
MEMORANDUM

TO: HOOVER CITY BOARD OF EDUCATION
FROM: ANDY CRAIG *AK*
SUBJECT: PROPOSAL TO DISCONTINUE TRANSPORTATION OF REGULAR EDUCATION
STUDENTS EFFECTIVE WITH THE 2014-2015 SCHOOL YEAR
DATE: JULY 15, 2013

As we begin the budget preparation process for the upcoming fiscal year, we find ourselves at a crossroads. One direction leads us toward sustainable provision of the high level of quality educational services the citizens of Hoover expect for our children. The other direction leads us deeper into a system built on a flawed funding model that is systematically draining dwindling resources from our classrooms. There are numerous complexities involved, but the fundamental issue as to where we need to commit our financial resources is basic in nature; therefore, I am seeking your support for a change I believe is a crucial component in helping financially reposition Hoover City Schools and enable us to provide quality education for the long term.

In recent years, there has been considerable negative pressure on many aspects of our financial operating model. The continued overall inverse relationship between increasing student enrollment and sharply declining revenues has diluted our funding model and eroded our investment capacity in core teaching and learning. Since 2008, system revenues on a per student basis have decreased from \$13,715 to \$11,356 for the fiscal year that ended September 30, 2012. This decline represents a cumulative operating revenue loss for the same four-year period of \$96.8 million dollars. Annual revenues for fiscal year 2012 alone were down \$31.6 million compared to the fiscal year 2008 level. These steady losses and the impact they have had and will continue to have on our school system cannot be understated.

In response to this trend of declining revenue and increasing cost pressure over the past several years, Hoover City Schools has implemented substantial expenditure related measures to contend with the ever weakening operating environment. Despite increased enrollment, expenditures for instructional and instructional support services have been reduced 6% and 10% respectively the past four years, leaving Hoover City Schools employing 110 fewer teachers in 2013 than it did in 2008 on a per student basis. Expenditures in other areas have been steadily reduced as well. Expenses for operations and maintenance, general administrative, and debt service have declined by 14%, 25%, and 47% respectively over the same four-year period. Despite these significant cuts, Hoover City Schools is still currently operating in a deficit position – a position that is unmanageable and unsustainable if we are to achieve our teaching and learning goals.

Prospectively, absent comprehensive adjustments and utilization of reasonable assumption sets, we are on an unsustainable path of expanding operating deficits, imminent extensive capital expansion, and rapidly declining capacity to invest in the core teaching and learning model that is the hallmark of our school district. Beyond the changes requested today, we have and will continue to analyze and implement strategies collectively designed to halt deteriorating financial operating trends, recoup lost capacity, and position our school system for sustainable success. One focus area is the implementation of adjustments that both recoup much-needed lost resources for core instructional spending and also reduce the school system's exposure to often underfunded and unfunded tendencies of underlying funding processes.

For these reasons, I seek Board authorization to plan and implement the discontinuance of regular education, home to/from school transportation services for all Hoover City Schools effective with the beginning of the 2014-2015 (August 2014) school year.

Based on a historically normed set of assumptions, we can reasonably anticipate that this change in our delivery model for auxiliary transportation services will yield over \$2.5 million dollars per year that Hoover City Schools can redirect into classroom investment and/or deficit reduction, allowing us to maximize those resources to promote and support the quality of education that our students deserve today and in the years to come.

Thank you for your consideration.