

Lincoln Sudbury Regional High School

Presentation to Lincoln Finance Committee

Second Workshop

January 21, 2015

Estimated FY16 Assessments

		Lincoln	Associated		Sudbury	Associated
		Assessment	Assessment Inc. over Appropriation		Assessment	Assessment Inc. over Appropriation
	Gross Budget Inc.	<i>ESTIMATED</i>	<i>ESTIMATED</i>		<i>ESTIMATED</i>	<i>ESTIMATED</i>
Level Services	5.10%	\$ 4,040,789	4.7%		\$ 22,218,134	3.7%
\$395,000 Reductions	3.70%	\$ 3,982,645	3.2%		\$ 21,881,278	2.2%
\$715,000 Reductions	2.50%	\$ 3,935,541	2.0%		\$ 21,608,382	0.9%
FY15 Assessment		\$ 3,666,846			\$ 21,415,349	
FY15 Appropriation		\$ 3,859,325			\$ 21,415,349	

Level Service Operating Budget

	FY14 Budget	FY14 Actual	FY15 Budget	FY16 Budget Level Services	Difference FY15 to FY16
1. SALARIES					
Administrators	\$ 1,157,136	\$ 1,135,281	\$ 1,188,443	\$ 1,207,209	\$ 18,766
Clerical	\$ 834,790	\$ 868,630	\$ 863,756	\$ 888,728	\$ 24,972
Teachers	\$ 12,802,464	\$ 12,525,548	\$ 13,391,383	\$ 13,660,722	\$ 269,339
Other Salaries, Wages, and Stipends	\$ 450,913	\$ 480,379	\$ 598,012	\$ 616,598	\$ 18,586
Substitutes	\$ 80,000	\$ 52,299	\$ 80,000	\$ 76,000	\$ (4,000)
Maintenance	\$ 486,542	\$ 488,975	\$ 541,265	\$ 548,488	\$ 7,223
Paraprofessionals	\$ 245,263	\$ 450,256	\$ 177,346	\$ 546,597	\$ 369,251
Bus Monitors	\$ 116,026	\$ 45,758	\$ 56,000	\$ 195,710	\$ 139,710
Sub-Total	\$ 16,173,134	\$ 16,047,127	\$ 16,896,205	\$ 17,740,052	\$ 843,847
2. BUSING	\$ 1,202,354	\$ 1,363,078	\$ 1,118,286	\$ 1,141,929	\$ 23,642
3. CONTRACTUAL SERVICES	\$ 518,173	\$ 580,161	\$ 540,726	\$ 623,544	\$ 82,817
4. EQUIPMENT	\$ 91,984	\$ 616,805	\$ 244,743	\$ 244,743	\$ -
5. EMPLOYEE/RETIREE INSURANCES	\$ 3,053,861	\$ 2,566,632	\$ 3,038,355	\$ 2,958,486	\$ (79,869)
6. NON-EMPLOYEE INSURANCES	\$ 104,600	\$ 90,271	\$ 101,600	\$ 111,600	\$ 10,000
7. PENSION ASSESSMENT	\$ 489,618	\$ 489,760	\$ 514,099	\$ 555,969	\$ 41,870
8. OPEB CONTRIBUTION	\$ -	\$ -	\$ -	\$ -	\$ -
9. OUT-DISTRICT TUITION-SPED [does not incl. CB amounts]	\$ 3,343,662	\$ 3,134,203	\$ 3,155,042	\$ 3,690,721	\$ 535,679
10. TEXTBOOKS	\$ 72,784	\$ 93,695	\$ 74,968	\$ 72,363	\$ (2,605)
11. INSTRUCTIONAL & ADMIN. SUPPLIES	\$ 272,577	\$ 272,635	\$ 280,560	\$ 287,830	\$ 7,270
12. B&G CON. SVCS, SUPPLIES, EQUIP.	\$ 399,282	\$ 390,161	\$ 418,956	\$ 436,320	\$ 17,363
13. UTILITIES	\$ 715,800	\$ 646,708	\$ 718,800	\$ 666,600	\$ (52,200)
14. MISC: Conf., Memberships, Travel etc..	\$ 203,858	\$ 256,942	\$ 205,388	\$ 223,338	\$ 17,950
15. DEBT SERVICE	\$ 2,283,613	\$ 2,283,613	\$ 804,925	\$ 781,550	\$ (23,375)
	\$ 12,752,166	\$ 12,784,663	\$ 11,216,449	\$ 11,794,992	\$ 578,543
TOTAL APPROPRIATED BUDGET	\$ 28,925,300	\$ 28,831,789	\$ 28,112,654	\$ 29,535,044	\$ 1,422,390
				Percent Increase	5.1%



Budget Allocations: FY15 v. FY16

Category	Percent of Budget		Percentage
	FY15	FY16	Change
SALARIES	60.10%	60.06%	-0.06%
OUT-OF-DISTRICT TUITION	11.22%	12.50%	11.34%
EMPLOYEE/RETIREE INSURANCES	10.81%	10.02%	-7.32%
BUSING	3.98%	3.87%	-2.80%
DEBT SERVICE	2.86%	2.65%	-7.58%
UTILITIES	2.56%	2.26%	-11.73%
CONTRACTUAL SERVICES	1.92%	2.11%	9.76%
PENSION ASSESSMENT	1.83%	1.88%	2.94%
B&G CON. SVCS., SUPPLIES,EQUIP.	1.49%	1.48%	-0.87%
INSTRUCTIONAL & ADMIN. SUPPLIES	1.00%	0.97%	-2.35%
EQUIPMENT	0.87%	0.83%	-4.82%
MISCELLANEOUS	0.73%	0.76%	3.50%
NON-EMPLOYEE INSURANCES	0.36%	0.38%	4.55%
TEXTBOOKS	0.27%	0.25%	-8.12%

Reductions for 3.7% Budget

- Reduction of \$395,000 from level services budget
- Likely reductions include:
 - Proposed new positions
 - .4 FTE nurse
 - .25 FTE instructional technology
 - .50 FTE technical support
 - Instructional Capital, including computer technology
 - Depletion of circuit-breaker reserves for special education
 - Instructional supplies and materials
 - Professional development
 - Technology
 - Special education
 - Goals to address equity and 21st Century

Potential Reductions: 2.5% Budget

- Reduction of \$715,000 from level services budget
 - All cuts from previous side and,
 - Additional \$320,000 in reductions resulting in approximately **5 FTE teaching positions**

Additional Resource Requests

- **Capital Equipment: Fire Alarm Panel Upgrade**
 - \$125,000 total
 - Lincoln share= \$18,400, Sudbury= \$106,600
 - The inclusion of this request in Sudbury's final budget will be known by Jan. 23rd. So far it has received positive support by Capital Cmtee.
- **OPEB Contribution**
 - \$163,843 total
 - Lincoln share= \$24,118, Sudbury= \$139,725
 - Total amount originated by Sudbury's capacity and preliminary budgeted amount



Regional School Finance Highlights

- Lincoln is a member of three school districts
 - Lincoln Public Schools
 - Lincoln Sudbury Regional High School
 - Minuteman Regional Technical High School
- Assessment from L-S is comprised of three parts:
 - Required Minimum Contribution [RMC] as derived by MA DESE
 - Assessment above RMC per regional agreement
 - Debt assessment per regional agreement
- Fair to say it's more complicated than municipal/K-12 district because our budget translates into an "assessment" that nets out state aid and other revenues and fluctuates with enrollment changes

FY16 Budget-Starting Point

EXPENSE BUDGET [Level Services]	
Operating Budget Expenses	\$ 28,753,494
Debt Service	\$ 781,550
Total Operating and Debt Service Budget	\$ 29,535,044
REVENUE BUDGET [Level Services]	
Federal Sources	
E-Rate Reim	\$ 2,500
Medicaid Reim	\$ 35,000
	\$ 37,500
State Sources	
Chapter 70 Aid	\$ 2,820,121
Regional Transportation Reim	\$ 295,000
	\$ 3,115,121
Local Sources	
Use of E&D	\$ 100,000
Interest Income	\$ 3,500
Miscellaneous Receipts	\$ 10,000
Transcript Receipts	\$ 10,000
	\$ 123,500
Total Federal, State, Local Sources	\$ 3,276,121
Total Assessment	\$ 26,258,923
Total Revenue Budget	\$ 29,535,044

FY16 Assessment [estimated] Level Services Budget

	Lincoln	Sudbury	Total
RMC- Estimated	\$ 2,464,212	\$ 13,084,267	\$ 15,548,479
Assessment Above Minimum- Estimated	\$ 1,461,533	\$ 8,467,361	\$ 9,928,894
Debt Service per Regional Agreement	\$ 115,044	\$ 666,506	\$ 781,550
Total Assessment Estimated	\$ 4,040,789	\$ 22,218,134	\$ 26,258,923

Chapter 70 is the Commonwealth's school funding statute

A district's Chapter 70 aid is determined in three basic steps:

1. It defines and calculates a **foundation budget**, an adequate funding level for each district, given the specific grades, programs, and demographic characteristics of its students.
2. It then determines an equitable **local contribution**, how much of that "foundation budget" should be paid for by each city and town's property tax, based upon the relative wealth of the community.
3. The remainder is funded by Chapter 70 (c70) **state aid**.

Local Contribution + State Aid = a district's Net School Spending (NSS) requirement. This is the minimum amount that a district must spend to comply with state law.



Key Factors in School Funding Formula

Foundation Budget

- Enrollment
- Wage Adjustment Factor
- Inflation

Local Contribution

- Property value
- Income
- Municipal Revenue Growth Factor

These six factors work together to determine a district's c70 aid.



Local Contribution

Establishing local ability to pay

- The foundation budget is a shared municipal-state responsibility.
- Each community has a different **target local share**, or ability to pay, based on its property values and residents' incomes.
- Prior to this policy, required local contributions had become less linked to ability to pay. A process was established in 2007 to move each community from its 2006 baseline to its new target.



Individual communities' target local shares are based on local property values and income, and foundation budget.

- To determine local effort, first apply this year's property percentage (0.3624%) to the town's 2012 total equalized property valuation
- Then apply this year's income percentage (1.5113%) to the town's 2011 total residential income

Local Property Effort

+ Local Income Effort

= Combined Effort Yield (CEY)

- Target Local Share = CEY/Foundation budget
 - Capped at 82.5% of foundation
 - In FY15, 131 of 351 communities are capped.



Getting Closer To the Target Contribution

Determining the Upcoming Year's Local Contribution

Preliminary Contribution

- Increase last year's required local contribution by the municipality's Municipal Revenue Growth Factor (MRGF)
 - Calculated annually by the Department of Revenue
 - Quantifies the most recent annual percentage change in each community's local revenues, such as the annual increase in the Proposition 2½ levy limit, that should be available for schools

Required Contribution

- If the preliminary contribution is **above** the target, reduce by the effort reduction percent (50% in FY15).
- If the preliminary contribution is **below by less than 2.5%**, the preliminary contribution becomes the new requirement.
- If the preliminary contribution is **below by more than 7.5%**, an additional 2% is added to the preliminary contribution. For those **below by between 2.5 and 7.5%**, 1% is added.



Important Notes

- The aggregate wealth measurement far exceeds the maximum 82.5% Target Local Share for both communities.
- Thus, primary drivers of RMC are enrollment changes, MRGF, and potential for additional Chapter 70 via *Excess Effort Reduction*.
- Let's go through FY15 as an example....



Foundation Budget

Massachusetts Department of Elementary and Secondary Education
Office of School Finance

FY15 Chapter 70 Foundation Budget

695 LINCOLN SUDBURY

	Base Foundation Components										--- Incremental Costs Above The Base ---				TOTAL*
	(1) Pre-School	(2) ----- Kindergarten ----- Half-Day	(3) Full-Day	(4) Elementary	(5) Jr High/ Middle	(6) High School	(7) ELL PK	(8) ELL K Half	(9) ELL KF - 12	(10) Voca- tional	(11) Special Ed In District	(12) Special Ed Out of Dist	(13) --- Low Income --- Elem	(14) Other	
Foundation Enrollment	0	0	0	0	0	1,691	0	0	10	0	64	17	0	67	1,701
1 Administration	0	0	0	0	0	643,013	0	0	3,803	0	167,966	44,616	0	0	859,397
2 Instructional Leadership	0	0	0	0	0	1,161,344	0	0	6,868	0	0	0	0	0	1,168,212
3 Classroom and Specialist Teachers	0	0	0	0	0	6,891,367	0	0	47,427	0	554,245	0	0	143,409	7,636,448
4 Other Teaching Services	0	0	0	0	0	818,503	0	0	6,458	0	517,491	681	0	0	1,343,134
5 Professional Development	0	0	0	0	0	221,506	0	0	1,687	0	26,737	0	0	4,178	254,107
6 Instructional Equipment & Tech	0	0	0	0	0	1,165,606	0	0	4,308	0	22,058	0	0	0	1,191,972
7 Guidance and Psychological	0	0	0	0	0	646,591	0	0	3,050	0	0	0	0	0	649,641
8 Pupil Services	0	0	0	0	0	870,959	0	0	1,367	0	0	0	0	0	872,326
9 Operations and Maintenance	0	0	0	0	0	1,554,423	0	0	11,838	0	187,627	0	0	29,318	1,783,205
10 Employee Benefits/Fixed Charges	0	0	0	0	0	1,150,861	0	0	9,372	0	200,905	0	0	18,213	1,379,351
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	0	400,383	0	0	400,383
12 Total	0	0	0	0	0	15,124,172	0	0	96,179	0	1,677,028	445,680	0	195,117	17,538,177
13 Wage Adjustment Factor	105.8%										Foundation Budget Per Pupil				10,311

* Total foundation enrollment does not include columns 11 through 14, because those columns represent increments above the base. The pupils are already counted in columns 1 to 10.

Total foundation enrollment assigns pupils in pre-kindergarten and half-time kindergarten an enrollment count of .5.

Special education in-district headcount is an assumed percentage, representing 3.75 percent of K to 12 non-vocational enrollment and 4.75 percent of vocational enrollment.

Special education out-of-district headcount is also an assumed percentage, representing 1 percent of non-vocational K-12 enrollment.

Low income headcounts are the number of pupils in columns 1 through 10 who are eligible for free or reduced lunch.

Each component of the foundation budget represents the enrollment on line 1 multiplied by the appropriate state-wide foundation allotment.

The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.

The foundation budget shown on this page may differ from the final number used in the formula, due to rounding error.



RMC Calculation [for all 3 Districts]

Massachusetts Department of Elementary and Secondary Education Determination of City and Town Total Required Contribution FY15

157 LINCOLN

Effort Goal

1) 2012 equalized valuation	1,903,534,300
2) Property percentage	0.3624%
3) Local effort from property wealth	6,899,261
4) 2011 income	816,349,000
5) Income percentage	1.5113%
6) Local effort from income	12,337,787
7) Combined effort yield (row 3+ row 6)	19,237,049
8) Foundation budget FY15	8,332,716
9) Maximum local contribution (82.5% * row 8)	6,874,491
10) Target local contribution (lesser of row 7 or row 9)	6,874,491
11) Target local share (row 10 as % of row 8)	82.50%
12) Target aid share (100% minus row 11)	17.50%

FY15 Increments Toward Goal

13) Required local contribution FY14	7,561,459
14) Municipal revenue growth factor (DOR)	3.21%
15) FY15 preliminary contribution (13 x 14)	7,804,182
16) Preliminary contribution pct of foundation (15/8)	93.66%

If preliminary contribution is above the target share:

17) Excess local effort (15 - 10)	929,691
18) 50% reduction toward target (17 x 50%)	464,846
19) FY15 required local contribution (15 - 18), capped at 90% of foundation	7,339,337
20) Contribution as percentage of foundation (19 / 8)	88.08

If preliminary contribution is below the target share:

21) Shortfall from target local share (11 - 16)	
22) Added increment toward target (13 x 1% or 2%)*	
*1% if shortfall is between 2.5% and 7.5%; 2% if shortfall > 7.5%	
23) Shortfall from target after adding increment (10 - 15 - 22)	
24) FY15 required local contribution (15 + 22)	
25) Contribution as percentage of foundation (24 / 8)	



Apportionment of RMC Across 3 Districts

[Return to Index](#)

Massachusetts Department of Elementary and Secondary Education FY15 Chapter 70

Apportionment of Local Contribution Across School Districts

157 LINCOLN	LINCOLN	LINCOLN SUDBURY	MINUTEMAN	COMBINED TOTAL ALL DISTRICTS
<u>Prior Year Data (for comparison purposes)</u>				
1 FY14 foundation enrollment	650	226	4	880
2 FY14 foundation budget	5,868,236	2,311,517	65,651	8,245,404
3 Each district's share of municipality's combined FY14 foundation	71.17%	28.03%	0.80%	100.00%
4 FY14 required contribution	5,381,474	2,119,780	60,205	7,561,459
<u>Apportionment of FY15 contribution among community's districts</u>				
5 FY15 total unapportioned required contribution ("municipal contribution" sheet row 19 or 24)				7,339,337
6 FY15 foundation enrollment	623	247	6	876
7 FY15 foundation budget	5,682,114	2,551,008	99,594	8,332,716
8 Each district's share of municipality's total FY15 foundation	68.19%	30.61%	1.20%	100.00%
9 FY15 Required Contribution	5,004,725	2,246,891	87,721	7,339,337
10 Change FY14 to FY15 (9 - 4)	-376,749	127,111	27,516	-222,122



Final Notes

- FY16 estimates are intended to lean to “high side”.
- FB Inflation factor [1.5%] and enrollment figures were confirmed with DESE.



Budget Approval Timeline- Major Milestones

Date	Event	Note
Feb. 4 th	Sudbury FinCom	
Feb. 10 th	School Cmtee vote on budget and assessments	
March 4 th	Governor's Budget released	Receive preliminary RMC's and C.70 aid figures
March 28 th	Lincoln Town Meeting	
May 4,5,6	Sudbury Town Meeting	
July	State budget complete	Receive final RMC's and C.70 aid figures