

# FY07 Budget Summary:

## Education Articles 9 and 10

### FY07 Budget Highlights

December 13, 2005 the School Committees of the Concord Public Schools (CPS) and the Concord-Carlisle Regional High School (CCRS) approved the FY07 budget requests shown in the accompanying table. The CPS budget request for FY07 is \$25,460,285, an increase of 4.8% over FY06. The CCRS assessment for the FY07 budget request (without debt exclusion) is \$11,858,857, an increase of 9.6% over FY06. Of this, over 3% of the increase is due solely to an unusually large shift in enrollment from Carlisle toward Concord.

Both of these budget requests are in keeping with the Finance Committee Override Guideline voted on November 17, 2005 and revised on March 16, 2006. The Finance Committee recognized that not enough money would be

available to completely fund the budgets requested by the school administration, and asked the administration and the School Committees to develop budgets that could be sustained with limited financial resources. The school committees and school administration acknowledged the burden placed upon taxpayers and responded with budgets that maintain the current level of services. The Finance Committee appreciates the efforts of the school administration and school committees to control budget growth, and unanimously recommends affirmative action on education budget articles 9 and 10.

The major educational spending categories for the FY07 budgets are summarized for each school system on the following page. The budgets

described in this summary are the result of over six months of work by the school committees and school administration.

As they crafted the FY07 budgets, the administration and school committees operated under the principle that students are at the core of the work of the schools. Considerations that underlie budget development included: hiring and retaining staff of excellence; supporting needs for expanded program offerings; addressing special education issues in the face of growing student needs and increasing costs; aligning staffing with student enrollment; continuing to make progress in information technology; working towards productive, fair and respectful settlement of contracts; addressing

Levy Limit and Recommended Budget levels with percent increase over FY06 current					
	at Levy Limit	% Incr.	Plus override	Proposed budget	% Incr.
Concord Public Schools	\$25,219,817	3.8%	+\$240,468 =	\$25,460,285	4.8%
Concord-Carlisle High School					
Operating assessment	\$11,654,838	7.7%	+\$204,019 =	\$11,858,857	9.6%
Excluded debt assessment	477,889			477,889	
Total assessment	\$12,132,727	8.4%		\$12,336,746	10.2%
Total CCHS budget (with Carlisle assessment and district funds)	\$18,909,497	5.3%		\$19,189,282	6.9%

## FY07 School Budgets - proposed by school committees

<b>Concord Public Schools</b>	<b>Adopted</b>	<b>Proposed</b>	<b>\$</b>	<b>%</b>
<u>Program area</u>	<u>FY06 budget</u>	<u>FY07 budget</u>	<u>Change</u>	<u>Change</u>
Regular Education	\$12,575,782	\$12,833,735	257,953	2.1%
Special Education	6,435,298	6,799,797	364,499	5.7%
Administrative Support	1,629,905	1,696,553	66,648	4.1%
Operations	3,573,815	4,055,720	481,905	13.5%
Fixed Costs	70,200	74,480	4,280	6.1%
<b>Total</b>	<u>\$24,285,000</u>	<u>\$25,460,285</u>	<u>\$1,175,285</u>	<u>4.8%</u>

<b>Concord-Carlisle High School</b>	<b>Adopted</b>	<b>Proposed</b>	<b>\$</b>	<b>%</b>
<u>Program area</u>	<u>FY06 budget</u>	<u>FY07 budget</u>	<u>Change</u>	<u>Change</u>
Regular Education	\$8,651,805	\$8,971,680	319,875	3.7%
Special Education	3,299,941	3,827,153	527,212	16.0%
Administrative Support	1,123,918	1,154,604	30,686	2.7%
Operations	2,441,282	2,533,810	92,528	3.8%
Debt Service (fees)	2,400	3,600	1,200	50.0%
Fixed Costs	1,610,566	1,754,125	143,559	8.9%
<b>Total - Operations</b>	<u>\$17,129,912</u>	<u>\$18,244,972</u>	<u>1,115,060</u>	<u>6.5%</u>
Debt reimbursed by state aid	288,950	288,950		
Debt exclusion (net of state aid)	534,968	655,360		
<b>Subtotal - debt service</b>	<u>\$823,918</u>	<u>\$944,310</u>	<u>120,392</u>	<u>14.6%</u>
<b>Total</b>	<u>\$17,953,830</u>	<u>\$19,189,282</u>	<u>\$1,235,452</u>	<u>6.9%</u>

### Financing Sources

State Aid	\$1,907,010	\$2,021,090	114,080	6.0%
District funds	208,587	250,000	41,413	19.9%
Assessments	15,838,233	16,918,192	1,079,959	6.8%

<b>Concord assessment</b>	<u>@70.69%</u>	<u>@72.92%</u>		
without debt exclusion	<u>\$10,817,878</u>	<u>\$11,858,857</u>	<u>\$1,040,979</u>	<u>9.6%</u>
debt exclusion	<u>\$378,169</u>	<u>\$477,889</u>		
<b>TOTAL</b>	<u>\$11,196,047</u>	<u>\$12,336,746</u>	<u>\$1,140,699</u>	<u>10.2%</u>
<b>Carlisle Assessment</b>	<u>@29.31%</u>	<u>@27.08%</u>		
without debt exclusion	<u>\$4,485,387</u>	<u>\$4,403,975</u>	<u>(\$81,412)</u>	<u>-1.8%</u>
debt exclusion	<u>\$156,799</u>	<u>\$177,471</u>		
<b>TOTAL</b>	<u>\$4,642,186</u>	<u>\$4,581,446</u>	<u>(\$60,740)</u>	<u>-1.3%</u>

<b>Enrollment</b>		<b>K-8</b>	<b>High School</b>	<b>Total</b>
<b>actual</b>	October 1, 2003	1,954	1,204	3,158
	October 1, 2004	1,956	1,242	3,198
	October 1, 2005	1,904	1,244	3,148
<b>projected</b>	October 1, 2006 (est. as of Nov. 2005)	1,908	1,244	3,152

DOE, state and federal mandates; and continuing to progress in meeting facility and construction needs.

There are several cost drivers in the CPS budget. Contractual salary obligations take up a major portion of the increase from FY06.

Also, private schools that offer programs for out-of-district special education placements were allowed by the State to increase tuitions. These increases were passed on to the Concord schools. Fuel and utility costs have risen dramatically during the current fiscal year and FY07 budgets reflect this increase. The personnel contracts for CPS teachers and other negotiating units expire at the end of FY06. A contingency for contract negotiations is included in the budget.

At CCRSD, contractual obligations, private placement special education tuition rate increases, health insurance increases, and fuel and utility cost increases account for much of the change in the budget from FY06 to FY07. In addition, during FY06 some students who were receiving in-district special education services required out-of-district placements. This resulted in an increase to FY06 special education expenses. It is expected that this increase will carry over into FY07.

In order to align the CPS budget with the Finance Committee's November override guideline, the administration chose to make cuts in supplies and materials. Because of enrollment decreases, the administration was also able to propose the elimination of two full-time equivalent (FTE) math proficiency positions along with 3.5 FTE middle school teaching positions. Without an override, more serious cuts would be necessary to meet the levy limit guideline. Additional cuts would be made to supplies and materials. Reductions would also need to be made to accounts funding school nurses, library aides, curriculum specialists and language arts specialists.

At CCRSD, in order to meet the override guideline level, cuts will

be made to accounts for supplies and materials, administrative support, operational support for the radio station, equipment, part-time summer staff, and campus monitors. Funding for Senior Project may also be eliminated.

Without an override, even more serious cuts would be necessary to reduce the CCRSD budget to the levy limit. Along with the cuts listed above, co-curricular funds would decrease, staffing to expand the STEP program would be decreased, as would funding for applied arts, computers, and athletic equipment. Possible staff reductions would include not filling a vacant social worker position and a decrease in instructional staff. Changes may also be necessary in the

### State School Aid - Chapter 70

<u>Fiscal Year</u>	<u>amount</u>	<u>percent of budget</u>
<b>Concord Public Schools</b>		
FY02	\$1,924,753	9.8%
FY06	\$1,639,230	6.7%
Projected FY07	\$1,639,230	6.4%
<b>Concord-Carlisle High School</b>		
FY02	\$1,772,474	12.2%
FY06	\$1,417,979	7.9%
Projected FY07	\$1,482,929	7.7%

responsibilities of department chairs, with a consequent reduction in the administrative capacity of department chairs.

Just prior to the publication deadline of this report, the Finance Committee met and revised its FY07 budget recommendations. The total of resources projected within the property tax levy limit was increased by approximately \$402,000 due to an increase in "new growth" (property tax revenues projected from new construction value) and net positive adjustments to a few revenue and expense items. The Finance Committee recommended revised levy limit budgets for the schools that added \$141,463 toward the CPS levy limit budget and \$141,463 toward the CCRSD levy limit assessment. While the levy limit floor was raised, the total budgets recommended by the Finance Committee for each entity remained the same. Thus the potential gap to be filled by an override ballot was reduced. Prior to the Annual Town Meeting, the School Committee will review and revise the previous cut lists taking into consideration the additional funds now projected to be available at the levy limit.

#### **Proposition 2 ½**

##### **Overrides**

Concord voters have generously supported town and school budgets by passing five consecutive Proposition 2½ overrides. These funds mitigated the severe budget cuts experienced following the substantial FY03/FY04 cutbacks of

state support and allowed the school administration to preserve core educational programs. The most recent override passed in June 2005 allowed the cuts of previous years to be halted and modest partial restorations made to some areas. However, the failure of state aid to grow in keeping with expenses, and disproportionate increases in fixed costs and other expenses cause the need for an override in FY07.

Two sources of state aid for schools are Chapter 70 and special education Circuit Breaker funds. Circuit breaker reform legislation, effective in FY04, was implemented to increase the share of the out-of-district costs of day and residential placements paid for with state monies. Under the legislation, the targeted reimbursement rate was set at 75%, but this target has yet to be reached. In FY04 the reimbursement rate increased from an initial 28% to only 42%. This was increased in FY05 to 72%. In FY06 the remaining 3% of FY05 funding was eventually received. In building the budgets, an assumption of 72% reimbursement was used. Circuit Breaker funds are not subject to appropriation and are not included in the budget totals presented here, because they represent the state's share of special education costs.

Chapter 70 provides funds to cities and towns on a per student basis, with each school district's per pupil allocation differing based upon factors based essentially on property wealth of the community. Concord does not benefit greatly from these funds because of its high average

property wealth. It typically receives only a minimal incremental allocation from any statewide increase in this funding source. State payment per student ranges from a low of \$576 in Dover to a high of \$9,917 in Greater Lawrence. The statewide average in FY06 (the current budget year) is \$3,341. Concord receives \$851 for each K-8 student and \$1,142 for each CCHS student. Chapter 70 aid was cut during fiscal years 2003 and 2004 and has not yet been restored to the pre-2003 level, even in dollar terms. For budget purposes Chapter 70 aid for FY07 is assumed to remain the same as in FY06.

The Town of Acton, along with the support of over 30 other communities, including Concord, has spearheaded legislation for a minimum funding proposal which would establish a baseline level of funding and provide at least \$2,000 per student of Chapter 70 aid. The cost of the program was estimated at \$266 million statewide. Unfortunately, the likelihood of such legislation being enacted is very low.

##### **Costs of Special Education Services**

Special education costs continue to rise in both school systems. However, the rate of increase has diminished. Special education costs at both CPS and CCRSD for FY07 have increased over the FY06 costs. For CPS FY07 Special education costs have

increased by 5.6%, and for CCRSD costs have increased by 15.9%. Initiatives begun in the past few years have enabled the administration to manage some costs by increasing efforts to intervene with students in the early grades and by providing as much in-house support to students as is currently possible. The cost increases have primarily been due to the increased needs of children receiving special education services and the rising costs of providing out-of-district services. At CPS, FY07 special education services are projected to cost \$6,799,797 or 27% of the total budget request, an increase of 1% over FY06. At CCRSD, special education is projected at \$3,827,153, 20% of the total proposed budget, and an increase of 1% over FY06.

#### **Salaries and Contract Negotiations**

Salaries make up the largest part of school budgets, 74% at CPS and 62% at CCRSD. At CPS, salaries for FY07 amount to \$18,929,734, a 4.5% increase over FY06. For CCRSD salaries make up \$11,947,275, an increase of 6.2% over FY06.

Five of six union contracts expire in FY06. The CPS teachers union, the Concord Teachers Association (CTA) is in its final year of a three-year contract. This contract provided for annual pay increases of 2.5% and expires June 30, 2006. Negotiations have begun with the

CTA as well as other unions. The Concord-Carlisle Teachers Association (CCTA) contract expires June 30, 2007 and is the only contract not up for renegotiation. The CCTA annual negotiated increases were 2.5% for FY05 and FY06 and will be 3.75% for FY07.

#### **Enrollment**

In the Concord Public Schools the enrollment increased slightly in the K-5 level and decreased in middle school. At CPS, the K-5 enrollment on October 1, 2005 was 1,260, up 8 from the same date a year earlier. At the Middle School the enrollment was 644, down 60 students from last year, and is expected to decrease by another 31 students next year.

The enrollment at CCHS increased slightly from October 1, 2004 to this year. The enrollment as of October 1, 2005 was 1,246, up 3 students from last year. The percentage of students enrolled on October 1 from each member town is used to determine the assessment percentage for the next fiscal year. The Concord percentage rose over two percent since last year from 70.69% to 72.92%. This change in ratio resulted in an additional assessment to Concord of \$341,253. The balance shifts somewhat from year to year but is expected to resume a long-term shift towards Carlisle in coming years.

#### **CPS and CCRSD Renovations**

Article 41 authorizes the Town to borrow \$800,000 for capital improvements to the Concord Public School Buildings. This article is intended to fund improvements to the Peabody, Sanborn and Ripley buildings. Projects include: asbestos abatement, locker removal and repair, fire alarm upgrade and renovation of family and consumer science rooms at Sanborn; exterior door replacement, upgrade of family and consumer science kitchens, replacement of science lab cabinets and parking lot repair at Peabody; and exterior window replacement, tie-in to town sewer and bathroom fixture repair and/or replacement at Ripley. The Finance Committee unanimously recommends affirmative action on Article 41.

Article 45 asks the Town to approve \$1,200,000 of CCRSD debt to be issued for the purposes of financing repairs and renovation of the Concord-Carlisle High School facility. Activities would include replacement of intercom systems and fire doors, as well as asbestos abatement, and improvements to safety systems in science labs, lighting, ventilation, and other systems. Article 45 makes such a debt authorization contingent upon voter approval of excluding Concord's assessable share of the future principal and interest cost from the Proposition 2 ½ levy limit. Such a ballot likely

would occur in early June if this article is passed (by majority vote) at the Town Meeting. Carlisle approval would also be required in order for this work to move forward. The Finance Committee unanimously recommends affirmative action on Article 45.

#### **Willard School Design Funds**

At Annual Town Meeting 2005, voters approved a warrant article authorizing design funds for a new Willard School. While the measure passed at Town Meeting, it was narrowly defeated at the polls last June. Since that time the School Committee and a group of citizens called the Leadership for School Building Initiatives group, have spent time revisiting the needs at Willard. After extensive study and consideration of the alternatives, the School Committee requested that a ballot question supporting design funds for a new Willard School be placed before voters at the March 28, 2006 town election, and also placed an article on the 2006 Town Meeting warrant requesting \$1.84 million for design funds. The Finance Committee unanimously recommends affirmative action on Article 42. Further details are provided in a different section of this report.

If the exclusion of Willard design fund debt from the levy limit is not approved at the polls on March 28, the School Committee will not move Article 42 at Town Meeting. Instead, Article 43, pertaining to Willard School renovations, will be moved. This article is a borrowing authorization to provide the sum of \$1,357,500 for renovations to the Willard School facility. The borrowing would need to be exempted from the provisions of Proposition 2 ½ by a subsequent June town ballot. It is expected that this would be the first step in a series of annual Town Meeting requests brought forward by the School Committee for funds to repair and improve the existing Willard Building. Article 43 will also be moved if the design funds are approved by voters on March 28, but Article 42 fails at Town Meeting. The Finance Committee recommends affirmative action on Article 43 if it is moved by the School Committee at Town Meeting.

Should Article 42 concerning Willard design funds fail either at the polls or at Town Meeting, and Article 43 concerning Willard renovations not be approved at Town Meeting, it is expected that all of the funds allocated under Article 41 for other CPS school buildings would be redirected to fund roof repairs at Willard.

*(Note dated March 29, 2006: the Willard design ballot question was approved at the March 28<sup>th</sup> election, by a vote of 2,080 yes, 1,747 no)*

#### **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 26.68 Full Time Equivalent (FTE) students this year, up 11% from 24 FTE students last year. Concord's assessment increases from \$431,529 in FY06 to \$502,317 for FY07. While this assessment is based upon state aid included in the Governor's budget proposal, Concord's assessment is not expected to be altered by any final FY07 state budget action.