

SECTION VI

SUPERINTENDENT'S FY11 BUDGET MESSAGE

Like most public entities, the Wachusett Regional School District continues to face very uncertain and difficult financial conditions. Each year the District attempts to cobble together a revenue stream that will support basic educational services for our students, and each year our Member Towns struggle to meet this basic assessment. In some corners finger-pointers and blamers characterize the schools as free-spending and fiscally out of control. Nothing could be further from the truth. The Wachusett Regional School District operates at a very efficient level and has cut costs in key areas like utilities and health insurance. But clearly this has not been sufficient as each year we continue to struggle to keep teachers in our classrooms.

The extent to which the District and Member Towns clash over the budget obscures the fact that the real culprit behind the problems that our schools face is the failure of the State to fund the Foundation Budget in an adequate manner. Educational reform in Massachusetts was intended to fund our schools in a manner that was adequate, equitable, and predictable. In order to do so, the State developed a foundation formula that encompassed funding levels for each and every expense that schools require to function adequately. Unfortunately, the foundation has not been adjusted to reflect the changing economic conditions that have affected a number of its categories. For example, in the area of health costs, because only a general inflation factor has been applied to foundation increases, schools in the Commonwealth collectively spend \$1 billion above the amount that the foundation allows for health costs. In our district this amounts to over \$5 million, which is diverted from expense categories that directly affect the education of our students. The result is that the schools continue to lose ground as class sizes grow and the necessary purchases of textbooks, supplies and equipment are deferred.

The budget that we will propose this year does not attempt to make up for the ground that has been lost in any significant way; we understand that the current financial climate does not support such action. Instead we have examined each and every line item in order to make room for our contractual obligations and necessary growth. We have completed a sweeping reform of our Special Education program that will save

a substantial amount of money while maintaining valuable and necessary programs and services for our students. There is a danger, however, that is inherent in the approach that we have taken to this budget. By cutting each line item so closely, we are left with little to eliminate from our budget besides personnel should Member Towns be unable to support the level of funding that will be called for to support this budget. It is, therefore, our sincere hope to secure passage of the FY12 budget as presented.

Personnel

Personnel expense is by far the greatest portion of the District's Appropriation; in this case personnel expense accounts for about seventy-eight percent of the total Appropriation request. The major portion of this increase is driven by contractual obligations and by returning formerly grant-funded positions to the General Fund. It should be noted that the District was forced to account for all Federal funds outside of the General Fund and now that these funds are no longer available, the necessary expense must be charged to the General Fund. This line also reflects a 10% increase to GIC, as well as \$128,000 increase to a mandated contribution to the Worcester Regional Retirement System. This budgetary line also benefits from the application of \$882,000 of Federal Jobs Bill funding. This funding was conserved from the prior fiscal year and will help to offset the slow recovery of State support for education.

Instructional Support/Equipment and Technology

This account funds all instructional purchases of supplies, materials, and technology. Besides teachers, this is what we put in the classroom. The account has essentially been level-funded at an amount that continues to underfund vital educational services for our students. In FY08, this account was funded at \$3,582,784 at the start of the fiscal year. This year we begin at \$2,434,075. The District has underfunded this account by more than three million dollars over the course of the last few years. While efficiency and programming have allowed us to maintain solid instructional programs, we have certainly lost ground in the area of furnishings, equipment, and especially, technology.

Operations and Maintenance

This line item has been decreased in order to reflect the final year of the District's contract with Energy Education Inc., a firm that we had hired to consult in connection with our energy conservation program. This program has avoided energy costs in excess of 3.5 million dollars over the course of the last four years. While the District could utilize more funds to improve our buildings, the savings we have derived from energy conservation have allowed us to do a very good job of basic maintenance and we are confident that our buildings, especially our heating and ventilating systems, are in good working order.

Pupil Services

This area of the budget accounts for the General Fund expenses associated with athletics, student activities, and health services. Each of these expenses has been funded at last year's level.

Special Education Tuitions

This line item has been reduced by \$1,772,196 and it is this reduction that has allowed the District to present a budget that meets contractual obligation and does not call for staff reductions. The reduction is the result of two factors. First, we have terminated our contract with the New England Center for Children and will assume responsibility for all the classrooms that NECC operated. We have been very satisfied with our association with this organization and it is actually the result of their good service and programming that the District has been able to create the capacity to take control of these classrooms. We will save six hundred thousand dollars per year by making this reform. Secondly, a large portion of these savings is the result of a decrease in the number of students requiring out-of-District placement.

Other Costs

These lines comprise the final areas of expense associated with the operating budget. These lines capture expense for necessary borrowing and for assess-

ments connected to the State's school choice and charter programs. The District's recent history suggests that we maintain our short-term interest expense. The most recent Cherry Sheet supports the Charter and Choice Tuition expense that is carried in this line.

Non-Operating Expenses

Transportation

The District's transportation expense will increase by \$422,409. This increase is the result of the bidding process associated with the expiration of our most recent contract with Atlantic Express. While the increase is great this year, we are relatively comfortable with the expense given what has happened to the price of fuel since we executed our last contract, which did not have a fuel escalator clause. Therefore, the District has benefited from this provision over the last few years, but it is now compelled to pay prices that more closely match the market. It should be noted that Atlantic Express was far and away the low bidder on this contract.

Debt Service

This area of the budget captures expenses associated with debt owed on the high school project and for oil remediation at the Jefferson School. The total line is increasing by \$293,039 which is the actual expense of the notes as both projects are now bonded.

Summary

This budget recommendation calls for an increase of \$2,600,668 over FY11. This is an increase of 3.5%. The major drivers of this increase are personnel costs, transportation, and debt; all other lines have been held in check with the exception of Special Education Tuitions, which have been reduced dramatically. All and all, this is a very reasonable appropriation that will maintain necessary programming in our schools as we await an improvement to the fiscal conditions upon which we depend.

“ONE CAN NEVER CONSENT TO CREEP WHEN ONE FEELS THE COMPULSION TO SOAR”

HELEN KELLER