

Memo

To: **Lyme Budget Committee**
From: Mike Harris, Superintendent
Date: 1/6/2016
Re: FY17 school district budget proposal

The total budget figure for the FY17 proposal is \$6,597,873. That is an increase of \$596,847 or 9.9% over the current year. That figure represents the funding that is needed to maintain the status quo programming at the school while also covering projected costs for (a) high school tuitions, (b) special education, (c) contracted increases, and (d) projected staffing numbers for increased enrollment.

What is in this budget?

The major increases are in the following accounts:

High School Tuition – increase of \$92,000 because of three additional students and a projected 3% rate increase from the receiving schools

Special Education – increase of \$192,000 because of additional costs of out-of-district placements and an aide who is already working this year, plus increases in the cost of related services (e.g. speech, occupational therapy) and retirement benefits

Staffing – increase of \$190,000 for two additional teachers required to accommodate anticipated grade splits because of an enrollment increase of 16 students over the past 12 months

There are also increases of about \$32,000 for salary increases for teaching staff as mandated by the collective bargaining agreement, about \$55,000 in health insurance costs for all staff, and \$18,000 for 2.5% salary increases for non-teaching staff. The River Road bussing route has added about \$15,000 to transportation costs, and the debt service for next year increases by \$3,300.

How can the budget get to the target figure?

The target figure for the discretionary part of the budget has been the 12-month CPI rate plus 1.0%. The CPI rate for the past year is -0.1% so the target becomes a 0.9% increase or about \$60,000. The discretionary part of the budget currently represents \$291,932 or 4.8% of the total increase. The costs of the non-discretionary part of the budget (high school tuition, Special Education, River Road and the Bond) represent a total of \$304,932 or 5.1% of the total increase.

The board has considered the following accounts for reductions that could lower the discretionary expenses to the targeted 0.9% but will leave the school under staffed and cut programs. Here they (a) being the most important to keep (f) being the least if we were asked to choose;

- a) Remove 1 new teacher (\$95,000) exposing the middle school to a decline in program delivery due to current split needs.
- b) Eliminate the library program (\$40,000) by getting a waiver to not offer library services in the school. This will dismantle the current research development program for the middle school and reduce overall library delivery for K-8.
- c) Reduce the other non-teaching salary increases (e.g. aides) to 1.5% (\$5,000) from the teacher rate of 2.5%.
- d) Reduce the administrative salary increases to 1% (\$5,000)
- e) Reduce the music teacher from 0.8 FTE to 0.6 (\$23,000)
- f) Remove 1 new teacher to address the 16 additional students and the need for three potential lower school splits. (\$95,000)

The total of all of these reductions equal \$263,000 bringing the discretionary part of the budget down to 0.4% increase or \$28,932.

We have two non-discretionary items that we could choose to consider adjusting. The risk of course is how to find these funds if they truly happen;

- g) Reduce the projected high school rate increase to 2% saving (\$16,000)
- h) Remove the 2 projected retiree pay-out benefits of (\$35,000)

What issues become important?

The reductions listed above are the cuts that would be necessary to get the discretionary budget to the targeted figure of 0.4% while recognizing that the non-discretionary items sit at 5.1%. If we make the HS Adjustment and pull out the retirement money we can bring the non-discretionary portion of the budget down to 4.6%. The board recognizes that the remainder of these reductions affect actual programming and that discussion will be needed about (a) restoring at least one new teacher at 1.6%, and (b) the restoration of the library at 0.7%, which would bring the total increase for the 2016-17 budget to 6.9%. The tax rate increase would be approximately 17.53. This year it was 16.41.

For Reference Our Trust Balances are:

Maintenance School Building Fund	\$83,038
School Enrollment Response Fund	\$100,120
Special Education Reserve Fund	\$250,305
High School Tuition Fund	\$512,937
 Total	 \$946,400