



LINCOLN PUBLIC SCHOOLS

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To: Lincoln School Committee
Becky McFall, Superintendent
From: Buck Creel, Administrator for Business and Finance
Subject: FY16 Budget Guidelines

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. It remains our goal to deliver high quality educational programs with the intent of every student achieving their fullest potential in academic, physical, social and emotional development.

The 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 school 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.

This memo will outline issues that the School Committee may wish to consider in forming its recommendation and guidelines for the Administration to follow in the development of the FY16 school budget.

Process. Several years ago, the Administration introduced a refined process to address two issues. First, the relatively short window in which the budget is presented, reviewed, adjusted and approved prior to submission in January for consideration by the Annual Town Meeting creates a challenge which requires a thoughtful but streamlined process. Second, the early timing of our Town Meeting presents a challenge by requiring us to prepare a budget proposal at the start of the school year, at a time when the attentions of teachers, principals and program directors are focused on beginning academics, and before the planned activities for the current year are underway, much less significantly completed.

To address these issues the Administration has undertaken a process to align the district's objectives and priorities, and the School Improvement Plans through strategic goal planning. 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 helps focus available resources on agreed-upon initiatives. The other adjustment to the District budget process (which allows principals and teachers to focus more on the classroom) is the adoption of a method in which site-based management funds are budgeted on a per-pupil basis and provided to each school as a lump-sum for further allocation in the Spring, at a time when teachers and principals can make more informed decisions about proper allocations.

These 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 like 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. While this strategy affects a very small portion of the overall budget (1.5%), it allows for more informed use of resources and more efficient budgeting. It is the Superintendent's recommendation that we continue with these adjustments with appropriate operational modifications to ensure that the process remains transparent and effective.

The administrative team, in collaboration with the School Committee, works to establish 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.

Over the course of the last several budget cycles we have achieved greater efficiency in the budget. Few, if any, opportunities for further large reductions without changing school programs remain.

Since FY03 the Administration has managed the school budget carefully and ended each year "in the black." This 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. We have reduced fees 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 technology replacement and large facilities projects through direct warrants on a periodic basis.

In spite of these efforts, 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 School Committee and the Administration need to review the impact of these factors on available funds, be sensitive to changing conditions and look to the Finance Committee for guidance as appropriate.

Budget Considerations. The Administration is in the process of preparing its FY16 Preliminary Budget for School Committee review. During the budget development process, we will view our decisions through the lens of our Core Values to ensure that the Preliminary Budget 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 request that the School Committee discuss the budget process and consider the ideas listed in this memo in order to develop and approve guidelines for the development of the school budget.

Goal-focused guidelines

1. Maintain class sizes which benefit student learning and adhere to the School Committee's Policy on Class Size and the requirements of the contract to operate the schools at Hanscom AFB. A review of projected enrollments using the district's cohort survival model will be presented with the Preliminary Budget, along with recommendations for changes in numbers of classrooms as required.
2. Ensure that improvement initiatives are aligned with the District's strategic objectives and priorities. Potential improvement initiatives will be presented, along with a discussion of funding required.
3. Maintain sufficient resources to sustain curriculum development initiatives.
4. Maintain the School Committee's commitment to 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 has been aided by the School Committee's support of the mentor teacher program.
5. Comply with the criteria set forth in the 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. Careful consideration of this guideline may be required in light of the changing enrollment trend at the Hanscom schools; the housing project was completed in August 2011, and we are still experiencing an impact on enrollment.
 - b. The Department of Defense (DODEA) awarded a contract in February, 2012, so the price for various enrollment bands is known. Pending additional enrollment discussions, the administration recommends setting the Hanscom budget at the Band 3 (550-599 students) price.
 - c. Planning will continue for the replacement of the Hanscom Middle School, currently under construction, with an anticipated completion in May 2016.
 - d. Planning will continue for the replacement of the Hanscom Primary School, with construction anticipated to begin at the beginning of FY17.
 - e. The portion of the Hanscom enrollment with special needs continues to increase.
6. 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. This issue must be considered in light of the facilities projects under discussion at the Lincoln School and planned for the Hanscom schools.

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 FY16 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. recently concluded contract negotiations with the Lincoln Teachers Association
 - c. contract negotiations during FY15 with the Lincoln Schools Secretarial Association, and the AFSCME Council representing the custodians.
 - 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. New long-term energy prices locked in FY11 will expire in FY15, and the amount required for utilities will likely increase.
7. Apply special revenue funds as agreed to with the Finance Committee.
8. Maintain METCO enrollment at 91 students if possible, but budget for the anticipated enrollment.
9. Project level funding from grants, state aid and revolving accounts, e.g., tuition and fees. Recent experience continues to validate this guideline for the federal grants and some of the state grants, as these fund amounts have remained relatively static.
10. Identify opportunities for savings through both bottom-up and top-down reviews of budget proposals.

Timeline. Attached is a suggested budget timeline for the School Committee's consideration. Historically, the budget preparation process begins in early September, in advance of the Finance Committee's (FinCom) guidance, with preparation of the Superintendent's Preliminary Budget. The Administrative Council began its process in August, and will meet prior to the next scheduled School Committee meeting. The presentation of the Superintendent's Preliminary Budget, currently scheduled for November 6th, kicks off the School Committee's active review of the proposed program.

The Administration hopes to receive the FinCom's guidance by October 15th. In past years, the cost to maintain level services, this year's program projected at next year's costs, has exceeded the budget amount provided by the FinCom guidance.

Next Steps. The Administration asks the School Committee to review these proposed considerations and the suggested budget timeline, and provide us with your guidance for the FY16 budget preparation process.

Lincoln Public Schools

FY16 Budget Development Timeline

September

- 11 – Present budget guidelines memo and proposed timeline to School Committee
- 18 – Administrative Council deadline to submit improvement initiative proposals and contracted services amounts.
- 22 to 30 – Budget discussions: Central Office administrators with the Campus administrative teams, discuss improvement initiatives and special considerations, and review projected enrollment and classroom staffing.

October

- 3 – Finalized budget recommendations to Superintendent

November

- 6 – Present preliminary budget overview to School Committee
- 7 – Post preliminary budget information on District website
- 20 – Additional budget presentations to School Committee

December

- 3 [T] – First budget discussion with Finance Committee
- 4 – Budget discussions with School Committee
- 16 – Budget discussions with School Committee

January 2015

- 13 – Budget discussions with School Committee
- 27 – Scheduled School Committee vote on budget proposal

February

- 9 to 20 – Develop Town Meeting presentation

March

- 5 – Review Town Meeting presentation draft
- 21 – Town Meeting
- 31 – Budget templates and site-based management funds amounts distributed for allocation