



SHREWSBURY PUBLIC SCHOOLS

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March 2, 2011

To: Board of Selectmen
Finance Committee
From: Joseph M. Sawyer
Re: School Department Budget Update

On behalf of the School Committee and the Shrewsbury Public Schools administration, I am pleased to present you with an update regarding the School Department's Fiscal Year 2012 budget development at this evening's "three board meeting."

Based on projections done in February, the School Department has identified a gap of \$1,838,447 (3.90%) between what resources would be needed to maintain a successful educational program, respond to ongoing mandates, and make strategic investments to lower long term costs, compared with what resources might be available, assuming level funding from the town as a starting point. The difference between this initial projection and the Town Manager's initial recommendation for the School Department is \$2,581,772 (5.48%). This gap is the result of potential increases in costs vs. projected cost savings, which are shown below. Currently, the administration is working on updating these projections, and some changes will result as more information on enrollment, special education requirements, etc. for next year becomes available; further, the regulations for utilizing the federal Education Jobs funding could result in approximately \$100,000 less available to offset costs than originally understood. The administration plans to present a formal FY12 budget recommendation to the School Committee at its March 9 meeting, a week in advance of the March 16 School Committee public budget hearing and the March 17 meeting between the School Committee and Finance Committee (copies of this budget recommendation will be distributed to you as well). The current calendar proposes that the School Committee vote to recommend a budget to Town Meeting at its April 6 meeting.

The initial budget gap projection is illustrated in the following three tables:

Table 1: Potential Cost Increases

Cost Increase	Amount	Notes
General operating expenses	\$33,574	1% increase
Professional development	\$35,000	State mandated training (anti-bullying, etc.)
Transportation	\$195,415	In district busing and out of district special education
Texts & instructional materials	\$210,000	Significantly underfunded in FY10 & FY11
New personnel	\$311,900	To meet mandates and prevent higher costs elsewhere
Technology	\$455,000	Significantly underfunded; compromising program
Replace federal stimulus funding	\$1,502,244	Salaries currently funded through expiring source
Salary adjustments	\$1,591,529	Experience and 1% cost of living
Total	\$4,334,662	

(Over)

Table 2: Projected Cost Savings

Cost Savings	Amount	Notes
Vocational tuition reduction	\$80,390	Projected reduction in enrollment (subj. to change)
School choice tuition received	\$95,000	Tuition generated in FY11
Remaining federal stimulus funds	\$98,848	Last portion from this source
Special Education tuition savings	\$162,212	Out of district costs reduced (subj. to change)
Retirement replacement differential	\$170,000	Replacements at lower salary
Circuit Breaker reserves	\$700,000	Due to favorable results in FY11
Federal Education Jobs Funding	\$1,189,765	One time funding
Total	\$2,496,215	

Table 3: Initial Budget Gap Projection

Budget Projection		Difference from FY11 Budget
FY11 School Department Budget	\$47,139,676	
FY12 Potential Cost Increases	\$4,334,662	
FY12 Projected Cost Savings	\$2,496,215	
FY12 School Department Initial Projection	\$48,978,123	\$1,838,447 3.9%
FY12 Town Manager Initial Recommendation	\$46,396,351	(\$743,325)* -1.58%

*Difference between Town Manager Initial Recommendation and School Department Initial Projection = (\$2,581,772)

Considerations

Over the coming weeks, the following considerations will determine the School Committee's budget recommendation to Town Meeting:

- Signals from the State Legislature regarding Chapter 70 and Circuit Breaker funding currently in the Governor's budget
- Availability of town funding
- Enrollment developments for kindergarten, vocational technical high school, private high school
- School Choice decision for FY12 (public hearing on March 16; recommendation dependent on enrollment)
- Special education placements for FY12 (volatile parameter of budget)
- Year-end projections for revolving accounts (currently under analysis)
- Determination of fees for FY12 (Transportation, Preschool, Full Day Kindergarten, Athletics, etc.)

We look forward to your questions and comments this evening.