



April 27, 2015

To: School Committee  
From: Joe Sawyer  
Re: Updated FY16 Budget recommendation

### **Introduction**

In January, I presented an initial FY16 Budget recommendation for the School Department for an increase of \$1,933,519, or 3.38%, over FY15, for a total of \$59,129,797 for the School Department's appropriation. That initial recommendation represented just over \$1.62 million required to address the costs of bringing existing personnel and programming forward to next year, as well as just over \$300,000 of recommended additions that to meet mandates or to support mandated services within the district in ways that are more cost-effective over time, meeting the budget priorities and guidelines that the School Committee had issued last fall. This recommendation also came in at the lower end of the range that the School Department had projected the previous year for the level of resources necessary to sustain the investments made through the operational override.

Since January, the Town Manager, Mr. Daniel Morgado, has issued two fiscal projections and budget recommendations, most recently last week. His current recommendation for the School Department's appropriation is for an increase of \$1,259,241, representing a 2.20% increase over the current year's appropriation.

Since January, the School Department administration has been carefully watching developments at the state level regarding funding for public education and, at the behest of the School Committee, has been reviewing ways in which to reduce the amount of funding needed from the appropriated budget next year in order to meet the mandates and needs of our educational program. To that end, a) we have been carefully reviewing our staffing needs, particularly in special education; b) we have sought to utilize alternative sources of funding, such as revolving accounts (like our facilities rental account, full day kindergarten tuition, activity fees, etc.), to address needs where appropriate; and c) we have updated our projections for Circuit Breaker special education reimbursement, with a more updated claim projection for the current year's costs and by factoring in the most recent funding recommendation from House Ways and Means. Additionally, some projections have changed as a result of updated forecasts in various budget categories. At this time, I am pleased to inform you that my updated recommendation is able to provide all of the resources outlined in the January budget plan, while meeting the Town Manager's recommendation for the School Department's allocation.

I am enclosing an updated line item budget that illustrates the changes from the January to the current recommendation. I will also present a summary of the changes in the updated budget recommendation at our meeting on Monday evening, April 27, at 7:00pm.

### Personnel costs

It is well known that the vast majority of the cost of public education is for the personnel who provide and support learning opportunities for our students. Our projections to carry forward our existing staffing into next year, including the funding of modest actual and projected contractual agreements for compensation adjustments, are illustrated below:

**Table 1: Cost to carry forward existing personnel**

| Employee group                                                                                                                                                                                                                                        | January projection | April projection   | Change             | Notes                                                             |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|-------------------------------------------------------------------|
| Carry forward existing teachers (Shrewsbury Education Association Unit A)<br>Contractual cost of living adjustment = 1.50% first half of year, additional 0.5% second half of year                                                                    | \$1,248,301        | \$1,095,260        | (\$153,041)        | Updated: new resignations replaced at lower estimated salaries    |
| Carry forward existing support staff, including paraprofessionals, secretaries, technicians, etc.<br>Compensation adjustments estimated; contract with Shrewsbury Paraprofessional Association under negotiation                                      | \$399,911          | \$359,912          | (\$39,999)         | Additional use of revolving funds to offset cost                  |
| Carry forward administration (district administrators, principals, assistant principals)<br>Note: Director of Technology position changed from district administrator to K-12 Director status and returned to teacher salary budget (reflected above) | (\$78,445)         | (\$78,445)         | \$0                |                                                                   |
| Other wages, substitutes, etc.                                                                                                                                                                                                                        | \$105,709          | \$107,937          | \$2,228            | Adjusted forecast                                                 |
| <b>Total</b>                                                                                                                                                                                                                                          | <b>\$1,675,476</b> | <b>\$1,484,664</b> | <b>(\$190,812)</b> | <b>Represents a 2.60% increase over total FY15 appropriation.</b> |

**Personnel costs to address mandates and needs:**

The new positions shown in Table 2 below are recommended because they are either necessary to address legal mandates (e.g., special education paraprofessional positions, Director of Nursing to address new evaluation regulations and comply with reporting); to address a significant need (e.g., formalize additional nursing support at middle level due to large student population with increasing complexity of medical needs, add middle level counseling support to address mental/behavioral health needs, comply with Medicaid reporting); or to provide additional in-district support to minimize risk of more costly out-of-district services (middle school counseling, elementary aide support). While our updated projections offset costs through revolving accounts where possible and reduce need by shifting costs from existing resources, the major change is the projected need for eight new special education paraprofessional positions as opposed to the two new positions we projected in January. This is due largely to a higher projection of students with significant needs who will be turning three-years-old and entering our preschool program, and who need significant adult support to be able to access learning. The higher paraprofessional FTE allocation also results in more positions being eligible for benefits (10 vs. 5 in January projection). However, the personnel cost of adding special education paraprofessionals is significantly less than an out-of-district placement.

**Table 2: Cost of additional personnel to address mandates & needs**

| Personnel                                | January projection | April projection | Change    | Notes                                                                                                   |
|------------------------------------------|--------------------|------------------|-----------|---------------------------------------------------------------------------------------------------------|
| Director of Nursing (1.0 FTE)            | \$64,939           | \$64,939         | \$0       | Total salary offset by reduced summer per diem days, Extended Day, Summer Enrichment revolving accounts |
| Part time nurse at Sherwood MS (0.4 FTE) | \$12,600           | \$7,600          | (\$5,000) | Reduction in contracted nurse service and use of Student Activity revolving funds to offset cost        |
| Part time nurse at Oak MS (0.4 FTE)      | \$12,600           | \$7,600          | (\$5,000) | Reduction in contracted nurse service and use of Student Activity revolving funds to offset cost        |

| <b>Personnel</b>                                                                                                                                  | <b>January<br/>projection</b> | <b>April<br/>projection</b> | <b>Change</b>    | <b>Notes</b>                                                                                    |
|---------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------|-----------------------------|------------------|-------------------------------------------------------------------------------------------------|
| Part time adjustment counselor at Sherwood MS<br>(0.4 FTE)                                                                                        | \$20,940                      | \$21,602                    | \$662            | Adjusted to match salary scale projection                                                       |
| Part time adjustment counselor at Sherwood MS<br>(0.4 FTE)                                                                                        | \$20,940                      | \$21,602                    | \$662            | Adjusted to match salary scale projection                                                       |
| Intensive special education teacher at Sherwood MS<br>(1.0 FTE)                                                                                   | \$52,350                      | \$0                         | (\$52,350)       | Will shift existing FTE to fill role                                                            |
| Additional special education paraprofessional positions<br>(2.0 FTE in Jan; 8.0 FTE in Apr)                                                       | \$66,500                      | \$266,000                   | \$199,500        | Increase in number of special education students requiring support, esp. in preschool           |
| Restore aide hours at elementary level (60 hours/week across Beal, Coolidge, Floral Street, Paton & Spring Street; equivalent of 2.0 FTE)         | \$30,000                      | \$30,000                    | \$0              | More hours required for indirect support of in-district special education programming           |
| Restore part time secretarial support at SHS<br>(0.4 FTE)                                                                                         | \$12,200                      | \$0                         | (\$12,200)       | Offset total SHS secretarial cost through eligible revolving accounts                           |
| Secretarial support for special education office<br>(0.7 FTE)                                                                                     | \$17,100                      | \$17,100                    | \$0              | To address complex Medicaid claiming processes to capture more reimbursements                   |
| <b>Totals</b><br><br><b>New FTE Jan = 8.7</b><br><b>(5.0 benefit eligible)</b><br><br><b>New FTE Apr = 13.7</b><br><b>(10.0 benefit eligible)</b> | <b>\$310,169</b>              | <b>\$436,443</b>            | <b>\$126,274</b> | <b>Represents a</b><br><b>0.76% increase</b><br><b>over total FY15</b><br><b>appropriation.</b> |

## Operational costs

These are expenses that will require increases in the coming year, while others are able to remain steady or even decrease. Key cost centers are illustrated in Table 3 below. The largest changes are in out-of-district special education tuition, due to a reduced projection for total tuition and a much higher offset from the state Circuit Breaker special education reimbursement program due to a combination of a higher cost basis projection combined with the signal from the House Ways and Means budget for a full reimbursement rate. Based on these factors, our forecast for the use of Circuit Breaker funds in FY16 has increased from \$3,647,874 in January to \$3,960,693 in April, a change of \$312,819. If tuition projections hold, this would allow the district to maintain \$250,000 of Circuit Breaker funds in reserve to address possible increases in tuition costs that could occur during the year, either due to unanticipated student needs, move-ins, or state-approved tuition increases.

**Table 3: Operational costs**

| Category                                                                                                                                                          | January projection | April projection   | Change             | Notes                                                                                                                                                  |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------|--------------------|--------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------|
| Out-of-district special education tuition                                                                                                                         | (\$149,281)        | (\$488,807)        | (\$339,526)        | Updated projection includes less tuition and significantly larger offset from state Circuit Breaker                                                    |
| K-12 bus transportation & special education bus monitors funded within appropriated budget (special education bus transportation is funded through federal grant) | \$48,135           | \$30,311           | (\$17,824)         | Updated projection based on actual contract CPI adjustment                                                                                             |
| Vocational technical high school tuition                                                                                                                          | \$106,647          | \$73,473           | (\$33,174)         | Updated from 137 to 135 tuitions @ \$16,587                                                                                                            |
| Educational supplies, textbooks, technology, equipment, contractual services, miscellaneous, etc.                                                                 | (\$57,627)         | (\$276,843)        | (\$219,216)        | Updated cost projections reflect additional savings due to digital materials, shifting some technology infrastructure costs to Facility Rental account |
| <b>Total Operations</b>                                                                                                                                           | <b>(\$52,126)</b>  | <b>(\$661,866)</b> | <b>(\$609,740)</b> | <b>Represents a 1.16% decrease over total FY15 appropriation.</b>                                                                                      |

## **Summary**

This budget recommendation sustains the personnel and program improvements that were made during the current year in a fiscally responsible manner. There are four key factors responsible for the district's ability to meet its budget priorities with a 2.2% increase to appropriations: 1) modest personnel cost increases; 2) a net reduction of out-of-district tuitions from appropriations, in large part due to the creation of more cost-effective in-district special education programming over the past several years; 3) continued innovation in the use of digital educational materials that are low or no cost, which is possible due to the 1:1 digital device program expanding to include all middle and high school grades; and 4) the prudent utilization of revolving account funds, where allowed, so as to leverage revenue from the rental of facilities, activity fees, tuitions for full day kindergarten, summer enrichment programs, etc. to help offset costs for the overall educational program. A fifth factor, which does not affect the School Department budget but does affect the net amount of state aid received by the Town, is that the net tuition charge for charter school students in FY16 is currently estimated to be \$122,941 less than FY15, due to fewer students opting to attend charter schools. Reasons that appear to be influencing families' choices to have their students remain include the opening of the new Sherwood Middle School; the advanced math programming added at Sherwood and Oak Middle Schools in recent years; the innovative approach to the use of technology; and certainly the reduction of class sizes and restoration of resources thanks to the operational override.

The few additions to the budget in this program are in response to various mandates and needs, almost all of which are related to maintaining and expanding in-district special education services or addressing student needs before students might require such services, which will mitigate costs in both the short- and long-term. The resources necessary to make these additions and to carry forward existing personnel and program are summarized in Table 4 below:

**Table 4: Summary**

| <b>Category</b>                                   | <b>January Projection</b> | <b>April Projection</b> | <b>Change</b>      | <b>Percent increase over FY15</b> |
|---------------------------------------------------|---------------------------|-------------------------|--------------------|-----------------------------------|
| Carry forward existing personnel                  | \$1,675,476               | \$1,484,664             | (\$190,812)        | 2.60%                             |
| Operational cost adjustment                       | (\$52,126)                | (\$661,866)             | (\$609,740)        | (1.16%)                           |
| <i>Subtotal for carry forward current program</i> | <i>\$1,623,350</i>        | <i>\$822,798</i>        | <i>(\$800,552)</i> | <i>1.44%</i>                      |
| Program additions to address mandates & needs     | \$310,169                 | \$436,443               | \$126,274          | 0.76%                             |
| <b>Total</b>                                      | <b>\$1,933,519</b>        | <b>\$1,259,241</b>      | <b>(\$674,278)</b> | <b>2.20%</b>                      |

### Looking ahead

I am pleased that the School Department will be able to sustain its program in FY16 with a relatively small increase of \$1,259,241, or 2.20%, in appropriated funds. Over the past decade, the median increases in the appropriated budget, not adjusted for inflation, are \$2,531,478 and 5.74%, which are well above the FY16 recommendation. As mentioned above, a combination of factors is enabling this budget plan to come in well below the \$1.87 million bottom end of the range we projected we would need for sustainability, and some of these factors, particularly special education costs, are volatile. While the School Department will continue to do its utmost to be fiscally responsible, the cost of meeting the needs of the program and inflation factors will vary from year to year. We know from the recent past that if adequate investment is not able to be made over time, it can compromise the quality of education.

The Shrewsbury Public Schools remain committed to generating the greatest educational value possible for each dollar of funding, an approach that recently placed our district in the top 1.8% of all K-12 school districts in the U.S. for “return on educational investment.” I am confident that our town will continue to recognize the value of ensuring that our schools receive the funding they need, in order to provide the excellent education that our community expects and that Shrewsbury’s children deserve.