HINGHAM PUBLIC SCHOOLS

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# M E M O R A N D U M

December 28, 2014

TO: Hingham School Committee

FROM: Dorothy Galo, Superintendent of Schools

RE: **Proposed (by Administration) FY 2016 Operating Budget**

This budget document includes information about the administration’s proposed operating budget for FY 2016, explanations about how the budget was generated, comparisons between the FY 2015 approved budget and the FY 2016 proposed budget, an explanation of the rationale for proposed additions to the “needs-based” budget,

 and comments about special circumstances that have impacted projected costs in some functions of the proposed budget.

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| --- | --- | --- | --- | --- |
| Budget Categories | FY 2014Approved | FY 2015Approved | FY 2016*Proposed* | Percent Change |
| Regular Education\* | $31,300,452 | $33,380,635 |  TBD |  TBD |
| Special Education\* | $10,399,485 | $10,015,139 |  TBD |  TBD |
| Vocational Education\* | $138,292 |  $94,948 |  TBD |  TBD |
| **TOTALS****\* Entries rounded**  | **$41,838,228** | **$43,490,722** |  **TBD** |  **TBD** |

The **Guiding Principles**, listed on the next page, discussed at a September School Committee Planning Session, and adopted at the October 20, 2014 School Committee meeting, were a starting point for the administration’s development of this budget proposal. We are characterizing the budget as “needs-based” again this year, with “needs” 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.

As well, we have included proposals that reflect School Committee and School Department priorities and community expectations. Prior to FY 14, the school budget had been developed with the Town’s anticipated revenues as a primary criterion and level services as limiting condition for consideration of any new proposals. In FY 14, we began with articulation of district needs as the starting point for discussion. Our hope is that again this year we will be able to find a mutually acceptable balance between what level of funding administrators believe is needed and what Town resources are deemed to be available. With that in mind, we believe that articulating identified school needs and reviewing the assumptions that support them are important first steps in the budget review process.

**GUIDING PRINCIPLES FOR THE DEVELOPMENT OF THE FY ’16 SCHOOL COMMITTEE’S RECOMMENDED BUDGET**

The administration’s recommended budget 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, increased mandates, and special education costs, while acknowledging fiscal realities, competing priorities, and other Town-wide needs.
2. reflect known contractual obligations, 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 staff.
3. fund state and federal mandates and DESE regulations, including tuitions, transportation and other costs related to special education, ELE laws, MA accountability determinations, MA standards related curriculum adoptions, the new Educator Evaluation System, and other legal mandates including fingerprinting.
4. fund the maintenance of, and capital improvements to, school buildings and properties, acquisition or replacement/upgrading of specialized equipment, and needed infrastructure for technology enhancements.
5. fund projected utilities/energy costs and contracted services (such as those for transportation), preventive maintenance 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.

Numbers are for reference only and do not represent a priority order.

The process of developing the school administration’s recommended FY 2016 budget began with: (1) a School Committee planning and goal setting meeting on September 14th 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 2015 approved budget was reviewed and adjusted up or down as appropriate to reflect anticipated costs before any new requests were added to create the FY 2016 proposal.

The following Assumptions (approved by the SC in October 2014) underlie the FY 2016 budget and provide context and rationale for including the requests that were included.

**ASSUMPTIONS UNDERLYING DEVELOPMENT OF THE FY‘16 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. Priority will be given to funding areas that have not kept pace with increasing demands on school resources as well as supporting a few new initiatives, which include technology enhancements, planning for a full day kindergarten program, and master planning activities.
3. Priority will also be given to assessing space and facilities needs to develop information that will support long-range facilities and capital planning.
4. In the short term, enrollment pressures will continue, especially at grades 6-12; we will continue to monitor kindergarten enrollment and the grade K to 1 growth factor to detect and respond to trends.
5. Energy cost fluctuations will continue to be difficult to project, especially for the new Hingham Middle School where there is limited actual use data.
6. Most state and federal grants are likely to remain level, but an expected drop in Circuit Breaker reimbursements during FY ’15 will provide a smaller offset for the 2015-2016 budget year. Some grant funding may be available to support a Full Day K initiative.
7. Special education costs, especially tuitions, will likely continue to fluctuate greatly from year to year. However, at this time we anticipate fewer out-of-district students for the FY ‘16 budget than were budgeted for FY ‘14 and FY ‘15.
8. Additional funding continues to be necessary for personnel resources to comply with unfunded federal and state mandates as well as to support DESE reporting expectations and professional development requirements such as for ELL.
9. Opportunities to enhance the leadership and management capabilities of the district will be explored and may require additional funding as early as FY ‘16.
10. A zero-based budgeting approach will be used for personnel costs, contractual obligations and SPED tuitions and transportation; other costs are projected according to past usage and market prices; revolving fund revenues will be allocated prudently to offset some expenses that relate to the source of that revenue.
11. Regular education transportation costs are anticipated to be higher in FY ‘16 since they will reflect not only a new bus lease, but also an expectation of specifying new buses in the bid, and the possibility of the need for an additional bus to meet the increased enrollment at HMS.
12. Additional capital funding will be needed to support our technology initiatives as well as replacement needs as our newer buildings age.

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**SPECIAL CIRCUMSTANCES, CHALLENGES, AND UNKNOWNS**

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 additions 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. However, there also is new attention being paid in MA to the relevance of certain aspects of the state’s Chapter 70 formula, especially as it reflects realities such as costs for educating “high need” populations and to other perceived “budget busters” such as the impact of health insurance costs on municipal budgets.

Detail about the proposed “full-day K for all” new initiative is not repeated as part of this document; but the PP presentation and Q and A document that were shared in December with AdCom and the Selectmen are available on the website (under administration). As well, we will discuss possible funding scenarios that are being explored as part of the first budget work session. The projected budget is included.

All six HPS collective bargaining units had contracts that expired at the end of last year; we have written or verbal agreements with all but two remaining units as of this writing. Salaries and benefits in the FY 16 budget reflect those agreements that have been ratified by both sides. Dollars for those units that are still in the discussion stage are being carried under a separate function page that follows Function 9100E.

The budget reflects only six known teacher retirements at this time; with a total savings (after any benefits due and assuming qualified replacements) already offsetting anticipated replacement costs. 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 nine teachers who chose to take (or extend) a full year unpaid leave (LOA) for the 2014-2015 school year. We were notified of some of those leaves (post-budget) last spring. 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 1st). 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 for FY 16. This is a function of two factors; instructional costs and tuitions are up and there is a smaller MA Circuit Breaker offset available than in FY 15. Of course, the latter was expected and simply reflects reimbursement for a smaller number of tuitions paid out in FY 14 (and received in 14-15, to support expenditures in 15-16).

We continue to find it increasingly difficult to properly maintain our buildings and grounds with existing resources. Factors such as limitations of past capital budgets, insufficient manpower (maintenance and supervisory/management personnel), and the demands on personnel as a result of both special projects and the growing backlog of projects challenge our employees’ best efforts. The proposed budget includes restoration of a maintenance position (requested but not funded last year) and the funding of a new role of Manager of Facilities and Procurement.

The bus lease expires at the end of the year. A new lease, possibly specifying new buses, and an additional bus is under consideration and reflected in the proposed budget at this point.

As noted during the budget process last year, the HFD is eliminating its call box system effective next July. Therefore all Town Departments will need to budget for an alarm monitoring service and related equipment and phone lines for each building. This will result in both a new annual operating cost and some one time hardware costs under both the utilities function and the FY 16 Capital Budget.

**NEEDS - BASED PROPOSALS**

The following individual requests, separated below into categories of need, **have been included** in the School Administration’s FY 2016 preliminary Operating Budget proposal. It is important to note that some of the items could have been placed in more than one category as they address multiple areas of need. In some cases the actual dollar increases are quite small; but the items still are listed out separately below to clarify and highlight the various kinds of needs that deserve our attention and response (particularly when they reflect unfunded mandates, extraordinary work loads, or unique situations).

**Enrollment related requests -** These requests reflect additional secondary students anticipated for September 2016 and the underfunding of prior year elementary specialist requests (as enrollments have grown over time).

* + 3.65 HS and 2.8 MS secondary core classroom FTEs - *to move existing class groups along (especially for grades 6 to 7 and 9 to 10)*
	+ 1.4 elementary specialist FTEs (.5 music, .4 Spanish, .5 PE) – *to move toward building based specialists in all 6 specialist areas to accommodate the growing number of sections and facilitate the complexities of scheduling shared specialists*
	+ .167 FTE increase in literacy coordinator (from .233 to .4) – *to accommodate added elementary sections, including focus on literacy standards and interventions, and to begin restoration of literacy oversight FTEs lost with the opening of East School* This increase is in the base budget.
	+ Additional large bus (part of lease) and driver (HPS employee) – *to accommodate increase in middle school enrollment where ridership is high and requires all 20 large buses*

**Positions or services that are necessary to meet unique student needs and challenges**

* Increased health aide hours (1.5/day MS, .5/day HS) – *to provide full day coverage (in addition to the school nurse) to support student health needs and address the growing complexity and increasing number of medical issues. Each of the current health aides is an RN.* This is the second part of a two-year plan and is in the base budget.
* Math tutor or paraeducator hours for each elementary school – *to increase the attention to mathematics interventions, especially for underperforming students at grades 3-5 in an RTI kind of model*
* Increased paraeducator hours for PRS literacy – *to restore parity of service for RTI* This increase is in the base budget.

**Care of grounds and facilities, operational needs –** These recommended additions to the budget address both increased and unmet needs, increased square footage and complexity of the new middle school, restoration of a HS custodial position and a district-wide maintenance worker, a new local requirement and a growing backlog of maintenance and general upkeep issues.

* 1.0 new role, Manager of Facilities and Procurement – *to provide engineering and supervisory expertise to manage needs assessment and planning, and oversight functions for major projects*
* 1.0 maintenance worker – *second year request to restore maintenance capability with special attention to elementary and middle school fields and playground issues*
* Increased overtime hours for custodial staff - *to address growing backlog of maintenance projects in a cost effective manner through the use of existing employees*
* Increased funding for mowing and grounds upkeep and semiannual contractual maintenance for HS and MS fields and grounds – *to keep up with added areas that require attention, including islands, plantings, etc.* This increase is in the base budget.
* Ten sets of snow tires – *to increase winter weather safety for vans that transport special education students*

**Other proposals to address programmatic and support service needs**

* Addition of 2.5 hrs/wk for language lab tech specialist – *the second consecutive increase in hours (1.5 hrs/wk in FY 15)* *to accommodate more sections of foreign language and to allow for greater supervision and training for the new MS lab*
* Student clerical assistant hours (350) – *to provide for summer and vacation coverage, especially at Central Office*
* Student technology assistant hours (370) – *to provide technology support for faculty*
* X2 programming services – *to develop new standards-based elementary report cards*
* Web-based text materials for a linear algebra pilot program – *to be used (with iPad cart in Capital request) for students who struggle with traditional instructional strategies*
* Teacher advisor for the Green Team – *to encourage additional student recycling and other green efforts and support a multi-year role that never has been funded*

**Additions to the base budget that reflect contractual agreements, external mandates or that were previously unbudgeted or under budgeted**

* Additional dollars for contractual lane changes – *to meet the level of current requests*
* Increased cost of new bus lease (for existing number of buses) – *projected at 18-20% for new buses in bid specs*
* Baseline Edge software – *purchased in spring 2014 for 2014-2015 use, annual renewal*
* Virtual High School – *pilot program in 2014-2015, more time needed to evaluate*
* Enrollment related supplies/materials (science, music, grade 6 exploratory) – *previously underfunded*
* Clerical unit upgrades, included added hours for business and athletic offices – *needed to respond to the demands of an increased workload, as per salary and guidelines discussions*
* Three additional days for HS nurse – *to meet fall pre-season athletics needs, in place but not reflected in budget*
* New phone lines for fire alarms, alarm monitoring – *reflects HFD change; line and monitoring charges will be annual*
* Security/panic alarm – *additional safety precaution*
* Diesel exhaust system fuel additive – *new EPA requirement for any new buses*
* Lease of three copiers – *part of systematic replacement plan; copiers purchased for East as part of construction project*

**Requests from administrators that were NOT INCLUDED in this budget proposal and are NOT RECOMMENDED at this time** – These requests are all worthwhile but, in the opinion of the central office administration, do not rise to the same level of priority for the FY 16 proposed budget as do other requests; so each is recommended to be deferred at this time.

* 1.0 Transition Room paraeducator – *the Transition Room is an unqualified success and more resources would surely benefit students, but other priorities also exist* *for the coming year*.
* Expansion of the Freshman Advisory Program to grades 10-12 – *this request is a high priority of the HS principal; deferral is recommended only because of needs in other areas.*
* 1.5 custodians (.5 @ at PRS, MS, South) – *this is an area that received significant attention in the FY 15 budget.*
* 1.0 MS guidance counselor – *the request reflects the increased MS enrollment and the per student load for the existing three counselors. In FY 15, additional summer hours were added and the adjustment counselor was restored to full time.*
* Additional HS club advisory roles (biking, GCP 2nd advisor) – *several new roles were added over the past couple of years; hence the recommendation to defer these requests to allow other* *high priority requests.*
* Robotics supplies – *corporate sponsorship is still being sought; a second year of grant funding will provide for a second year of competition; the advisor role is now funded.*
* 1.0 Communications/Webmaster new role – *priority has been given to requests for new roles that have a more direct student or facilities impact.*

**TOTAL FINANCIAL IMPACT OF NEW PROPOSALS WILL BE DISCUSSED AT THE JANUARY 8TH MEETING**

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 that OSD will approve all of the pending increases requested by private institutions, the remaining collective bargaining allowance, and revolving account balances as they accrue FY 15 dollars that may support greater budget offsets to certain accounts in FY 16. As well, we hope to have a clearer idea about the size of the September 2015 kindergarten enrollment; that will clearly be the major factor in determining the scope of a sliding scale of tuitions that will be necessary to support that initiative.

The **Capital Budget** request will be presented initially to the Capital Outlay Committee on January 21, 2015, after input from and review by, the Long Range Planning Committee and the full School Committee. As is the case with the Operating Budget, the preliminary Capital Budget is presented as a “needs-based” one intended to highlight the scope of School Department needs over a 5-year period. 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 8th then as part of a regularly scheduled SC Meeting on January 12th, and on January 22nd; administrators will work collaboratively with the School Committee and Town officials to explore creative ways to fund and manage the budget that eventually will be adopted. A work session with AdCom on January 24th, and the joint meeting with the Selectmen and Advisory Committee on February 5th 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 9, 2015. A budget adoption vote by the SC is scheduled for February 23rd with Selectmen and Advisory Committee action on the budget likely that week as well.