

# FY11 PRELIMINARY BUDGET

LINCOLN-SADBURY REGIONAL SCHOOL DISTRICT

Adapted from Presentations to the School Committee and to the  
Lincoln and Sudbury Finance Committees

January 29, 2010



# BUDGET GUIDELINES

	SUDBURY 0% No Override	SUDBURY 4.5% Override
FY'10 Operating	\$ 19,982,076	\$ 19,982,076
FY'10 Pensions & Insurance	\$ 3,718,484	\$ 3,718,484
<b>Total FY'10 Budget</b>	<b>\$ 23,700,560</b>	<b>\$23,700,560</b>
<b>Total FY'11 Budget</b>	<b>\$ 23,700,560</b>	<b>\$ 24,767,085</b>
<b>Change from FY'10</b>	<b>\$ - 0 -</b>	<b>\$ 1,066,525</b>

A No Override budget (i.e., level-funding to FY'10) represents a reduction for L-S of approximately \$800,000 and the loss of 10.25 professional and support staff FTEs; an Override budget allows for restoration of FTEs and increased funding for department budgets.



# MAJOR IMPACT OF SCENARIOS

The effects of a NO OVERRIDE budget compound the losses to the District over the last three years, making it impossible to sustain the breadth, depth and quality of the programs offered to students.

<u>Staffing FTEs</u>	<u>FY09</u>	<u>FY10</u>	<u>FY11 Proj</u>	<u>Total</u>
Professional	-2.26	-6.19	-8.0 to -9.0	-16.45 to -17.45
Support	-1.63	-2.79	-2.0	-6.42

Specifically, teacher loads increase further by approximately 9%, compromising attention to the individual, and students' ability to be scheduled into courses of their choice and courses matching their needs.



# MAJOR IMPACT OF SCENARIOS

Other effects of a No Override budget are the inability to fund the supplies, materials, and equipment that departments require to adequately provide instruction and to deliver all of the other services of a quality high school.

- Department Budgets level-funded at FY'10 amount, resulting in a per pupil amount for supplies and materials of \$227 – less than the FY'05 funding level when there were 142 fewer students
- No equipment purchased from the operating budget, including computers, science equipment, musical instruments, maintenance equipment, etc.
- Depletion of special revenue (revolving) funds – the District's small amount of reserves - to mitigate the short-term impact but costing the District in the long-term



# MAJOR IMPACT OF SCENARIOS

A 4.5% OVERRIDE budget would allow the District to begin to restore some of the losses incurred since FY'08.

<u>Staffing FTEs</u>	<u>FY09</u>	<u>FY10</u>	<u>FY'11 Proj</u>	<u>Total</u>
Professional	-2.26	-6.19	+2.56	-5.89
Support	-1.63	-2.79	0.0	-4.42

Priorities for professional staff are a .50 House Administrator, .25 Peer Mediation Coordinator, and 1.8 Teaching FTEs. This would allow teacher loads to be maintained at the FY'10 level, averaging 106 students per teacher, and the ability to offer choice and cater to students' needs during the scheduling process.



# MAJOR IMPACT OF SCENARIOS

An improvement to the department budgets, which have been declining while student population has been rising, would be possible under a 4.5% **OVERRIDE** budget.

- Increase in funding of department budgets by \$110,277. This still remains below FY'05 levels on both total dollar and per pupil basis, now with 142 more students, but provides the resources to begin to update texts, purchase current instructional materials, and have more reasonable levels of supplies.



# ENROLLMENTS

Grade	FY'10 Actual	FY'11 Proj	Change
9	423	436	+13
10	409	420	+11
11	390	405	+15
12	392	384	-8
Total	1,614	1,645	31

FY'10 enrollment was projected to be 1,640 (26 students over FY'10 actual)

Increased class sizes resulted in students leaving for private school

FY'11 projection based on 10-year average and is an increase of 31 students (approximately 2%) over FY'10 October 1 actual enrollment of 1,614

To offset this enrollment increase and maintain FY'10 class sizes, 1.6 FTEs are needed



# BUDGET ASSUMPTIONS

In building the FY'11 budget, the following assumptions were made:

- Staffing at the same level as FY'10
- Current staff moved up on the steps of the salary scale and the negotiated cost of living increase as well as other contract provisions applied
- Projected costs for utilities, Special Education, health insurance and other contracts as known at this time
- Athletic, Activity and other Fees continued at the same amounts





FY'11 PRELIMINARY BUDGET

# BUDGET COMPONENTS



Revised 01/28/2010

# ***SALARIES***

\$575,671 increase

The increase in the salary budget is a result of:

- Step Increases
- Negotiated cost of living of 1.75% for all teachers
- Additional 1.0% for those at top step
- Master Teacher Stipend subject to years of service and performance
- All other staff adjusted similarly



# SALARIES

\$575,671 increase

CATEGORY	TEACHERS	ED'L SUPPORT	ADMIN SUPPORT	BUILDINGS & GROUNDS	ADMINI- STRATION
Steps	\$230,584	\$15,087	\$10,035	\$2,825	
COLA	\$251,386	\$18,567	\$17,754	\$11,943	\$23,324
Longevity	\$6,880				
Degrees	\$23,791				-1,300
Stipends	\$4,500	\$518	\$120	\$550	\$9,136
Retirements (net)	\$-43,156				\$-20,000
Retire Incentive	\$-94,523				
Staff Exchange	\$107,650				
<b>TOTAL</b>	<b>\$487,112</b>	<b>\$34,172</b>	<b>\$27,909</b>	<b>\$15,318</b>	<b>\$11,160</b>
<b>% INCREASE</b>	<b>4.3%</b>	<b>3.9%</b>	<b>3.1%</b>	<b>2.6%</b>	<b>1.0%</b>



# ***PENSIONS & INSURANCES***

**\$343,857 increase**

L-S is responsible for all insurance coverage required by law and for the protection of the District and the facilities. L-S also contributes to the Middlesex Retirement system for all staff who are not in the Teachers' Retirement system and who qualify based on hours worked.

- 4.5% increase in the assessment to the District from the Middlesex Retirement system
- Unemployment reduced to prior year levels assuming no layoffs
- Workers Compensation level-funded based on historical premium costs
- FICA-Medicare tax increased to align with actual costs
- Property/Liability insurances only up 2.5% due to participation in MIIA programs for credit and evaluation of coverage that is carried



# ***PENSIONS & INSURANCES***

**\$343,857 increase**

**In developing the budget for Health Insurance, the following assumptions were made:**

- A 12% increase in the health insurance premiums for active employees
- The cost of additional plans built in to accommodate qualifying events (changes in an employee's life circumstances – marriage, birth of a child, etc. - that allow a plan change outside of the normal enrollment period)
- Retiree Medicare supplement plan rates fixed for first half of FY'11; estimated a 5% increase for second half
- Allowance for additional retiree plans based on known retirements
- Medicare Part B penalty included (the cost to the District for Section 18)



# ***PENSIONS & INSURANCES***

**\$343,857 increase**

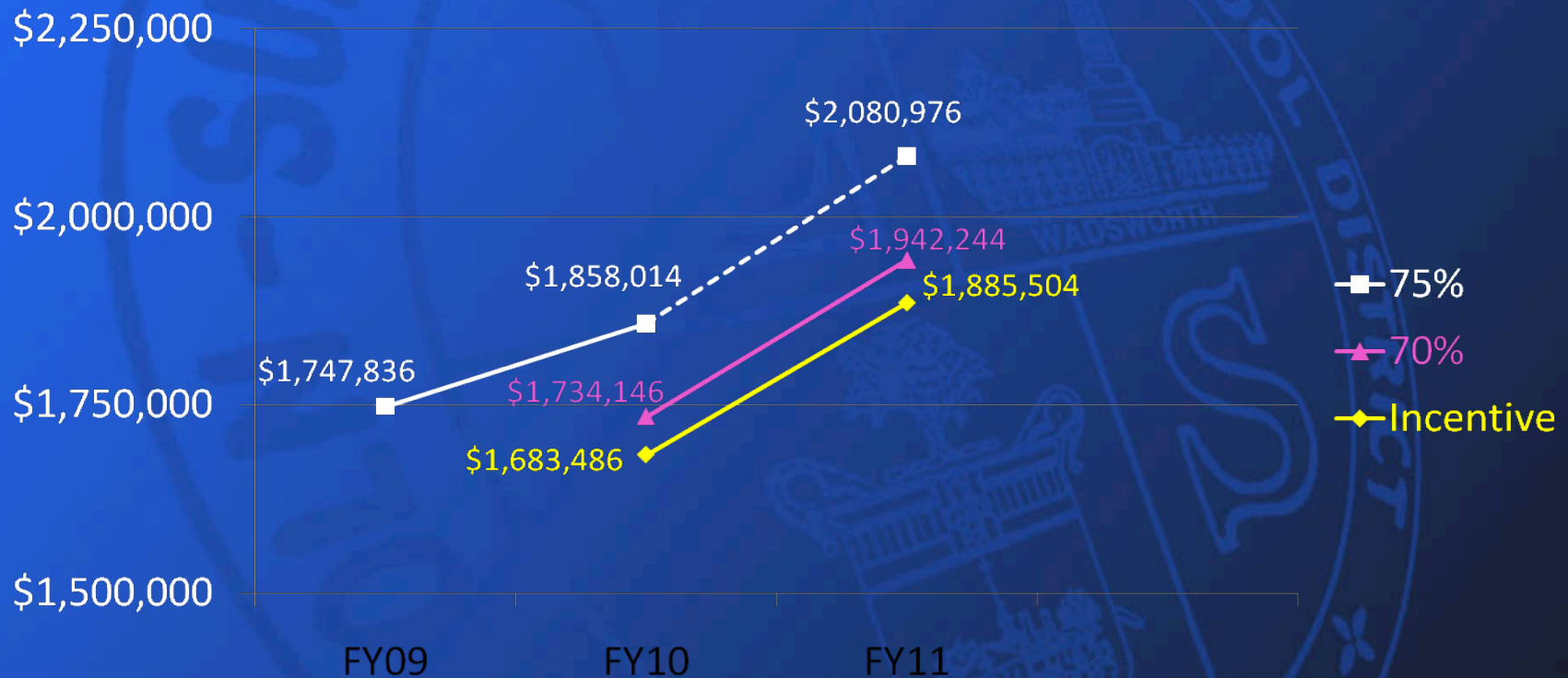
## **Health Insurance Cost Containment Measures**

As part of the collective bargaining process for a new agreement with the Teachers' Association, the following was accomplished:

- Negotiated a 5% reduction in the District's contributions to the insurance premiums for employees from 75% to 70%
- Instituted "rate saver" plans with higher co-pays and deductibles but lower premiums
- Negotiated an incentive program to make less expensive plans more attractive, with the expectation of longer range savings by reducing the District's base cost
- Adopted Section 18 requiring eligible retirees to enroll in Medicare



# HEALTH INSURANCE COST CONTAINMENT RESULTS



# HEALTH INSURANCE INCENTIVE PROGRAM

An initiative to move staff toward plans which lower the District's health benefit costs

No. of employees receiving health insurance benefits in FY'10:175

No. of employees already on less expensive Fallon plans prior to FY'10:

16 ( 9%)

No. of employees moving to less expensive Fallon and Rate Saver Plans in FY'10:

34 (19%)

The District's health benefit costs will decrease further as a greater percentage of employees enroll in less expensive Fallon and Rate Saver plans.





# SAVINGS REALIZED BY HEALTH INSURANCE INCENTIVE PROGRAM



In the first year there is a small loss when the savings in the health insurance premiums is netted out against the cost of the incentive, but as the insurance premiums increase and the incentive does not, the savings grow over time. The savings will also increase as more employees enroll in Fallon and Rate Saver plans.

# MANDATES

\$268,007 increase

Mandates are those services or programs that the District is required to provide and pay for under State and Federal regulations

- Special Education out-of-district placement costs increased by \$322,798 (13.4%) over the FY'10 budget, with a net of 3 new placements
- Special Education transportation costs are down by \$51,815 (9.6%)
- Other Special Education costs for services were reduced to reflect the level of anticipated student needs
- The cost for Section 504 services to provide support to students with medical or other non-Special Education disabilities are separated out from the Special Education budget and are estimated at \$8,000



# ***UTILITIES***

**\$76,669 decrease**

- Electricity is the major utility for L-S and conservation and efficiency measures have been implemented. Favorable rates and lower consumption result in a \$67,759 (9.5%) decrease from the FY'10 budget
- Natural gas rates are locked in, resulting in a \$5,322 (8.2%) decrease from the FY'10 budget
- Telephone costs are estimated at a \$9,000 (15.2%) decrease from FY'10 based on history



# CONTRACTUAL OBLIGATIONS

\$19,691 increase

CATEGORY	\$ INCREASE	% INCREASE
Regular Transportation	\$13,891	3.0%
Cleaning Services	\$-0-	0.0%
Course Reimbursement	\$-0-	0.0%
Audits	\$ 5,000	33.3%
Conference/Travel	\$ 800	5.1%



Contractual obligations reflect services that we must either provide or engage in order to meet State, Federal or collective bargaining requirements. The overall increase in the budget is very small.

# **OPERATIONAL REQUIREMENTS**

\$6,501 increase

Although not specifically mandated by any regulatory body, these functions are necessary in order to operate the school

- Includes banking services; network maintenance; student, financial, library and computer software maintenance; legal services; physician services; bid and personnel advertising; postage; memberships; graduation/cum laude/orientations; and waste water treatment plant maintenance
- Overall a 2.3% increase in all expenses



# REVENUE OFFSETS \$170,549 increase

CATEGORY	\$ INCREASE	% INCREASE
Circuit Breaker	\$207,094	45.0%
Tuitions from Non-Residents	\$ -45,000	-50.0%
Athletic Fees \$300 per sport	\$ 9,600	4.0%
Activity Fees \$65 per student	\$ 0	0.0%
Parking Fees \$300 per year	\$ 0	0.0%
Building Use	\$ -1,652	-2.4%
METCO Grant Offset	\$ 0	0.0%
Library Copier Use Fees	\$ 507	



Revenue offsets are those funds that the District collects (i.e. fees) or receives (i.e. Circuit Breaker, METCO grant) that are used to reduce the total cost of the operating budget.

# FY'11 BUDGET COMPONENTS

	SUDBURY 0% No Override	SUDBURY 4.5% Override
Salaries	15,208,906	15,932,072
Pensions & Insurance	3,796,182	3,789,768
Mandates	3,363,728	3,363,728
Utilities	791,166	791,166
Contractual Obligations	771,389	771,389
Operational Requirements	269,606	284,806
Dept Budgets	921,556	1,073,847
Contingency	30,000	30,000
Fees & Offsets	- 1,451,973	- 1,269,691
<b>TOTAL BUDGET</b>	<b>23,700,560</b>	<b>24,767,085</b>



FY'10 TOTAL BUDGET was \$23,700,560

# PRELIMINARY BUDGET PRIORITIES

The following is a list of positions that were eliminated over the last three budget cycles and would be the priorities for reinstatement *if* financial conditions were significantly better and able to support them.

Restore House	\$ 165,917	2.00 FTE
Teachers	\$ 120,832	2.00 FTE
Peer Mediation	\$ 15,104	0.25 FTE
Tech Integration Specialist	\$ 30,208	0.50 FTE
Guidance Counselor	\$ 60,416	1.00 FTE
Library	\$ 20,569	0.17 FTE
Nursing Services	\$ 10,026	0.20 FTE
Peer Leader/Tutor	\$ 15,104	0.25 FTE

**GRAND TOTAL** \$ 438,176 6.37 FTE

