

TOWN OF WELLESLEY
Advisory Committee



Town Hall
525 Washington Street
Wellesley, Massachusetts 02482

Vice Chair
Caren Parker

Chair
Jack Haley

Secretary
Virginia Ferko

December 27, 2010(corrected January 4, 2011)

To: School Committee

From: Jack Haley - Chair, Advisory Committee
Barbara McMahon - Chair, Advisory Liaison to Schools

Cc: Board of Selectmen

Re: **Recommended FY12 School Budget – December 7, 2010**

The Superintendent of Schools has presented a recommended budget for FY12, bifurcated into an operating budget and a budget for special tuition, transportation and inclusion (ST&T), to the School Committee. These recommended budgets, which are posted on the Town website, exceed the Advisory guideline by over \$2.7 million before any proposed reductions or use of the remaining \$528,000 one time federal stimulus monies.

Advisory emphasizes and reiterates that it expects the FY12 School Budget to meet the budget guideline outlined in its letter to all Town Boards and Departments dated October 4, 2010. The guidelines are as follows:

- *School Department—not to exceed 2.5% over FY11 budget.*
- *All other Town Departments (including Facilities Maintenance)—not to exceed 1.5% over FY11 Budget.*
- *Advisory's FY12 guideline for capital budgets (including that of the School Department) will be no more than 1.5% greater than the level reflected in the FY11 budget, and all boards and departments should prepare their capital budgets accordingly.*

The 2.5% guideline for the overall Schools Budget was set higher than that for other Town departments to accommodate anticipated increases in spending related to ST&T. In setting the guidelines, Advisory did not expect that growth in the Schools' operating budget, exclusive of ST&T, would exceed 1.5%. In FY12, a new labor contract for the teachers will be agreed to and it may eliminate much of the structural wage increases in the FY09 thru FY11 teacher contract, which impacted the prior three years' School Budgets. Additionally, no material increase in overall enrollment is expected for 2012.

Based on the Advisory guideline of 2.5%, the table below allocates the allowable budget increase between the Schools' operating budget and the ST&T budget.

(in \$000)	
FY11 School Budget	\$57,422
FY12 Advisory Guideline	<u>2.5%</u>
FY12 Budget increase at Advisory Guideline	<u>\$1,436</u>
Allocation	
Operating and facilities at 1.5%	\$712
ST&T at 7.3%	<u>724</u>
	<u>\$1436</u>
FY12 Superintendent's Budget	
Projected increases before stimulus allocation and possible other adjustments:	
Operating and facilities at 4.44%	\$2,106
ST&T at 20%	<u>1,999</u>
	<u>\$4,105</u>

Advisory agrees with the Superintendent's decision to bifurcate the School Budget between operating and ST&T. We believe applying a 1.5% increase to the operating budget aligns the School spending equitably with all the other Town departments and their employees. The ST&T budget can be materially effected by external factors and although a significant portion of these costs can be effectively managed and controlled, others are unanticipated and beyond the Schools' near-term control.

Applying the 2.5% increase to the total School Budget and allocating all monies in excess of a 1.5% increase to ST&T results in an increase to ST&T of 7.3%. In addition, we understand the Schools have approximately \$528,000 of one time Federal stimulus monies which can be used to compensate special education teachers and aides. Applying these monies to the estimated FY12 ST&T budget increase of \$2.0 million will help cushion the impact of new students who have recently moved into the district. These events are clearly not within the School Department's control. Advisory also believes that the School Committee and the Selectmen should explore how ST&T is funded from year to year to deal with events

outside of the School Administration's control. A bifurcated approach to the Schools' budgeting process is the first step in managing the appropriate funding of ST&T outside of the normal budgetary process.

At Annual Town Meeting, all Boards will present a five year outlook of their operating budgets, in addition to their five year cash capital plans. The School Committee recently presented their five year cash capital plan, which includes an increase of over \$1.2 million over FY12, to Advisory. Based on conversations with School Committee leadership the operating budgets for FY13 and beyond will have to support the opening of the new high school, increased enrollment at the middle school, the elementary school master plan, fully-funded facilities maintenance, and potentially new collective bargaining agreements with teachers and other employees. It is critical for Advisory to understand what the needs of the Schools will be as it considers its recommendations to Town Meeting on the omnibus budget for FY12 and beyond.

We look forward to working collaboratively with the School Administration and School Committee to meet Advisory's FY12 budget guideline. For example, please consider submitting the FY12 School Budget on January 14th instead of January 5th.