



LINCOLN PUBLIC SCHOOLS

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ADMINISTRATOR FOR BUSINESS AND FINANCE

August 28, 2015
revised September 10, 2015
revised October 15, 2015

To: Lincoln School Committee
Becky McFall, Superintendent
From: Buck Creel, Administrator for Business and Finance
Subject: FY17 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 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 outlines 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 FY17 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 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. 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 FY17 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. **The budget is the primary way that the School Committee and the Town supports the District's educational vision, and our Strategic Priorities are the primary consideration when building the proposed annual budget.**
2. 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.
3. 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.
4. Maintain sufficient resources to sustain curriculum development initiatives.
5. 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.
6. 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 ever-changing enrollment at the Hanscom schools; even though the housing project was completed in August 2011, 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 for FY17 should assume that the Hanscom Middle School will operate in the new school facility currently under construction with an anticipated completion in April 2016.
 - d. Planning will continue for the replacement of the Hanscom Primary School, with contract award anticipated in January 2016 and a construction start at the beginning of FY17. For school year 2016-2017, the Hanscom Primary School will operate in the temporary facility now occupied by the Hanscom Middle School.
 - e. The portion of the Hanscom enrollment with special needs will continue to increase.
7. 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 FY17 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 Schools Secretarial Association and the AFSCME Council representing the custodians.
 - c. a follow-on contract for bus service for the Lincoln School.
 - d. a follow-on contract for lease of the Hartwell space.
 - e. 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 new long-term energy prices locked in during FY15; the amount required for utilities will likely increase.
8. Apply special revenue funds as agreed to with the Finance Committee.
9. Maintain METCO enrollment at 91 students if possible but budget for the anticipated enrollment.
10. 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.
11. 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 5th, 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 FY17 budget preparation process.

Lincoln Public Schools

FY17 Budget Development Timeline

September

10 – Present budget guidelines memo and proposed timeline to School Committee

18 – Administrative Council deadline to submit improvement initiative proposals and contracted services amounts.

23 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

5 – Finalized budget recommendations to Superintendent

November

5 – Present preliminary budget overview to School Committee

6 – Post preliminary budget information on District website

19 – Additional budget presentations to School Committee

December

2 [T] – First budget discussion with Finance Committee

3 – Budget discussions with School Committee

17 – Budget discussions with School Committee

January 2016

7 – Budget discussions and scheduled School Committee vote on budget proposal

February

9 to 20 – Develop Town Meeting presentation

March

10 – Review Town Meeting presentation draft

April

2 – Town Meeting

4 – Budget templates and site-based management funds amounts distributed for allocation



TOWN OF LINCOLN
MIDDLESEX COUNTY MASSACHUSETTS

LINCOLN TOWN OFFICES
16 Lincoln Road
Lincoln, MA 01773

To: All Budgeting Agencies, Town of Lincoln

From: Lincoln Finance Committee

Re: FY 2017 Budget Guideline

Date: October 7, 2015

The Lincoln Finance Committee met on October 7 to establish a budget guideline for Town agencies for Fiscal Year (FY) 2017. After a review of available funds, revenue projections, the Town's overall financial obligations, and the general economic situation as well as providing for fixed costs (such as pensions and insurance), the Finance Committee has set a budget guideline for the FY '17 non-override (base) budget that will permit a 2.5% increase in operating expenses, exclusive of fixed costs. Accordingly, each Lincoln budgeting agency is asked to submit a base budget that is limited to 2.5% growth as compared to the FY '16 budget as passed at Town Meeting in March 2015.

With respect to Lincoln Sudbury Regional High School, this 2.5% guideline does not include pensions and insurance.

Your budget submissions should be similar to those prepared in the prior year. The Committee asks that the submissions indicate the key differences, if any, in terms of personnel, services, and programs between your FY '16 and FY '17 budgets. Given the continued uncertainty in the economy, the Town's existing debt burden, the Town's post-employment benefit liabilities and the potential future capital expenditures facing Lincoln, we ask you to compile your FY '17 budget without consideration of an operating override. Although we are not requesting that agencies submit a formal preferred budget in addition to their base budget, we ask you to please indicate what supplemental item(s) you would request if more funds were available and provide an explanation of the need for any item(s).

Following adjustments to include routine IT expenditure in the School and Town operating budgets, the guideline for the FY '17 budget "cash capital" is set at \$450,000. An additional \$200,000 is allotted to fund warrant articles that will appear as "Other Appropriations." These warrant articles include maintenance items from the Town, Schools, and Library. Requested amounts for all capital and maintenance warrant articles should have already been submitted to the Capital Planning Committee. Aside from capital and maintenance warrant articles, any budgeting agency, board, commission, or committee that plans to sponsor a warrant article that falls into the category of "Other Appropriations" should submit information at the same time as the base budgets, so that there is sufficient time for review of the request and for revisions, if necessary.

Capital items that are recommended for bonding or capital exclusions will be considered separately. The Finance Committee will work with the Capital Planning Committee and the Board of Selectman to minimize year-to-year changes in excluded debt and the median tax bill.

In order to meet the requirements of the budgeting process, we ask that you submit your base budget to the Town Finance Director no later than Monday, November 16, 2015. On Wednesday, December 9, 2015, the Finance Committee will convene its First Joint Budget Workshop for all agencies to review the budget proposals for the principal budgeting agencies. The meeting will be held in the multipurpose room on the ground floor of the Hartwell Building of the Lincoln Public Schools. Dinner will be provided from 6:30 to 7:00 pm, and the meeting will start at 7:00 pm. The Finance Committee will provide a brief overview of the financial situation of the Town. Each budgeting agency should limit its presentation to 20 minutes, so that there is time for discussion and so the meeting can conclude by 9:30 to 10:00 pm. Please RSVP, so that sufficient dinner can be provided.

The Second Joint Budget Workshop is currently scheduled for Wednesday, January 20, 2016 at 7:00 pm - location TBD.

The Finance Committee looks forward to a collaborative effort to develop a FY '17 budget that meets the needs of the Town. We appreciate the hard work, cooperation, good spirit, and careful consideration from many boards, committees, town employees and other individuals that are a necessary part of this process.