



Lincoln Public Schools

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September 22, 2022

To: Lincoln School Committee
Becky McFall, Superintendent

From: Mary Ellen Normen, Administrator for Business and Finance

Subject: FY 24 Budget Guidelines (Annual Memorandum)

Introduction: The preparation of the annual school budget remains one of the most important tasks undertaken by the School Committee and Administration. It is through the budget process that the District seeks community support for its priorities, educational programs, and operational needs. Our goal is to deliver high quality educational programs with the intent of every student achieving their fullest potential in academic, physical, social and emotional development.

This memo outlines items for consideration and recommendation that the School Committee may wish to provide guidance for the Administration to follow in the development of the FY 24 school budget. The Administration requests that the School Committee discuss the budget process, consider the ideas listed, and approve the attached guidelines and timeline for the development of the FY 24 school budget.

- Budget Considerations & Process:** The formal budget development process begins with a presentation of the Superintendent's Preliminary Budget to the School Committee, which, through a series of public discussions will become the School Committee's Proposed Budget for review by the Town's Finance Committee, and ultimately be presented to the Annual Town Meeting for approval. At the same time, a parallel process occurs on the same schedule for the development of a budget for approval by the School Committee for the operation of the schools at Hanscom Air Force Base, within the cost parameters of the contract with the federal government. Because the most significant cost to operate the District is the cost for personnel, and since both faculties are employed under the same collective bargaining agreements, it is critical that both budgets are developed in concert. Further, the organizational structure of the schools requires an alignment of both the Lincoln appropriation and the federal contract.
- Budget Guidelines:** The budget is the primary way that the School Committee and the Town supports the District's educational vision, and our Strategic Objectives and Strategic Priorities are the primary consideration when building the proposed annual budget.
- FY 24 Budget Development Timeline:** The Administration follows the attached tight budget development timeline in order to meet the relatively short window of time in which the budget is presented, reviewed, adjusted and approved prior to submission in January for consideration by the Annual Town Meeting. The Administrative Council has begun its budget development process and will continue to refine the budgetary needs that will be presented in December. The presentation of the Superintendent's Preliminary Budgets, currently scheduled for December 2nd, kicks off the School Committee's active review of the proposed program.

Budget Considerations & Process

During the budget development process, the Administration will view our Preliminary Budget through the lens of our Core Values to ensure what we present is internally consistent with the values we hold:

- Excellence and Innovation in Teaching and Learning
- Respect for Every Individual
- Collaboration and Community

We will propose programs for the FY 24 budget which support our Strategic Objectives:

- Educator Growth and Innovation
- Curriculum
- Instruction
- Equity and Culture

As we begin to return to a new normalcy, we are still uncertain of what the conditions of the 2023-2024 school year will entail. However, we are hopeful that over the course of the next nine months, the pandemic will continue to abate and we will continue to return to a vibrant learning environment providing a full range of educational programming. In anticipation, we are anticipating submitting Improvement Initiatives in the Preliminary Budgets to reflect the needs of our schools and achieve our strategic priorities.

As we plan the FY 24 Budget, we must also keep in mind that the budget is affected by the current state of the economy in general and by the health of the Commonwealth and Town finances in particular. The availability of one-time federal funds provides a temporary safety net during the next few years as we come out of the economic impacts of a pandemic. The School Committee and the Administration need to review the impact of these factors on available funds, be sensitive to changing conditions, and to look to the Finance Committee for guidance as appropriate. The School Committee must also consider the impact of teacher negotiations, retention, and recruitment in the upcoming budget cycle.

Process: The administrative team, in collaboration with the School Committee, will work to continue the District Strategic Plan. Several strategic objectives are identified, with strategic priorities further outlining how each goal will be achieved and measured. It is our recommendation that we continue to rely on these strategic objectives and priorities to guide decisions about resource allocation and budget requests.

The Administration follows a process of aligning the District's strategic objectives and priorities and the School Improvement Plans through purposeful planning of priorities. This creates a structure in which improvement initiatives, program development, and program improvement efforts are planned in advance so that budgeting can be somewhat more predictable and focus available resources on agreed-upon initiatives. As an accommodation to the tight timeline and the early start of the development process, site-based management funds are allocated to each school on a per-pupil basis as a lump-sum until they are allocated among school programs by Principals in the Spring.

Site-based management (SBM) funds are used to support, sustain and enhance the regular academic operations of the schools. Uses of SBM funds include consumables, art supplies, small durable items such as calculators and pencil sharpeners, replacement/upgrade books for classroom resource areas, program supplements such as outside storytellers and performers, etc. SBM funds are not used for personnel salaries; facilities expenses such as equipment repairs or electric bills; operational support expenses such as copier maintenance contracts. The administration is looking at the adequacy of the total amount of

site based management funds to ensure that the new initiatives of 2020 through 2022 are permanently and adequately funded. In addition, the administration will continue its strategy of Spring allocation since it affects a very small portion of the overall budget (~1.5%). The Spring allocation process allows for more informed use of resources and more efficient budgeting to actual expenditures and shifting needs. It is the Superintendent's recommendation that we continue with these adjustments, along with the timetable allowing teachers and principals to make more informed decisions about proper allocations. These appropriate operational modifications ensure that the process remains transparent and effective.

Careful management, along with the generous support of the community, the contract with the federal government, collaboration with the Finance Committee on funding strategies for reimbursements (Special Education Circuit Breaker, Medicaid and E-rate), and the Administration's consistent attention to grant opportunities has allowed the District to offer a high-quality educational experience for all of our students. Over the years we have

- kept fees low to allow more children to participate in special programs (athletics);
- created new programs funded through the budget (instrumental music, engineering technology, expanded foreign language);
- advanced efforts in curriculum development;
- provided a meaningful mentor program for new teachers and administrators; and
- offered a broader-based professional development program for teachers.

Finally, participating in the Capital Planning process supports the operational budget by funding large-scale technology improvements and large facilities projects through direct warrants on a periodic basis.

Budget Guidelines

Goal-focused Guidelines

1. Maintain class sizes which:
 - a. benefit student learning;
 - b. adhere to the School Committee's Policy on Class Size, the requirements of the contract to operate the schools at Hanscom AFB, and potential ongoing needs due to COVID-19; and
 - c. meet the health and safety protocols of the budget's operational pattern.

A review of projected enrollments using the District's cohort survival model will be presented with the Preliminary Budgets, along with recommendations for changes in numbers of classrooms as required.

2. Ensure that improvement initiatives, if presented, are aligned with the District's strategic objectives and priorities. Potential improvement initiatives may be presented, along with a discussion of funding required.
3. Maintain sufficient resources to sustain curriculum development initiatives.
4. Provide high quality professional development and mentoring for new teachers and administrators. The orientation and integration of new faculty into effective teaching teams remains an important consideration and meets the state mandate of providing a mentor and induction program for new faculty
5. Carefully consider our role as stewards of Town and federal facilities, plan for sensible restorative and preventative maintenance, and consider historical spending patterns and current facilities assessments to develop maintenance budgets.
6. Comply with the criteria set forth in the DoDEA contract to operate Hanscom schools and maintain comparability to the Lincoln program. Several factors will affect development of the Hanscom portion of the budget:
 - a. The Department of Defense (DoDEA) awarded a five-year contract to the District in June 2020, eliminating the prior pricing for various enrollment bands. As a consequence, the price for FY 24, the budget year, is known.
 - b. The electrical costs of operating the new Lincoln School is only partially known. The building will function as an energy-efficient all-electric school, but without the benefits of the planned photovoltaic arrays for the full year. The arrays are not anticipated to be online until the Fall of 2023. The costs of operating the all-electric facility are largely unknown at this point. Estimating electric costs will be a difficult task for the FY 24 budget process.
 - c. The population of students with special needs on both campuses will likely continue to increase along with the need for specialized programs.

Budget process-focused guidelines

1. Include core program costs in the base budget.
2. As appropriate, maintain level services, i.e., this year's program projected at FY 24 costs.
3. Develop analysis of FTE allocations for special subject areas and staffing needs for existing programs and deploy resources, as necessary, in line with projected enrollments.
4. Review programs which include positions initiated or partially funded by expiring gifts, grants, fees and tuitions or recently adjusted programs and examine the financial implications for future costs.
5. Include considerations related to:
 - a. cost of living adjustments for non-bargaining group employees.
 - b. contract negotiations with the teacher union,
 - c. impact of the DoDEA contract is known through FY 25
 - d. impact of projected increases in the cost of health benefits directly on the Hanscom budget and indirectly on Town finances.
6. Carefully monitor usage of fuel and energy, review historical data and build projections in collaborations with the District's energy vendors and collaborative partners. Incorporate the long-term energy (electricity and gas) prices locked in during FY18 and continue through FY 24 (end date 10/31/2023). The new Lincoln School is only locked in through December 2, 2022. Administration is currently preparing to rebid electricity this fall to accommodate for the delay in the photovoltaic arrays coming online.
7. Apply special revenue funds as agreed to with the Finance Committee (e.g. Medicaid).
8. Maintain METCO enrollment at 91 students if possible but budget for the anticipated enrollment.
9. It is the recommendation of the Administration to plan budgets to level fund state and federal grants, state aid, and revolving accounts, e.g., tuition and fees, but analyze on a fund-by-fund basis to reflect specific situations.
10. Identify opportunities for savings through both bottom-up and top-down reviews of budget proposals.

FY 24 Budget Development Timeline

September

- 22 Present budget guidelines memo and proposed timeline to School Committee
FY 24 Capital Improvement Plan Requests approved
- 27 Budget discussions: Central Office administrators with the Campus administrative teams, discuss improvement initiatives and special considerations, and review projected enrollment and classroom staffing.

October

- 1-26 Continued budget discussions: Central Office administrators with the Campus administrative teams, discuss improvement initiatives and special considerations, and review projected enrollment and classroom staffing.
- Mid-October Operating Budgets: Finance Committee's Spending Guideline & Forms Distributed*
- 28 Administrative Council deadline to submit budget information and contracted services amounts.

November

- 12 Finalized budget recommendations to Superintendent

December

- 1 Present preliminary budget overview to School Committee
- 13 *Town Finance Committee 1st Joint Budget Workshop 6pm-10pm Preliminary Budgets*
- 15 Budget discussions with School Committee

January 2022

- 12 Budget discussions & first reading with School Committee (formal Budget Hearing)
- 20 Town Annual Report submissions due **(by-law)**
- 19 [T] *Second budget discussion with Finance Committee*
- 27 Scheduled School Committee vote on budget proposal

February

- 6 to 21 Develop Town Meeting presentation (if necessary)
- 23 [T] *Town Finance 2nd Joint Budget Workshop - Departments present updated budgets*

March

- 12 Review Town Meeting presentation draft (if necessary)
- 16 *Town Meeting Warrant & Finance Committee Report Mailed -1 Week Min Prior to ATM per Bylaw-March 20th*
- 25 Town Meeting **(by-law)**-Saturday before the last Monday in March)

May

- 10 Budget with final site-based management funds amounts and final staffing plan distributed