

Shrewsbury Public Schools
Budget Update
March 11, 2013

Initial School Department Recommendation

FY13 appropriated budget = \$49,864,477

Preliminary Analysis (September) = \$4.56M

Initial recommendation (January) = \$4.41M

Additional costs identified (February) = \$500K

Remaining Budget Gap

School Department Rec.	\$54,279,004
Town Manager Rec.	\$50,219,690
Difference	\$4,059,314
Additional costs	\$500,646

(additional costs not added to recommendation; will need to be absorbed)

Fluid Projections

- Special education out-of-district tuition
- Vocational/technical education and out-of-district transportation
- State Budget: Chapter 70 & Circuit Breaker
- Projection for Circuit Breaker cost basis
- Collective bargaining ongoing

Guiding Principles

- Address rising costs, urgent needs, and strategic priorities
- Maintain current personnel and program
- Begin recovery from recent reductions

“The social sectors do not have rational capital markets that channel resources to those who deliver the best results.” ~ Tom Tierney, quoted by Jim Collins in *Good to Great and the Social Sectors*

Shrewsbury = Top 12% in state in performance

Shrewsbury = Bottom 12% in the state for costs

BUT

The current education program is unsustainable given the revenues available and rising mandated costs.

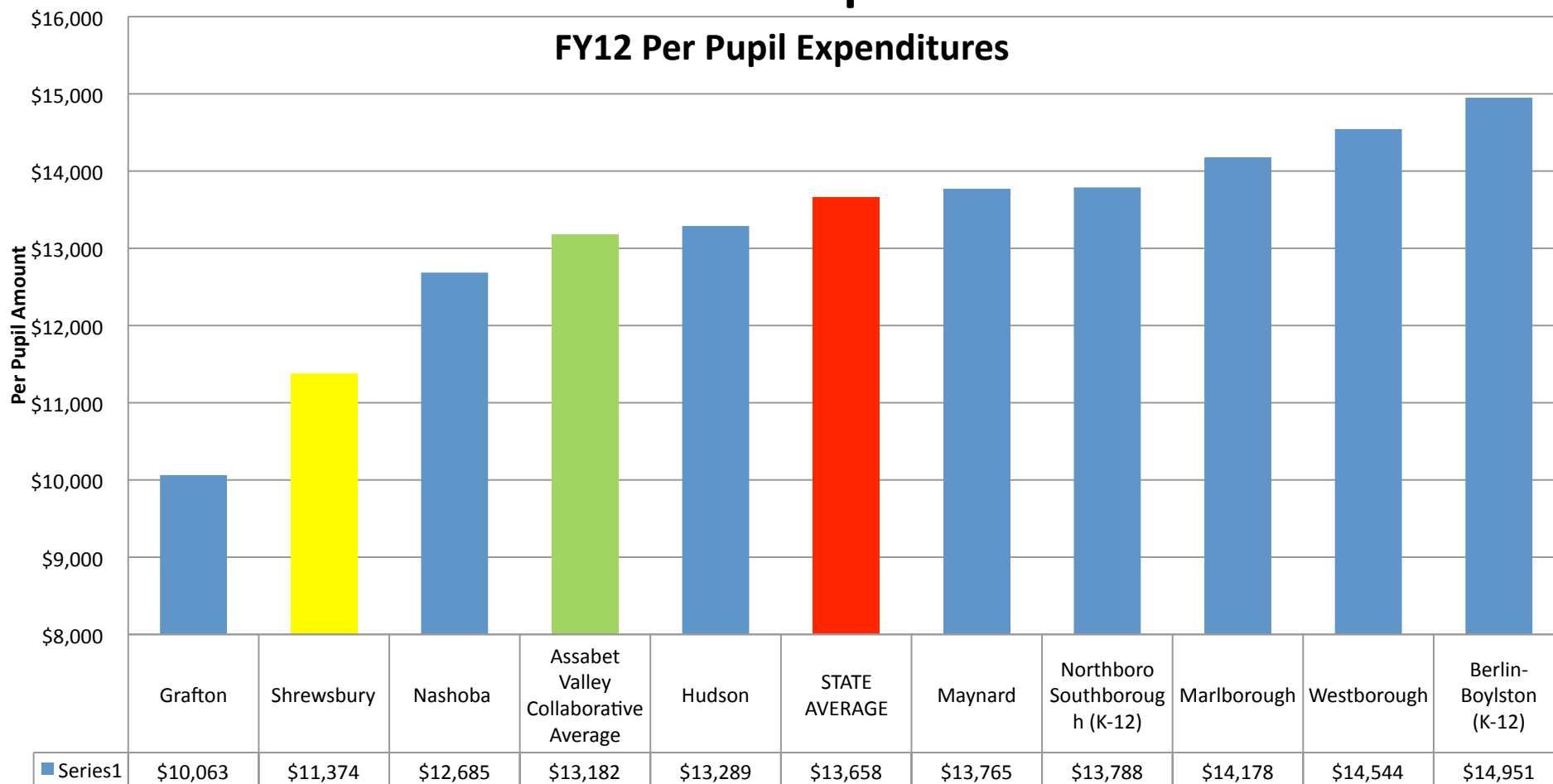
What's the return on investment?

- Students very well prepared for future success
- Low juvenile crime rates and less risky behavior
- Enhanced property values
- Attraction of invested families and talented staff
- Improved quality of life for all

How does the community “profit?”

- “Efficiency dividend” created by significantly lower cost of public education in Shrewsbury (i.e., more money in taxpayers’ pockets)
- “Value dividend” created by very high performance that generates higher property values
(i.e., homes are worth more)

Assabet Valley Collaborative Districts FY12 Per Pupil Costs



How do organizations cope with the rising cost of doing business?

- They seek efficiencies
- They seek alternative revenue streams
- They make strategic decisions regarding focus
- They reduce profit margins in order to maintain sufficient capacity to produce value

Successful organizations do not remove the resources they need to meet their core mission.

Challenges

The school district must successfully adapt to a rapidly changing environment that requires new approaches, in a heavily regulated sector, with inadequate resources.

How do we meet our core mission when rising costs outstrip available resources?

Challenges

- Class sizes are too high in too many places
- New mandates and pent up demand require resources: textbooks, technology, and training
- Student mental and behavioral health crises

Minimum Necessary to Carry Forward
Current Program =
\$2.8 million in new funds

- No improvement to class sizes
- New funds for increased costs of existing resources and to comply with mandates
- Other priorities funded from within existing budget and with alternative revenue (e.g., iPad initiative uses parent fees)

Reductions beyond carry forward: Context

- \$1 million in reductions = 20 teachers
- Already an extremely lean operation (e.g., site based funds ~\$250K below FY05 levels)
- Class sizes already straining capacity

Potential Cost Mitigation Measures: Revenues

- Increase preschool and kindergarten tuition substantially (10-15%) = \$123K (est.)
- Increase transportation fees substantially (10-15%) = \$30K (est.)
- Increase athletic fees substantially (10-15%) = \$20K (est.)

Total = \$173,000

- School Choice revenue is a question

Potential Cost Mitigation Measures: Reductions in Operations

- Reduce scope of transportation program (i.e., do not transport some portion of students where mandate does not exist) One bus = \$58K/year (est.), goal of two buses for \$116K (est.)
- Potential Impacts:
 - Significant traffic increases
 - Loss of fee revenue

Potential Cost Mitigation Measures: Reductions in Operations

- Reduce technology budget (range of \$250K to \$470K)
- Potential Impacts:
 - Fall further behind replacement curve
 - Loss of educational opportunities for students
 - Loss of opportunities to access low cost/free resources online

Potential Cost Mitigation Measures: Reductions in Operations

- Reduce curriculum budget for textbooks/
materials (up to \$130K)
- Potential Impacts:
 - Lack of appropriate resources for teaching and
learning

Potential Cost Mitigation Measures: Reductions in Operations

- Reduce professional development budget for staff training (up to \$75K)
- Potential Impacts:
 - Inability to comply with several mandates
 - Compromise of ability to keep up with best practices

Potential Cost Mitigation Measures: Reductions in Operations

- Reduce safety/security budget (up to \$100K)
- Potential Impacts:
 - Stretches secretarial resources thin
 - Could be mitigated by volunteers

Potential Cost Mitigation Measures: Reductions in Operations

- Total of Potential Cost Mitigations in Operations = \$671K to \$891K
- Significant negative impacts on quality of program

Potential Cost Mitigation Measures

- Potential additional revenue from increased fees = \$173K
- Potential operational reductions = \$891K
- Subtotal = \$1.06M of cuts with significant negative consequences
- We cannot recommend all of these given the significant negative impact they would have

Potential Cost Mitigation Measures: Reductions in Programming

- Reduce athletics budget (up to \$50K)
- Potential Impacts:
 - Offerings could be reduced
 - Transportation to events could be reduced
 - Could be offset by sponsorships/fee increases

Potential Cost Mitigation Measures: Reductions in Personnel/Programming

- Additional mitigation beyond revenue increases and operations cuts required to get to a \$2.3M reduction, which would still require \$500K increase over current year = \$1.24M
- This is the equivalent of 23 professional FTEs

Potential Cost Mitigation Measures: Reductions in Personnel/Programming

- Could opt to reduce offerings in special subjects
- Question of whether to spread across programs by decreasing frequency of instruction or to eliminate offerings entirely
- Could opt to raise class size in lower grades
- Each teaching FTE reduced = \$52K (est.)

Potential Cost Mitigation Measures: Reductions in Personnel/Programming

- 23 professional position cuts would be a disastrous situation for our schools

Principal Panel

- Context regarding current and potential challenges
- Q & A

Public Hearing – March 13

- Opportunity for comment on potential reductions
- Will seek guidance from the School Committee