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MEMORANDUM

DATE: December 29, 2017
TO: Hingham School Committee
FROM: Dorothy Galo, Superintendent of Schools

RE: **Proposed (by Administration) FY 2019 Preliminary Operating Budget Overview**

This budget document includes information about the administration’s preliminary proposed operating budget for FY 2019, assumptions upon which the budget was based, comparisons between the FY 2016-2018 approved budgets and the FY 2019 proposed budget, an explanation of the rationale for proposed additions included in the level services budget, and comments about special circumstances that have impacted projected costs in some functions of the proposed budget and concerns about unknowns and future revenues.

Budget Categories	FY 2016 Approved	FY 2017 Approved	FY 2018 Approved	FY 2019 Proposed	Preliminary % Change
Regular Education	\$34,676,988	\$36,063,105	\$37,858,232	TBD	TBD
Special Education	\$10,688,822	\$11,476,092	\$11,823,407	TBD	TBD
Vocational Education	\$47,911	\$74,524	\$81,058	TBD	TBD
TOTALS	\$45,413,721	\$47,613,721	\$49,762,697	\$52,800,172	6.10%

The **Guiding Principles** listed on the next page and first discussed at the September 25, 2017 School Committee Planning Session and then adopted at the October 10, 2017 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.

Our hope again this year is that 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 2018 and what Town resources are deemed to be available. With that in mind, we believe that developing School Committee approved budget guidelines is an important first step in the annual budget process. The Guiding Principles statement for the FY 2019 budget follows, as do the lists of Assumptions and Special Concerns that the administration used in developing its preliminary proposed budget. As this document is intended as an overview, the requests submitted by the staff are summarized according to whether they have been included in the preliminary budget or not. More detail will be provided in work session documents.

SCHOOL COMMITTEE GUIDING PRINCIPLES

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 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 individual contracts that will require negotiation, 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 10/10/2017

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

The process of developing the school administration's recommended FY 2019 Operating Budget began with: (1) a School Committee planning and goal setting meeting followed by the development and SC approval of Budget Guidelines and Calendar 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 2018 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 2019.

ASSUMPTIONS UNDERLYING DEVELOPMENT OF THE FY 2019 OPERATING BUDGET

1. The overall budget 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 is a level services one and costs reflect anticipated inflationary growth of existing budget lines or proposed changes that address maintenance of current class sizes and workload expectations, contractual commitments, state and federal mandates, and attention to the ongoing health and social emotional needs of students. Other requests have been listed for the Committee's awareness, but costs are not included in the preliminary base budget.
3. In the short term, enrollment is anticipated to increase slightly at grades 9-12 and decrease some at the elementary and middle school levels. We will monitor kindergarten enrollment, especially the percent of students who enter at age 6. FDK will remain a tuition-subsidized program. The FY 2019 budget includes an offset for parent paid tuitions for FDK. An additional section of kindergarten may be required based on a change in the past pattern of age at enrollment. If that is the case, the added tuition collected will provide a larger offset.
4. Most state and federal grants are likely to remain level. The Circuit Breaker reimbursement anticipated is \$1,291,632 and has been used as an offset to the 9100B tuitions function. Offsets for Athletics and FDK are included in the proposed budget. Since both related fees are under discussion by the SC, the offsets may change as the process moves forward.
5. Special education costs, especially tuitions, will likely continue to fluctuate greatly from year to year. We have budgeted for known tuitions and any that we anticipate as "likely."
6. Professional development costs continue to grow, especially with respect to special education needs, new text and materials adoptions, and DESE-mandated training for ELL and other licensure requirements. Extra funds for substitute coverage for trainings may be required.
7. A zero-based budgeting approach has been used for personnel costs, contractual obligations and SPED tuitions and transportation. Other costs were projected based on past usage, enrollment change or inflation, and anticipated market prices. Revolving fund revenues were allocated prudently to offset some expenses in functions that relate to the source of that revenue.
8. An allowance is included in the budget to cover the cost of anticipated collective bargaining with the bus driver unit and individual contracts that expire in June 2018. All other CB units have agreed upon salary scales that are reflected in the FY 2019 budget.

SPECIAL BUDGET CIRCUMSTANCES, CHALLENGES, AND UNKNOWNNS

Unknown scope and budget impact of current HPS projects and planning activities

Pending changes in current grade K enrollment protocols – How many more K students to expect if we are successful in reducing the number of students not entering kindergarten until age 6

MS Sped Evaluation (part of SEIP (Special Education Improvement Plan) project) – Impact of recommendations of the BU evaluators, especially in the area of staffing

HTSS (Hingham Tiered Systems of Support) – Impact of recent parent, teacher, student survey recommendations, especially for potential staffing and/or materials for social emotional student support programming

HHS NEASC Accreditation – costs for recommended actions, yet to be known, from September 2017 accreditation team visit

TBD dollar impact of mandated programs and services for which we must budget or plan

Opioid Law verbal screening requirement – current school year and going forward, estimated at \$6 K annually

New civics course (grade 8 requirement) - instructional materials and planning costs that will impact school years 2018 and beyond

Addition of computer science standards to MA Core – STEM/technology staffing, training, and instructional materials

Potential increase (by 3 students) in vocational school tuition budget

Areas for concern, as they may impact availability of budget dollars for funding new or increasingly costly needs

Small number of anticipated teacher retirements for June 2018 (2 anticipated, 3 more possible)

Small number of special education “age-outs” during 2018-2019

Concerns about the future availability of state and federal funding to offset gross operating budgets

State budget dollars continuing to fall behind Foundation Budget needs

State CB costs not fully funded, loss of smaller federal grants

Uncertain future of federal dollars, particularly grants, and potential impact of new income tax structure on federal funding for education

Other areas of increasing costs

Professional development, especially for HTSS, SEIP, STEM and Computer Science initiatives, Central Office staffing, space need resolution, and transition planning

ITEMS REQUESTED BY STAFF FOR INCLUSION IN THE ADMINISTRATION’S FY 2019 PRELIMINARY OPERATING BUDGET

Included in the proposed budget:

Prior budget year requests that have been deferred, not funded or underfunded

Middle School Counselor (5th year request) – *needed for caseload growth and for increased support for students and families, especially in social and emotional areas*

Elementary mathematics tutors (5th year request) – *needed to provide parity with literacy support resources and assistance for struggling grades 3-5 students, especially to address MCAS remediation goals*

Secondary classroom teachers (grades 7-12) - .2 art, .2 Chinese, 1.0 math, 2.0 science, .7 English, and 1.0 social studies – *needed for multi-year enrollment growth, maintenance of*

class size and teacher load averages, and continuation of newer elective courses especially in science and technology

Other student support requests

High School Adjustment Counselor – *needed to manage increasing caseload and need for Tier 1 social emotional services*

Elementary classroom requests

PRS classroom teacher – *may be needed to maintain number of total sections as a larger grade level cohort moves into grade one*

Kindergarten classroom, location TBD – *may be needed if incoming kindergarten grows because fewer age-eligible students are deferred to K entry at age six*

Special education requests

Additional MS Skills Class – *needed for a small cohort of students moving from grade 5*

Special education teachers (1.0 HS and 1.0 MS) – *needed to enhance capacity for co-teaching or inclusion in core subject areas*

Additional paraeducator hours – *needed to meet IEP requirements for individual students*

Stipends for building liaisons (new) – *Needed to enhance coordination and communication both among building special needs staff members and with Central Office*

Requests to meet other maintenance of service level needs

Increased materials costs – *needed to fund an elementary “math workshop” resource and band software licenses*

Central Office clerical support (.5) – *needed especially for personnel functions*

Funding for search consultant, postings, and related costs – *needed as the district faces upcoming leadership changes at Central Office*

Recently mandated (verbal) risk screening – *required at grades 7 and 9 as a result of MA Opioid Prevention legislation*

Increased hours of coverage for MS language lab – *needed for student supervision and equipment maintenance and protection*

Additional advisor stipends for MS and HS student activities – *needed for new clubs/activities*

Not included in the proposed budget:

Requests, recommended but not funded in this budget, deferred, or not recommended at this time

Elementary Math Specialists (2.0), additional reading tutor hours, secondary teaching for mathematics (.6), health and PE (.5), and social studies (.2), additional student activities stipends, South custodian (.5), MS Adjustment Counselor, and a Personnel Director

DETAILED BUDGET COSTS, INCLUDING THE FINANCIAL IMPACT OF NEW LEVEL SERVICES PROPOSALS WILL BE DISCUSSED AT THE FIRST BUDGET WORK SESSION ON JANUARY 4TH.

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 2018 dollars that may support greater budget offsets for FY 2019. As the budget season progresses, we hope to have a clearer idea about the size of the September 2018 Kindergarten and the impact on the number of sections needed of our new focus on encouraging entry to kindergarten at age five.

The FY 2019 Capital Budget request will be presented initially to the Capital Outlay Committee on January 17, 2018, 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 4th, January 11th, and January 18th. A work session with ACES on January 20th, and the annual joint meeting with the Selectmen and Advisory Committee on February 6, 2018 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 12, 2018. A budget adoption vote by the SC is tentatively scheduled for February 26th, with Selectmen and Advisory Committee action on the budget likely that week as well.

Happy New Year!