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# HINGHAM PUBLIC SCHOOLS

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## MEMORANDUM

DATE: December 30, 2016

TO: Hingham School Committee

FROM: Dorothy Galo, Superintendent of Schools

RE: **Proposed (by Administration) FY 2018 Preliminary Operating Budget**

This budget document includes information about the administration's proposed operating budget for FY 2018, explanations about how the budget was generated, comparisons between the FY 2017 approved budget and the FY 2018 proposed budget, an explanation of the rationale for proposed additions to the level services budget, and comments about special circumstances that have impacted projected costs in some functions of the proposed budget.

Budget Categories	FY 2016 Approved	FY 2017 Approved	<i>FY 2018 Proposed</i>	Percent Change
Regular Education	\$34,676,988	\$36,063,105	TBD	TBD
Special Education	\$10,688,822	\$11,476,092	TBD	TBD
Vocational Education	\$47,911	\$74,524	TBD	TBD
<b>TOTALS</b>	<b>\$45,413,721</b>	<b>\$47,613,721</b>	<b>TBD</b>	<b>TBD</b>

The **Guiding Principles**, listed on the next page, discussed at the September 17, 2016 School Committee Planning Session, and adopted at the October 3, 2016 School Committee meeting, were a starting point for the administration's development of this budget proposal. We are characterizing the budget as "level services" this year, with "level services" broadly defined to include responses to enrollment increases, the reality of changing student demographics and associated necessary services, facilities needs, contractual obligations and resources to meet DESE requirements and other legislative mandates.

In a separate section, we have included proposals that reflect School Committee and School Department priorities, unmet needs, and community expectations. Our hope is that again this year we will be able to find a mutually acceptable balance between what level of funding administrators believe reflects a comparable level of services as in FY 2017 and what Town resources are deemed to be available. With that in mind, we believe that reviewing identified school and Central Office requests and the assumptions that support them are important first steps in the budget development process for the preliminary budget.

**GUIDING PRINCIPLES FOR THE DEVELOPMENT OF THE FY 2018 SCHOOL  
COMMITTEE'S RECOMMENDED BUDGET**

The adopted budget of the School Committee will:

1. reflect the district mission, SC priorities, and community expectations for excellence and equitable access to education for all students, and also respond to identified needs resulting from enrollment growth and new demographic trends including the social emotional well-being of students, increased mandates, and special education costs, while acknowledging fiscal realities, competing priorities, and other Town-wide needs.
2. reflect known contractual obligations along with an allowance for collective bargaining and other negotiations, professional development and mentoring needs, and staff supervision and support provisions to further the district's goal of attracting, developing, and retaining a highly qualified and adequately supported administration, faculty, and support staff.
3. fund state and federal mandates and compliance with DESE and Department of Public Health (DPH) regulations, including tuitions, transportation and other costs related to special education, ELE laws, MA accountability determinations, MA standards related curriculum adoptions, and expenses related to managing the Educator Evaluation System and licensure renewal requirements and other legal mandates including ADA compliance and the Opioid Law implementation.
4. fund the maintenance of, and capital improvements to, school buildings, fields, playgrounds and properties, acquisition or replacement/upgrading of specialized equipment, and needed infrastructure for technology enhancements to support statewide testing and HPS technology goals.
5. fund projected utilities/energy costs and contracted services (such as those for transportation), preventive maintenance projects, and proactive assessment and planning for facilities and space needs.
6. reflect cost effective approaches to acquiring, managing, and maintaining educational and facilities resources and include appropriate documentation of needs and alternative solutions.
7. reflect gross costs as they are known or projected but then offset by anticipated revenues, state and federal grants, circuit breaker and revolving account allocations in functions where they are applicable.

Approved by School Committee 10/3/2016

(Numbering of principles is for reference only and does not represent a priority order.)

The process of developing the school administration's recommended FY 2018 Operating Budget began with: (1) a School Committee planning and goal setting meeting followed by the development and SC approval of Budget Guidelines and Assumptions and (2) the submission of budget requests by principals and building leaders, directors and resource teachers, supervisors, and central office staff (based on input from teachers and support staff). Every line item in the FY 2017 approved budget was reviewed and adjusted up or down as appropriate to reflect anticipated costs before any new requests were added to create the "level services" proposal for FY 2018.

The following Assumptions (approved by the SC on November 7, 2016) underlie the FY 2018 budget and provide context and rationale for including the requests that were included.

### **ASSUMPTIONS UNDERLYING DEVELOPMENT OF THE FY 2018 BUDGET**

1. The overall goal is to provide and maintain high quality programs and services that support learning and well-being, fulfillment of individual potential, and the other core values that underlie the District Mission.
2. The proposed budget will be a level services one and will reflect anticipated inflationary enrollment growth, contractual commitments, state and federal mandates, change in the HS graduation requirements, and attention to the ongoing health and social emotional needs of students. Responses to other needs will be itemized for the Committee's awareness, but costs are not included in the preliminary base budget. Additionally, the district has prepared a statement that outlines the impact of a level funded budget on personnel, facilities, potential class sizes and reductions in other programs and services.
3. In the short term, enrollment is anticipated to increase slightly at grades 6-12 and decrease some at the elementary level; we will continue to monitor kindergarten enrollment and the grade K to 1 growth factor to detect and respond to trends. FDK will remain a tuition-subsidized program. The FY'18 budget will include an offset for parent paid tuitions for FDK. An additional section of Kindergarten may be required based on projected enrollment. If that is the case, tuition collected will provide a sizable offset.
4. Most state and federal grants are likely to remain level. The Circuit Breaker reimbursement anticipated is \$1,196,599 and it will be used as an offset to the 9100B tuitions function.
5. Special education costs, especially tuitions, will likely continue to fluctuate greatly from year to year. We will continue to budget for known tuitions and those that we anticipate as "likely."
6. Professional development costs continue to grow, especially with respect to technology training, new adoptions, and DESE-mandated training for ELL and other licensure requirements. Extra funds for sub coverage may be required.
7. The textbook budget will be reduced from what had been projected last year for FY 2018. The entire adoption was purchased in FY 2017. There will still be need for additional texts in several subjects as the largest classes move through the middle school and high school. Expiring licenses for technology components of curriculum materials across the district will continue to impact instructional costs.
8. A zero-based budgeting approach will be used for personnel costs, contractual obligations and SPED tuitions and transportation. Other costs will be projected based on past usage, enrollment change or inflation, and anticipated market prices; revolving fund revenues will be allocated prudently to offset some expenses in functions that relate to the source of that revenue.
9. Regular transportation operating costs, aside from payroll, will be kept flat for the FY 2018 budget since actual results of the new operations will not be known during the budget process. During FY 2017, actual regular education transportation costs will be tracked and evaluated against the assumptions that were used for the new five-year lease structure that the District entered into for the 2016-2017 school year and successive four years.

10. The new transportation lease structure will allow Hingham the flexibility to expand bus driver hours through the use of subs should enrollment growth at the Middle School cause overcrowding of buses. Additionally, the new bus lease may allow a shift of some athletic transportation expenses from contractor to “in-house” services.
11. Additional capital funding will be needed to support facilities planning including ADA compliant playgrounds, the HAWC project design costs, a Foster School facilities assessment and technology needs including a Middle School Chromebook funding plan and continued development of the technology infrastructure needed for mandated testing, as well as routine equipment replacement and maintenance requirements as our newer buildings age and fields and outdoor facilities require attention.
12. An allowance amount will be included in the budget to cover the cost of anticipated collective bargaining with all bargaining units and other personnel.

Approved by SC 11/7/16

(Numbering of assumptions is for reference only and does not represent a priority order.)

### **SPECIAL CIRCUMSTANCES, CHALLENGES, AND UNKNOWNNS**

There are a number of “moving parts,” unique challenges, and unknowns at this stage of the budget process. Several are described below and some are reflected in proposed changes to the budget. Both state funding levels (through Chapter 70) and local revenues (in areas such as new growth and local receipts) continue to be projected somewhat conservatively. The 2015 Foundation Commission has identified a series of recommendations (with the projected cost) for revisions to the Foundation Budget Formula that reflect the unique costs of educating “high need” populations and that address perceived “budget busters” such as the impact of health insurance costs on municipal budgets. However, it does not appear at this time that any required legislative action on the funding of these recommendations will impact the FY 2018 state budget.

All six HPS collective bargaining units have contracts that will expire in June of 2017. Salaries and benefits in the FY 2018 proposed budget reflect those agreements. Dollars for negotiating successor agreements and individual contracts expiring this year will appear under an “allowance” category Function 9100E.

The budget reflects only three known teacher retirements and two administrator transitions at this time; with a total savings (after any benefits due and assuming qualified replacements) already offsetting anticipated replacement costs in the proposed FY 2018 budget. Clearly, salary savings from any additional retirements (as they may become known) would help to reduce the bottom line; however, given the number of post-budget retirements over the last two springs and the smaller pool of senior staff, we do not expect any significant increase in the retiree count.

There are fourteen teachers who chose to take (or extend) a full year unpaid leave (LOA) for the 2016-2017 school year. We were notified of some of those leaves last spring (post-budget). Hence, we have realized some savings in the personnel/hiring account for the current year. However, we have budgeted conservatively with the assumption that most of the LOA teachers may return (we will not know that final count until March 1<sup>st</sup>). The challenge is that the dollar cost of conservative planning is sizable; but of course, that also represents an area of some potential savings as we move forward through the budget process.

Net special education costs are anticipated to be up only slightly for FY 2018. (There is a slightly increased MA Circuit Breaker offset available for FY 2018; it reflects costs paid out in FY 2016 and reimbursed during 2016-2017 to support expenditures that will occur 2017-2018). These dollars will partially offset the requested increase in the preliminary budget for FY 18.

We continue to find it challenging to properly maintain our buildings and grounds with existing resources and also to address the need for a robust, proactive preventive maintenance program. Factors such as town-wide limitations on annual capital budget funding, limited manpower, and the demands on personnel as a result of both special projects and the (thankfully shrinking) backlog of deferred projects challenge our employees' best efforts. The proposed budget includes restoration of a maintenance position (requested but not funded in any of the three prior years). That role is needed to address the new MS fields and the mandated ADA code requirements for elementary playgrounds. The FY 2016 funding of a new role of Manager of Facilities and Procurement has resulted in a vastly improved ability to identify facilities issues and extend the useful life of our major capital assets, to enhance long range planning, and to facilitate a program of preventive maintenance that will save us dollars in the end. As well, some reorganization within the maintenance and custodial functions has improved efficiency and responsiveness to unanticipated events and emergencies.

Overall enrollment is anticipated to be fairly level for 2017-2018, with a slight increase in the high school numbers and decreases at the elementary and MS levels; the latter reflects a fifth grade moving to the middle school that is larger than the anticipated K class entering. We continue to monitor any increase in enrollment between grades K and one to determine the impact of the full day Kindergarten program. No additional grade level or core subject classroom teachers (beyond one section of K) are projected for 2017-2018. However, there are requests for staffing to address growing health and emotional wellness needs, a new graduation requirement and technical support for the elementary schools, especially as related to the new MCAS 2.0 testing requirement.

### **LEVEL SERVICES PROPOSALS**

The following individual requests **have been included** in the School Administration's FY 2018 preliminary Operating Budget proposal.

- 1.0 high school nurse (net cost of replacing aide role) – 2<sup>nd</sup> year of 2-year plan to provide two dually licensed nurses (both RN and DESE licensed) by replacing existing health aide roles at both HHS and HMS – *to meet DPH guidelines, support student health needs and address the growing complexity and increasing number of serious medical issues in our largest buildings. The current HS aide is an RN, but under DPH guidelines, cannot perform all required nursing duties without the DESE licensure, that is pending. The FY 2018 plan is for that individual (once licensed) to assume the second HS nurse role at a cost that is net of her aide salary. The same transition (nurse plus aide to two nurses) was made in FY 17 at HMS.*
- 0.4 Chinese teacher at HHS – *projected enrollment-related need based upon students currently enrolled in lower level Mandarin classes.*
- 1.0 shared technician for elementary schools *to manage setup of additional technology, ongoing maintenance of existing equipment and MCAS 2.0 readiness. Grades 4 and 8 MCAS testing will be online in the coming spring, with all grades 3-10 to be tested online in FY 18.*
- 1.0 Kindergarten teacher – *to meet projected enrollment-related need. This cost will be offset by anticipated tuition revenue.*

- 1.0 HS (.5 health/.5 PE) teacher – *to respond to growing HS enrollment (currently served by only 2.0 PE teachers) and the need for additional health education instruction. This role is also a component of a voted change in HHS graduation requirements.*
- Cost of NEASC Accreditation visit to Hingham High School in Fall 2017. *This team visit occurs once every ten years, with associated costs of an increased membership change for the accreditation year and food and housing for a 13-member visiting team.*
- 1.0 maintenance worker – *fourth year request to restore maintenance capability with special attention to elementary and middle school fields and ADA playground compliance issues.*
- Tuition cost for student(s) with substance abuse issues. *This cost is a new one in the last several years and has been covered by the special education budget in the absence of a dedicated budget line number, as now will exist in the guidance function.*

#### **RECOMMENDED BUT NOT IN BASE BUDGET**

- Incremental cost of moving Post-Secondary Planning Coordinator from Tutor rate to 1.0 FTE counselor – *to ensure continuity of staffing from one year to the next and to respond to growing HS enrollment. Since the inception of this role, we have lost tutors (all certified in guidance) to full time positions in other districts.*
- 1.0 MS guidance counselor – *to meet enrollment and growing social, emotional and personal counseling needs. This role was requested but deferred by other priorities last year.*
- Elementary math tutors - *for instructional support for struggling math students at grades 3-5 in two elementary schools. This role was requested but deferred by other priorities last year. However, additional FY 17 Title I dollars have partially met this need at two of the four buildings.*
- 0.2 Art teacher at HMS *to meet additional course requests. Without additional sections, not all students who select art can be scheduled.*

#### **NOT RECOMMENDED AT THIS TIME**

- 0.6 MS special education teacher for skills class – *to serve an anticipated increase in the number of children who need a skills-based learning environment.*
- 0.5 Custodian at PRS - *to provide staffing equity among the four elementary schools.*
- 1.0 Social Studies teacher – *to improve class sizes at HHS and HMS.*
- Paraeducator support for selected Spanish classes - *to support instruction in classes with an increased number of students with IEPs.*

#### **DETAILED BUDGET COSTS, INCLUDING THE FINANCIAL IMPACT OF NEW LEVEL SERVICES PROPOSALS WILL BE DISCUSSED AT THE JANUARY 5<sup>TH</sup> MEETING.**

As well, we will share the statement that summarizes the potential impact on School Department staffing, programs, and services that would result in less than a level services funding of the FY 2018 Operating Budget.

There are a number of program areas that we will monitor carefully for potential cost savings or additional revenue as the budget process moves forward. These include personnel changes (additional retirements or leaves of absence), anticipated number and costs of special education tuitions that have been budgeted with the assumption of a 3% increase, and revolving account balances as they accrue FY 2017 dollars that may support greater budget offsets for FY 2018. Because of the FDK for all, there

are reduced offset dollars available from the tuitions account that formerly held revenues generated by typical child fees for both the Integrated PK and (prior to 2015) FDK programs. As the budget season progresses, we hope to have a clearer idea about the size of the September 2017 Kindergarten and the size of the grade 1 enrollment “bump.”

The **Capital Budget** request will be presented initially to the Capital Outlay Committee on January 18, 2017, after input from, and review by, the Long Range Planning Subcommittee and the full School Committee. As is the case with the Operating Budget, the proposed preliminary Capital Budget reflects a combination of requests deferred from prior years and newly identified or reprioritized needs. We believe that this concept is consistent with a Town-wide focus on identifying capital needs and developing a timeline for funding repair or replacement of the Town’s capital assets.

The School Administration looks forward to the opportunity to clarify details of its proposed budget during scheduled work sessions on January 5<sup>th</sup>, January 12<sup>th</sup>, and January 19<sup>th</sup>. A work session with ACES on January 21<sup>st</sup>, and the suggested joint meeting with the Selectmen and Advisory Committee on February 2, 2017 are part of that process. The School Committee’s required Public Hearing on the Budget will be held at its regular School Committee meeting of February 13, 2017. A budget adoption vote by the SC is tentatively scheduled for February 27<sup>th</sup>, with Selectmen and Advisory Committee action on the budget likely that week as well.

Happy New Year!