

FY08 Budget Summary: Education Articles 11 and 12

FY08 Budget Highlights

The School Committees of the Concord Public Schools (CPS) and the Concord-Carlisle Regional School District (CCRSD) have approved FY08 budget requests shown in the accompanying table. The CPS operating budget request for FY08 is \$26,423,840, for an increase of 3.8% over FY07. The assessment for the CCRSD operating budget request for FY08 is \$12,191,417 for an increase of 2.8% over FY07. Concord's share of the assessment for the CCRSD went down by 0.93%. This contributes to a favorable position for Concord relative to the needs at CCRSD.

Both of these budgets are in keeping with the Finance Committee Levy Limit Guideline issued November 28, 2006. Coming into the Guidelines process a number of circumstances made each budget appear to be in reach of available resources. As discussed earlier, the FY07 budget was supplemented by an increase in State aid, creating an excess levy capacity for the FY08 budget process. The CPS administrators recognized a decrease in enrollments that has enabled them to propose modest reductions in staffing for regular education. State special education circuit breaker funding has also started to fulfill its promise of covering excessive expenditures in special education.

For CCRSD a decision was made to hold onto unanticipated State aid from FY07 to forward directly to meeting FY08 CCRSD needs. In addition, the CCRSD chose to make Excess and Deficiency funds available to supplement these resources, making a combined contribution from the Excess and Deficiency Account of \$420,000, limiting the need for new Levy Limit funds from taxpayers. These actions and decisions, along with prudent budgeting on the part of the administration, allowed the CCRSD and CPS budget authorities to meet their critical educational program needs while staying within the Finance Committee's Levy Limit.

In crafting budgets to meet the Levy Limit, the school administrators and school committees maintained their focus on meeting the needs of students. This year represents a year of negotiating with bargaining units, in addition to the typical challenges involved in hiring, developing and holding onto excellent staff and making proper adjustments to programming based on enrollment needs within the different programs. With the assistance of strategic investments and successful grants from the Concord Education Fund, the schools have made progress in implementing technology to improve instruction, as seen in the installation of active boards in every classroom, K-12. The five-year technology plan ensures the

maintenance and replacement of technology on a planned basis. The major educational spending categories for the FY08 budgets are summarized for each school system on the following page.

The capacity to stay within the Levy Limit was challenged by a 10% increase in tuitions allowed for out-of-district programs for special education. This is the second year in a row for such increases. Utility cost increases, however, were not as significant as originally forecast and the new Thoreau and Alcott schools have shown significantly lower heating demands. The CCRSD budget has the additional expense in the operating budget for health care. This expense is projected to increase by 15% for FY08. Such expenditures for CPS are carried in the Town's joint accounts separate from the operating budgets. CPS proposes to increase investments in-house for special education programming and providing for math specialists in each of the three elementary schools. CCRSD is making modest investments in additional academic programming to meet the demands of an increasing enrollment.

Costs of Special Education Services

Special education costs have been a significant factor for both school budgets for a number of years. Increases in the number of Out of District Placements (OOD) for the years FY99 to FY03 were an

average 15.2% per year for CPS, for a total increase of 76.2%. One estimate shows a 142% increase in costs associated with OOD placements for this period. This put significant pressure on Levy Limit resources, pinching funds available for both regular education and Town government uses. The new school administration saw this trend and committed to addressing this problem by providing preventative and alternative programming within the district to allow a greater number of students to stay within the home district programs. In the last five years there has been a 31.6% drop in Out of District Placements in special education. The percentage of students enrolled in special education has remained the same, but the percentage staying within the district has increased dramatically. While, as previously stated, the per person tuitions for OOD placements have increased significantly in the last two years, this still has had a significant role in stabilizing the percentage of Levy Limit resources called on to pay OOD special education costs.

The Massachusetts Legislature reformed a circuit breaker program, effective FY04, to increase the share of the Out Of District costs of day and residential placements paid for with State monies. The stated goal was to reimburse districts for 75% of the costs, above a certain level, deemed to be extraordinary

costs of these programs. The State certifies the expenditures in a given year and reimburses the district for these costs in the following year. The circuit breaker program was designed to allow funds to carry across fiscal years, as well. The first year saw an uneven start to the program and it took another year to get levels of reimbursement close to the target goal of 75% of allowable costs. The capacity to roll funds across fiscal years was also not implemented until FY06 legislation repaired a conflict between this and revenue statutes. This means that the full cost of special education services is not presented in the budget as the state is picking up a more predictable share. The school administration has been able to set aside some reserves to guard against extraordinary unanticipated costs. In previous years these costs were covered by annual requests at Town Meeting for deficiency funds. Circuit breaker reimbursements for FY06 costs were anticipated to exceed \$600,000 for CPS alone during FY07.

For the CCRSD the problem of OOD placements is more difficult to manage. The high school has seen an increase in Out Of District placements. The school administration is developing in-school support to identify and assist with these needs at the earliest possible stage.

Enrollment

In the Concord Public Schools the enrollment for K-8 slightly decreased with the Concord Middle School experiencing the largest decrease. The Concord Public Schools enrollment decreased by just under 2%, or 25 students, from October 1, 2005 to October 1, 2006. At the middle school the rate of decline slowed, but there was still a 6.83% decrease in enrollments, 44 students vs. a 60-student drop the previous year. It is anticipated that both declines will continue for a number of years.

Enrollment CCHS increased by 13 students in FY07 and is projected to increase slightly in FY08 before enrollments start to decline in the following year. Enrollment percentages set on October 1st each year determines the assessment percentage of the next fiscal year. The Concord percentage dropped by 1% as the number of Carlisle students increased. This resulted in a \$151,244 decrease in the Concord assessment at the Levy Limit. The enrollment ratio shifts between the towns of Concord and Carlisle from year to year and is expected to continue shifting towards Carlisle in coming years.

CPS and CCRSD renovations

Article 25 authorizes the Town to borrow up to \$860,000 for capital improvements to the CPS buildings. Of these funds, \$125,000 is

**Concord Finance Committee
FY08 Guideline
Education Budgets**

Concord Public Schools	Adopted FY07 Budget	Proposed FY08 Budget	\$ Change	% Change
<u>Program Area</u>				
Regular Education	\$ 12,895,315	\$ 13,589,288		
Special Education	6,706,143	6,873,732		
Administrative Support	1,708,616	1,842,842		
Operations	4,075,730	4,030,677		
Fixed Costs	74,481	87,300		
Total	\$ 25,460,285	\$ 26,423,840	963,555	3.78%
Concord-Carlisle High School	Adopted FY07 Budget	Proposed FY08 Budget	\$ Change	% Change
<u>Program Area</u>				
Regular Education	\$ 8,824,989	\$ 9,567,922		
Special Education	3,872,580	3,917,132		
Administrative Support	1,174,500	1,218,146		
Operations	2,599,148	2,777,633		
Debt Service (Fees)	3,600	3,600		
Fixed Costs	1,770,155	1,881,149		
Subtotal	\$ 18,244,972	\$ 19,365,582	\$ 1,120,610	6.14%
Appropriation reserved	297,184		(297,184)	
Operations	\$ 18,542,156	\$ 19,414,200	\$ 872,044	4.70%
Debt Service:				
debt reimbursed by state aid	\$ 288,950	\$ 288,950		
debt exclusion assessed	655,360	661,977		
	\$ 944,310	\$ 950,927	\$ 6,617	0.7%
Total	\$ 19,486,466	\$ 20,365,127	\$ 878,661	4.51%
Financing Sources				
State aid	\$ 2,318,274	\$ 2,318,274		
District funds	250,000	450,000	\$ 200,000	
Assessments	\$ 16,918,192	\$ 17,596,853	\$ 678,661	4.01%
Concord assessment ratio	72.92%	71.99%		
without debt exclusion	\$ 11,858,857	\$ 12,191,417	\$ 332,560	2.80%
debt exclusion	477,889	476,557	(1,332)	
TOTAL	\$ 12,336,746	\$ 12,667,974	\$ 331,228	2.68%
Carlisle assessment ratio	27.08%	28.01%		
without debt exclusion	\$ 4,403,975	\$ 4,743,459	\$ 339,484	7.71%
debt exclusion	177,471	185,420	7,949	
TOTAL	\$ 4,581,446	\$ 4,928,879	\$ 347,433	7.58%

intended for asbestos abatement and electrical upgrades at the Peabody building of the Concord Middle School (CMS). An additional project will spend \$80,000 for replacing the stage curtains and making window improvements at the Sanborn building of the CMS. Both this Article and Article 26 share the funding of one project, the replacement of the Transportation building used by both districts. The CPS portion will be \$180,000, while the remaining \$120,000 will be the obligation of the CCRSD.

Another project, focusing on the investment of \$300,000 for the development of a new septic system for the Willard School, may be deferred until the construction of the new Willard School. In both circumstances, the CPS will advance other projects from the FY09-12 capital plan as circumstances change.

The Finance Committee unanimously recommends affirmative action on Article 25.

Article 26 asks the Town to approve \$1,245,000 of CCRSD debt to be issued for the purposes of financing repairs and renovations of the Concord-Carlisle High School facility. The projects include \$120,000 to match CPS funds for the development of the transportation building. The purchase of a modular building to

assist with housing new classes to accommodate the increased enrollment is being proposed along with \$175,000 for an investment in Human Resources and financial software to adapt capacity for new reporting requirements.

Other projects include \$285,000 for heating system upgrades, \$75,000 for science lab fume hoods, \$150,000 for lighting improvements, \$170,000 for fire alarm improvements, and \$120,000 for cafeteria renovations. Article 26 requires the debt authorization be contingent upon voter approval of excluding Concord's assessable share of the future principal and interest cost from the Proposition 2 ½ levy limit. This ballot was approved by Concord voters March 26 by a vote of 959 to 514. Carlisle's approval will be required in order for this work to move forward.

The Finance Committee unanimously recommends affirmative action on Article 26.

Concord-Carlisle High School renovation or replacement

The Concord Carlisle School Committee has prepared a Statement of Interest for addressing the high school's long-range needs. The various boards have agreed that this project will not be built without reimbursement from the

Massachusetts School Building Authority (MSBA). A request for such funding may be filed with MSBA in July. If the project were to be accepted by MSBA the first task would be a lengthy deliberation on whether to build a new school or renovate the existing school, a decision that MSBA wants to be a part of making.

Minuteman Regional High School

Concord is one of 16 members of the Minuteman Regional School District. The school provides a broad range of career and college preparation options to Concord students. The school is recognized as one of the most successful technical high schools in the nation, achieving both a reputation for solid academic preparation for college and a superior placement record for its graduates.

Concord's enrollment at Minuteman Regional High School is 27.84 Full Time Equivalent (FTE) students this year, up 3.7% from last year. Concord's assessment increases from \$502,317 in FY07, to \$604,702 in FY08, or 20% over the previous year. Of the 16 participating communities, only Concord and one other community had an increase in enrollment; the remaining communities had enrollment declines.