget on expenditures that directly or indirectly benefit the classroom, including teachers, classroom equipment, and student-based programs in FY09.** The RSD's FY08 budget allocates 62% of its budget to direct or indirect classroom support expenditures. This percentage does not include the costs of transportation, food services, building maintenance, or other operational services required of a school district.
 - **The RSD will spend no more than six percent of the district's budget on Central Office staff salaries and benefits.** At 4.8%, the RSD's FY08 budget meets this goal.

To balance the 2007-2008 budget the district has worked diligently to reduce substantial legacy costs stemming from the 2006-2007 school year—an unprecedented period of opening a significant number of schools within a short period of time requiring large start-up costs—in addition to launching a comprehensive effort to insert financial controls and performance-based measures within all contracts and internal operations. For the RSD to reach the above-described significant academic and operational goals—and cover the district's liabilities accrued during the 2006-2007 school year—in October 2007, the Board of Elementary and Secondary Education (BESE) provided the following:

- **Allowed the RSD to access \$8,900,800 of the \$10 million district-wide Restart contingency fund, an allocation approved by BESE this summer. This allocation covers the \$7,500,800 cost of the RSD’s Teacher Reserve and the initial \$1.4 million cost of the district’s city-wide Alternative Education Program. Both the Teacher Reserve and the Alternative Education programs are designed to serve all of the city’s students, whether from the RSD, the Orleans Parish School Board, or charter schools.**
- **Allocated an additional \$5,620,429 million in FY08 in federal Restart funds to cover a small portion of the approximately \$21 million in 2006-2007 carryover costs, and an additional \$5 million to serve as a reserve for the district’s Alternative Education program, which will serve all New Orleans students, regardless of school or district of origin.**
- **Continued its strong support of the RSD by considering the option of providing a smaller amount (\$10 million in FY09 in state funding) to ensure the long-term sustainability of the district’s reform initiatives.**

Working with the leaders of the City of New Orleans—who have generously offered help to the RSD—we have asked that the City help sustain our efforts by providing the RSD \$5 million dollars in both FY08 and FY09 to fund our Summer School and Extended Day programs. This request has not yet been satisfied.

The RSD budget assumes that the district will receive two additional sources of revenue, which the district is legally entitled to, during FY08 and FY09, listed below:

- **\$10 million** from the Orleans Parish School Board (OPSB) in reimbursement for Minimum Foundation Program (MFP) funding that the OPSB accepted during the 2006-2007 school year that is owed to the RSD. The total amount the OPSB owes the RSD from this specific source is approximately **\$41.5 million**. This does not include the approximately **\$25 million** in property insurance proceeds to which the RSD is entitled, nor the RSD’s share of approximately **\$2.5 million** in casino revenues that the OPSB is currently holding. The RSD assumes that **\$20 million** will be transferred from the OPSB to the RSD, which in turn will be distributed to RSD-operated and charter schools during FY08 and FY09.
- **\$4 million** in MFP Special Education funds. The RSD anticipates that once the district’s Special Education population is fully counted, the district will have a Special Education student population that would bring an additional **\$4 million** in FY08, currently being held in reserve for the RSD.

The failure to receive the modest funding request from the City of New Orleans to help cover the costs of the district’s Summer School and Extended Day programs would impact the size of these programs, and the failure to access even the modest amounts of revenues held by OPSB that the RSD is entitled to would increase class sizes.

The RSD has also taken steps to resolve its outstanding liabilities and cash flow issues. While the RSD’s unprecedented agreement with FEMA to reimburse the district for damaged

and destroyed building contents has helped, the recent receipt of more than **\$15 million** in CDBG funding and the agreement between the Governor's Office of Homeland Security and Emergency Preparedness and the LRA to create a **\$50 million** RSD Revolving Fund secured by forthcoming FEMA reimbursements will enable the RSD to pay old bills and have the cash on hand to prevent future delays in paying vendors in the short-term.

Despite these difficulties, the RSD's FY08 budget significantly reduces the district's reliance on one-time revenues. In contrast, during the 2006-2007 school year, the district relied nearly solely upon non-recurring Restart funds. **In FY07, the RSD expended more than \$106.7 million in Restart funds on the start-up of both RSD-operated and charter schools, while in FY08 only \$36.7 million in Restart funding will be spent on the RSD-operated schools, despite substantial growth in both the number of facilities and enrollment. Next year, we anticipate that the RSD's reliance on Restart funding will drop even further to \$10 million.** Reducing reliance on one-time revenues is a critical first-step toward achieving long-term financial stability and independence.

We thank BESE for reviewing our budget and for their support of our funding requests. The teachers, administrators, and staff of the Recovery School District are committed to delivering the best education possible to the children of New Orleans. We at the RSD believe we are setting a new and vigorous precedent—building the best public school system in the history of New Orleans.

Paul G. Vallas

Superintendent