

# Memo

**To:** Lyme Town Budget Committee  
**From:** Mike Harris  
**Date:** 12/14/2016  
**Re:** FY 2018 budget proposal

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The first draft FY18 operating budget total is **\$6,987,709**. That total is an **increase of \$521,861 (8.1%)** from the FY17 budget of **\$6,465,848**. That last number is the budget figure that was approved by the voters in the warrant article last spring. Note that 1% of the base budget will, therefore, be about \$65,000.

This draft does not include increases in any staff salaries although it does include three new staff positions. Teacher salaries are dependent on the settlement of a new collective bargaining agreement, and any resulting increases will be included on a separate warrant article. No decision or recommendation has been made yet regarding non-association personnel salaries. Teacher salaries alone constitute about \$1.6 million or 25% of the budget. The total of salaries and benefits for all staff is \$3.7 million or 57% of the entire budget.

## Increases

The most substantial increases are in the following accounts:

**High School Tuitions** – High school tuitions in the new budget are proposed at \$1,931,390 or 28% of the total. There are fourteen additional students who are budgeted in FY18, and that inclusion raises the total number of projected high school students from 86 to 100. The proposal has projected a 2.5% increase in the tuition rates so that the total increase for high school tuitions is \$284,525. That is an increase of 17%, and it accounts for 55% of the budget increase.

**Staffing** – There are three staffing additions in the budget proposal. One is for a curriculum director at a total cost of \$111,000, the second is for an additional part-time custodian at a cost of \$32,000, and the third is for an additional special education teacher at a cost of \$104,000. The total for the additions is \$248,000 which constitutes 48% of the total budget increase. Although salaries for current personnel have not been increased, the budget does include updated health insurance costs with rate increases of 2.1% and updated retirement cost increases of 10.7%.

The impact on the total budget of those increases is as follows:

- High School Tuitions – 4.4% points
- Curriculum director – 1.7% points

- Custodian – 0.5% points
- Special education teacher – 1.6% points

The rest of the budget shows a slight decrease. My comments regarding sections of the budget follow:

**Special Education** – The total special education costs are \$1,239,000 (18% of the total budget), and all of the special education accounts show an increase of about \$70,000. The high school lines have dropped by about \$102,000 because of changes in the out-of-district placements. The costs for one student previously in a placement have been transferred into the contracted services account, and that account also includes the cost of a possible aide at Hanover High School for a student who expects to attend there next year. The elementary special education section is increased by \$49,000 for a potential new out-of-district placement. The remaining sections for psychological services, speech, and OT/PT show a net increase of \$10,000. Overall, the out-of-district students have dropped from including three students to including one definite placement plus one potential one.

**Regular Education** – The regular education lines and the foreign language lines have remained essentially level as the classroom configurations of splits is expected to remain constant. Retirement costs have increased, but those increases have been offset by some decreases in purchases including textbooks where the purchase of math books has been completed this year.

**Guidance, health, library, instructional improvement** – Aside from adjustments to the health insurance and retirement lines, these accounts have remained level. The one increase is in the line for professional development conferences for teachers which increased by \$3,700. The last collective bargaining agreement increased teacher allowances for professional development from \$750 to \$900 apiece per year, and that has resulted in the increased cost.

**Administration** – Administrative costs total \$649,000 or 9% of the total budget. The lines for school board expenses have increased by \$7,000 for the costs of legal counsel. The SAU costs have increased by about \$17,000 (6.6%) primarily because of salary increases for administrative personnel that were enacted this year. The school administration costs include a total increase of about \$100,000 which is essentially attributable to the addition of a curriculum director. No other changes in the administrative structure have been made in this draft, i.e. it continues to include the superintendent, principal, business coordinator, and special education director. The school board remains involved in decision making regarding this set of accounts with the likelihood of some substantial adjustments.

**Buildings & Grounds, Transportation, Food Service** – The B&G costs have increased by \$43,000 because of the addition of another custodian as recommended by the Facilities Committee to properly clean and care for the building. Adjustments to the health and retirement lines make up a small amount of the increase as well. The transportation lines are essentially level, and they include a slight decrease in the cost of the River Road bussing that we conduct. The food service accounts include a tentative increase in food costs of \$5,000 that will be further assessed before a final budget. The transfer line to cover the total costs of the food service program has been maintained at \$18,000.

**Debt Service** – The debt service costs remain at about \$200,000 as the increase in the payment of principal is offset by the decrease in the costs of interest.

### **Remaining Considerations**

This budget proposal does not include costs for the following items or programs that the board expects to continue assessing: (a) full day kindergarten, (b) a differentiation specialist, (c) a science curriculum and/or specialist, and (d) the roof repairs and replacement.

### **Reserve Funds**

The latest balances of the reserve funds are as follows:

Maintenance School Building Fund	\$63,205
School Enrollment Response Fund	\$50,600
Special Education Reserve Fund	\$250,800
High School Tuition Fund	\$513,960
Post Retirement Benefit CRF	\$50,600