

WACHUSETT REGIONAL SCHOOL DISTRICT

FY09 BUDGET NARRATIVE

March 24, 2008

Introduction

The Wachusett Regional School District has taken a new approach to the development of the *FY09 Appropriation* that will be presented for Member Town approval in May 2008. While continuing to solicit requests from each school, the District has tailored these requests to match the revenue that it anticipates will be forthcoming in FY09. This narrative, and the documents that support it, attempt to provide the reader with an understanding of the areas of our appropriation that have seen considerable change. The narrative will review significant changes to both revenue and expense. The narrative is followed by a series of spreadsheets that provide supportive and expanded documentation of both revenue and expense.

Revenue Summary

The Wachusett Regional School District has developed an appropriation based upon an estimated increase of \$4,080,719 in revenue. The District's revenue is comprised of Member Town Assessments, State Aid and District Revenues. The changes to each of these categories of aid that occurred between FY08 and FY09 will be considered below.

Member Town Assessments

Member Town assessments are targeted to grow by \$1,997,052, which represents an overall increase of 4.5%. This relatively modest increase has been documented to be within the financial reach of three of our Member Towns; however, its level is certainly challenging to the remaining two. An assessment at this level allows the District to maintain existing programs at existing staffing levels, while making slight improvements in targeted areas. At this level of funding, the District has cut more than two million dollars (\$2 million) of requests that were received from the schools in an attempt to match its goals to the financial means of Member Towns.

State Aid

The majority of the increase that the District will utilize in its appropriation has come from the State. *Chapter 70 Aid* to the District has increased by \$2,582,586. *Chapter 71 Aid*, which reimburses the District for transportation, is targeted to decrease by \$258,036. The District's reimbursement for Charter Schools has increased by \$11,665, while revenue associated with School Choice Tuitions has decreased by \$28,088. In total State Aid has increased \$2,308,127.

District Revenue

The District Revenue that can be utilized to offset Member Town assessments has decreased by \$224,460 when compared with FY08. This is because the modular reimbursement, which totaled \$1,148,391 in FY08, is no longer available. In order to make the appropriation more affordable to Member Towns, the District will add revenues from the following accounts: **Reserve**, **Medicaid** and **Interest**. These revenues total \$923,931 and represent the entire FY08 balances of these accounts.

Expense Summary

<i>Personnel:</i>	\$54,750,402
<i>Salaries</i>	\$44,124,758

The salary portion of the personnel budget will be increased by \$2,815,611. The major portion of this increase is due to contractual obligations to all employees of the District. These obligations total \$2,342,028. Much of the remaining increase adds faculty and staff necessary to meet the needs of a growing student population. Four (4.0 FTE) teachers, whose salaries are estimated to be \$220,000, are required to continue staffing ratios that are currently present in our schools; two (2.0 FTE) teaching positions will be reduced due to decreased enrollment. Two instructional aides, whose salaries total approximately \$28,000, are necessary to meet the needs of students with special needs. The appropriation also funds a half-time (.5 FTE) custodian at the high school, which is warranted due to the increased square footage of the new building. In order to maintain compliance with regulations regarding the education of English language learners (ELL), the high school also is in need of a less-than-fulltime (.6 FTE) ELL Coordinator. This position, as well as the reorganization of the foreign language department to add one (1.0 FTE) World Language teacher and to use the Department Head model for that department, will provide the high school with the opportunity to delete the Curriculum Specialist for Foreign Language position. This reorganization is estimated to cost \$40,000 in salaries. Finally, the District seeks the addition of two Literacy Coaches, at an estimated salary cost of \$120,000. These coaches will allow us to provide adequate professional development to teachers in the upper elementary grades as we continue to implement the District's successful Literacy Initiative.

In addition to the changes noted above, the District will be adding a half-time (.5 FTE) kindergarten teacher, a half-time (.5 FTE) kindergarten aide, and four (4.0 FTE) aides for the Early Childhood Center, all of whose salaries will be paid by incoming tuitions to the pilot full day kindergarten program at Thomas Prince School and the implementation of a paid pre-school program at the Early Childhood Center.

Employee Benefits and Insurance \$9,688,221

This portion of the proposal has also seen a great deal of growth. According to statistics maintained by the Massachusetts Department of Education, expenditure of funds for health insurance has increased by 109.52% from FY02-FY07. This year's growth continues this trend and we will require an additional \$1,142,389 to meet the increase in our premiums that is predicted by our recent claims experience. An additional \$175,406 will be required to pay the benefits of employees who replace teachers who have retired and \$113,900 is necessary for the new employees specified above. Finally, the District is obligated to pay an additional assessment of \$165,844 to the Worcester County Retirement System.

Instructional Support \$3,058,853

This portion of the budget funds the majority of the District's needs-based requests that emanate from the School Improvement Plans that are filed by each building principal. In order to develop a budget within our revenue projections, the District has reduced instructional support by a total of \$909,862 from items requested in School Improvement Plans. This reduction will mean that the District will expend \$308,716 less in instructional support than it did in FY08.

Operations and Maintenance \$3,317,805

This general category of the *FY09 Appropriation* is comprised of two lines: *Heat and Utilities* and *Buildings and Grounds*. As heating costs rise nationwide, the District is able to level fund its energy budget as a result of the energy conservation program that is currently underway. For FY08, electricity is tracking 19% less than budgeted and as the heating season comes to a close, it is clear that we will experience savings in that line as well. While consumption is certainly down, oil prices for next year are difficult to predict at this time. Therefore, considering our conservation efforts in the use of both electricity and oil, it is prudent to level fund this budget.

Pupil Services \$136,726

This line of the *FY09 Appropriation* has been level funded.

Special Education Tuitions \$3,631,514

This line in the budget will increase by \$205,557. This increase is the result of rate increases at schools to which the District pays special education tuitions for its students.

Other Operations Costs \$1,653,010

This line of the budget will increase by \$128,059, based upon information contained on the Cherry Sheet issued on January 23, 2008 that fixes the District's cost for Charter and School Choice tuitions at \$1,429,345.

Other \$6,655,650

This area of the appropriation is comprised of four lines: *Transportation*, *Reserve for Extraordinary and Unanticipated Expenditures*, *Jefferson School Environmental Remediation* and *Debt Service*. In total this area of the budget will be reduced by \$352,749. The *Transportation* line has been reduced by \$53,404, a figure that represents the District's successful attempts to negotiate favorable rates from multiple vendors for Special Education transportation. This is a line of the budget that typically increases each year and so even a modest decrease is noteworthy. The *Reserve* line was allowed by the State for the first time last year and was funded by the District with additional State Aid that was received after Town Meetings. The District chose, with Member Town approval, to increase its *FY08 Appropriation* with these funds. However, the District held these funds in the *Reserve* line with the intention of returning them to the Member Towns in the form of an assessment reduction in FY09. The District will indeed use these funds as revenue to offset the FY09 assessments to Member Towns and it will reduce this expense from the FY09 budget as well. The *Jefferson School* line will increase by \$12,000 which represents the increased cost of borrowing to pay for the oil remediation that is underway at Jefferson School. Similarly the *Debt Service* line will increase by \$212,582 in order to pay for additional borrowing for the high school project. In total an additional eight million two hundred thousand dollars (\$8.2 million) will be borrowed. Two million, one hundred thousand (\$2.1 million) is needed to pay for construction expenses during the time in which Massachusetts School Building Authority (MSBA) holds back reimbursement while conducting their audit. The additional six million, one hundred thousand dollars (\$6.1 million) is necessary for the additional and unanticipated construction expenses.