

Amherst Public School District  
Pelham Elementary School District  
Amherst-Pelham Regional School District

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**Budget Planning Meeting #2:  
BUDGET ASSUMPTIONS  
Fiscal Year 2009**

- I. Introduction
- II. Revenue Assumptions
- III. Expenditure Assumptions

Updated:        January 7, 2008  
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**AMHERST-PELHAM REGIONAL SCHOOLS**  
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**Office of the Superintendent**

January 8, 2008

Dear Everyone Learning @ Amherst, Region, and Pelham Schools:

Our expectations are high and clear:  
The achievement of every student on high-status knowledge and critical skills.  
The sense of belonging of every student.

We have impressive results in student academic achievement, college selection and attendance, student exploration of and performance in the arts, and student participation in activities.

We have work to do. We are not at 100% success. We are poised to get there!

We know the specifics, we know the goals, and we have the plan. To accomplish this, our next steps in all areas necessitate:

Continuity... of curriculum and instruction K-12  
Consistency... of high expectations and standards across grade levels and schools.  
Challenge... of every student to be stretched academically and intellectually.  
Communications... with families and the community.  
aCcountability... for all!

School and district budgets are a means to those ends. Budgets are not ends.

For the past five years, the net result of budget development has been increased efficiency and modest overall budget increases with significant program decreases. As we work to recoup lost resources and retain what is in place, we also recognize three priorities that must be incorporated into our planning for FY09 and the future:

- Staffing, schedules, and class sizes to accommodate student needs and achievement;
- Salaries that respect the growth and development of our faculty and staff; and
- Supervision and professional development that insures talented, up-to-date faculty and staff and a rigorous, guaranteed and viable, college-bound curriculum.

The next few months will be spent working through the numbers and developing the plans for a budget that supports our children and our goals. I remind all that this is not a simple, step-by-step process. We receive information that affects revenues and expenditures throughout the process. One day we receive “good news” about one source of revenue and on another we receive “bad news” about an expense increase imposed upon us. We monitor this closely and incorporate the information into our planning and, specifically, into our planning document: BUDGET ASSUMPTIONS. The Budget

Assumptions document presents responses to the question: What are the assumptions we are making about revenues and expenditures?

The School Committees will review these Budget Assumptions and preliminary budget figures in January and February as we are building the three school budgets. We will develop three scenarios for school budgets, each contingent upon a different set of assumptions. You will note certain “placeholders” for decisions in this document that will affect which direction is taken.

Thank you for your interest. We connect all of this to your community’s children and their learning!

Jere Hochman  
Superintendent

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To accomplish student achievement, and to accomplish our essential goals for safety, operations, and regulatory compliance, faculty and staff work diligently on numerous projects. Models and systems are in place to insure a continuum of instructional and others services and full inclusion in our schools. Efforts in curriculum development and enrichment and intervention opportunities; student services; and district operations, all of which provide the resources and support for teaching and learning, enhance learning.

As we have built on decades of tradition, innovation, and successful academic endeavors aspects of these developments have been a program shift for many and for others, a culture shift. Once characterized by autonomy, independence, and regulatory resistance, our schools have been responding to federal and state mandates and regulations; administrative- and faculty-generated high academic and pedagogical expectations; and in general, what’s good for kids!

We have addressed the majority of the fundamental requirements and regulatory issues; developed comprehensive, standards-based curriculum guides in some subject areas; and implemented new strategies and planning in many areas.

We continue to “get results” in student achievement, the arts, college entrance, and unique student endeavors as a result of a dedicated and innovative faculty and staff. 92% of our 2007 graduates are attending college. We have made significant progress in MCAS proficiency. State audits—for example the Comprehensive Program Review (CPR)—indicate remarkable improvement in dozens of special education and civil rights categories. New technologies and facility improvements offer greater productivity, efficiency, and management and use of resources. Efforts addressing responsiveness, social justice, and well-being are infused in our daily work. We continue to identify the dots, develop the dots, and connect the dots for the achievement, academic engagement, and sense of belonging and well-being of every student.

Still, we have work to accomplish. We are keenly aware of remaining areas that need to be addressed in the same comprehensive manner as those noted above, especially in the area of professional development and supervision. As significant, yet less tangible, is the balance we strive to seek between autonomy and consistency; between resistance and compliance; between innovation and standards-based efforts; and between learning for the joy of learning and high stakes testing. The Amherst characterized by the former senses the presence of the latter—and we continue to seek the right balance.

Furthermore, surprising perhaps only to newcomers, inherent in Amherst's "DNA" is taking the road less traveled; accepting social challenges that other school systems purport to accept, at best, in an illusory manner; and avoiding the trappings of the stereotypical suburban meritocratic system. And, to be blunt, we strive to prove, rise above, and model for all that "excellence and equity" are not mutually exclusive, that they are not either/or concepts, and that they are not connected to particular groups.

Collectively, Amherst, Pelham, and Amherst-Pelham Regional, can be described as rural, urban, suburban, and college town. We are diverse ethnically, racially, religiously, socio-economically and in many other ways. We are liberal, progressive, constructive, and innovative—with moments of conservatism, extremism, and activism. We are future-focused and yet, in many ways old school. (And, a reminder to all, we are three separate and distinct school districts with three separate and distinct budgets).

Consequently, as the pendulum swings, we strive to be characterized by words still new in Amherst vocabulary: **consistency, continuity, challenge, communications, and accountability.**

To accomplish these ends, priorities are established and budgets are developed.

This document is a working document. It defines and reviews the "assumptions we make" as we build the FY09 budget.

- What assumptions can we make and then do we make about the *revenues* from various funding sources?
- What assumptions can we make and then do we make about the *expenditures* necessary to net our intended results noted above?

As the budget season progresses, we will receive more information about revenues and expenditures. Decisions that guide many assumptions will be made by the administration and the School Committees. Budgets will be built and communicated. We invite your comments and participation as we proceed.

# I. Introduction

## A. Budget History/Trends

### 1. Cuts from Previous Years and Their Effects

The districts continue to be in the position of endeavoring to achieve its goals, while facing crushing funding cuts. While we annually strive for efficiency in all operational areas and we scour our budgets line by line, there are multiple fixed-cost items within the budget for all districts which necessarily drive budget planning and development. As examples, Special Education/student support mandated services, enrollments of district students in choice and charter schools, and health insurance for employees and retiree assessment have commanded significant increases in school budgets. This document illustrates the status and effects of these and many more specific areas.

Balancing a budget that is so heavily driven by uncontrollable expenses (93% of the total budget), which are increasing year-after-year, risks impacting regular education programming. To demonstrate this, the percentage of the total budget spent in 1990 on regular education was 42% of the total annual budget. In 2006, the percentage allocated to regular education instruction was 29%, an 13% decrease. Special education and English Language costs rose during the same period by 7%, and the expenses associated with employee and retiree health insurance doubled, from 7% to 16%.

#### HOW MUCH HAVE WE CUT?

Current year – FY08	Region	\$1,333,516	4.8% of budget
Prior year – FY07	Region	<u>\$1,414,896</u>	5.3% of budget
		\$2,748,412	
Current year – FY08	Amherst	\$706,447	3.6% of budget
Prior year – FY07	Amherst	<u>\$968,771</u>	5.0% of budget
		\$1,675,218	

#### **Amherst:**

Following FY07 cuts of kindergarten, library, classroom, and science paraprofessionals, cuts in FY08 included reductions in classroom music, art, computer and physical education programming at all schools. All elementary paraprofessionals hours were reduced on Wednesday afternoons, a savings of over \$70,000, but at a cost of less planning time and material preparation by our para staff. In addition, some Central Office administration and secretarial positions were reduced or eliminated. Multiple proposals to reduce class size, increase support for students at risk, provide after-school academic enrichment, support new initiatives, implement/repair/replace computer and infrastructure were again set aside to accommodate fixed and mandated costs.

#### **Region:**

Because of the depth and breadth of cuts over the last several years, the only areas left in which to seek offsets is in further reduction of staffing and/or programs. Current year budgets cuts were accommodated by reducing staffing in academics, physical education, electives, administration, clerical and custodial positions at both buildings and in the Central Office. District and school administrators worked to trim without sacrificing opportunity. Fees were

increased to generate some minor revenue. As in Amherst, there were multiple, worthy Regional proposals to increase opportunity and enrichment for our students which were unable to be funded.

## **2. Program and Organization Changes**

Organizational change, procedural work, and program analysis have characterized the past three years amidst annual cuts to the school budgets.

We have worked to align the districts and schools within a preK-12 system. Following recommendations from previous reviews and the initiatives of many faculty and staff members, an emphasis on student transitions from grade-to-grade and school-to-school, alignment of curriculum, consistency in procedures, and other efforts have been accomplished or are in process. We have worked to consolidate services and programs where possible, especially within the central office, to provide consistency and fluency in our support for schools and subsequently, students.

From a budget perspective, the changes and consolidations have been accomplished with few additions to staff. Where programs have grown and/or accountability demands increased, we have increased staff and/or revised job descriptions.

The most prominent change has been in the consolidation of the Student Services office. We have bridged the work and services of special education, English language learning, student information, discipline and intervention, health services, early childhood, academic intervention, student support and services, safety and security, and many others. Furthermore, programs for individual students have been established to keep students in our schools, providing a home school for students as well as consistency and efficiency in efforts. Implications of changes in the State review of programs and the demands of state testing have increased the demands on services, as well. In recent years, we have combined some administrative positions, cut an Executive Director position, cut a high school administrator, and adjusted/reduced schedules and contracts.

Additions to programs in technology are allowing us to become much more efficient and accountable in every department. While efficiency is added and data are more accessible for decision-making and program evaluation, the primary benefit is analysis of data related to student achievement. All of these necessitate time, staffing, and funding.

It must be noted that aspirations and vision in areas where we can most effectively offer continued improvement are areas that have been diminished: supervision and professional development. These assumptions are critical as we seek to move ahead with less.

## II. Revenue Assumptions

### A. Anticipated Town(s) Parameters

#### Amherst

The Town of Amherst Finance Committee has issued budget development guidelines to not exceed a 2.0% increase over last year's budget for the Amherst Elementary Schools.

#### Pelham

The Town of Pelham Finance Committee has not issued budget development guidelines. It has stated that the budget should be level funded, but this could change depending on State money and other income.

#### Region

In FY06 the member towns of the Regional District agreed to adopt the Regional Agreement as the allocation method for determining appropriations to member towns. The Agreement specifies that the basis of apportionment shall be a five year moving average pupil membership, often referred to as the "per-pupil method". As of FY08 the per-pupil method was fully implemented.

The Town of Amherst Finance Committee has issued budget development guidelines to not exceed a 3.0% increase in their assessment for the Regional School District, the Town of Pelham has issued guidelines that call for their assessment not to exceed a 2% increase, and the Town of Shutesbury has issued guidelines that call for their assessment not to exceed a 3% increase.

### B. Chapter 70

On January 23<sup>rd</sup> the Governor released his FY09 budget proposal (House 2). While this proposal would increase education aid to towns and districts by \$223 million, the Chapter 70 aid calculations reveal an uneven distribution of the total increase. The increases relative to FY08 would be as follows:

Region	0.92%
Amherst	1.75%
Pelham	10.62%

The proposed budget may change as the legislative process unfolds and proposed appropriation levels change. Critics have pointed out that the Governor's budget relies on hundreds of millions of dollars in revenues from sources not yet approved by the legislature. There is some likelihood that subsequent budgets may be reduced.

Based on this new information we will take a conservative approach to building the Regional budget and revise our Chapter 70 revenue assumption down from a 1.0% increase over FY08 to a 0.0% increase.

### C. Transportation Reimbursement

Various statutes address the reimbursement of school transportation costs (Regional, Regular Day, SPED, Vocational, etc.) but all are "subject to appropriation" by the legislature. The actual reimbursement percentages are based upon the prior fiscal years DOE approved costs and the legislature's current fiscal year appropriation. Even though a figure appears on a Cherry Sheet, the actual reimbursement amount usually is not known until the tail end of a fiscal year – again a reimbursement for prior year costs.

Currently only Regional and Vocational transportation costs are reimbursable. Reimbursement for elementary transportation is not currently funded. While the statute for Regional Transportation reimbursement specifies 100%, the actual percent has ranged from 100% down to a low of 47.5% for FY04. The rate for FY07 was 90.7%. While the DOE has not yet released the FY08 reimbursement percentages or figures, we will be pursuing update information from them. As in the past, for the next fiscal year we will take the conservative approach and base projections on historical and current year data.

***Update January 23, 2008 –***

*Cherry sheets released after the Governor’s budget proposal (House 2) was unveiled project regional transportation reimbursement for FY09 to be \$70,289 less than in FY08, an 7.9% decrease. We will take a conservative approach to building the Regional budget and revise our transportation reimbursement assumption down from a 1.0% increase over FY08 to reflect this new information.*

Note:

The Regional agreement stipulates that “the district shall provide transportation for pupils attending the regional district schools as well as the pupils attending the elementary schools of member towns... The costs of providing transportation shall be included in the district operating costs.” The cost for transportation is part of the Regional budget and assessed accordingly. The Department of Education (DOE) has directed that the member towns be assessed for their share of the cost for the elementary runs so that each elementary district (4 in this case) reflects the cost of transporting their own students in their End of Year Report. Currently the cost of providing transportation to the elementary schools is segregated on the End of Year Report for the Regional District to identify reimbursable v. non-reimbursable transportation costs (only regional transportation is being reimbursed), but no transportation costs appear on the End of Year Reports of the elementary districts. Compliance with this directive would require an amendment to the Regional Agreement.

The Regional School Committee has convened a group to study the issue composed of representatives from each member town’s Finance Committee and Select Board, as well as a school committee member from each town and district administrators.

**D. Medicaid revenue**

The Medicare Catastrophic Coverage Act of 1988 clarified Medicaid’s responsibility to pay for health-related services provided for disabled children pursuant to an Individualized Education Plan.

**Amherst**

As a department of the town, the Amherst Medicaid revenues are deposited directly to the Town’s General Fund and are not directly available to support current expenses. The Town of Amherst’s receipt averages \$115,000 to \$135,000 per year. FY09 projections remain constant.

**Pelham**

Pelham began to participate in the Medicaid reimbursement program in FY07. Revenues are deposited directly to the Town’s General Fund and are not directly available to support current expenses. The town has determined that it will make any revenues generated available for the support of the school budget. Revenues generated in one year should be included in the budget for the following year above and beyond the appropriated budget support.

## **Region**

The Region's receipt averages \$115,000 to \$140,000 per year and is included as an expense line in the budget (SPED Transfer Reserve) and as a revenue offset in the assessment computation. New regulations implemented in 2007 require that funds must be used in the same year they are received and not carried over to the following year. Again, FY09 projections remain constant.

## **E. Charter Reimbursement**

The State reimburses any given year's charter tuition assessment increase to the district. The reimbursement amount is equal to 100% of the increase in the year in which the increase occurs; 60% of that amount in the first year following; and 40% of that amount in the second year following.

## **F. Choice Revenues (Projected)**

School Choice students are enrolled in the Pelham Elementary School and both the middle and high schools. The revenue that accompanies each student is approximately \$5,000.00. Any additional costs associated with a School Choice Student, such as special educational services, are reimbursed in full to the district. The transportation of School Choice students is the responsibility of the parent/guardian. The number of school choice "seats" for FY '09 is yet to be determined.

### **Pelham School**

As of November 8, 2007, of the 117 students enrolled at the Pelham Elementary School, 34 were School Choice students.

### **Amherst Pelham Regional Middle School**

As of November 8, 2007, there are 16 School Choice students enrolled at Amherst Middle School, with 6 being enrolled in the 7<sup>th</sup> grade and the remaining 10 in the 8<sup>th</sup> grade

### **Amherst Pelham Regional High School**

As of November 8, 2007, there are 79 School Choice students at the high school. Of these students, 27 are members of the senior class and are due to graduate at the end of the school year.

## **G. Indirect Cost Reimbursement from Grants**

As the chart indicates, anticipated grant amounts (as of November 2007) are close to this year's total grant awards. Entitlement grant funding amounts has been steady in recent years. The competitive foreign language/Chinese (FLAP) grant will be in its third and final year in FY08 (\$149,734). In late December we were notified of a new competitive grant award for the Pipeline Project with the same funding amount we received in FY08. Other new grant initiatives will continue to be explored as "RFPs" (request for proposals) are announced by governmental and non-governmental agencies.

**a. Anticipated and Continuing Grants (Federal and State)**

			<b>FY 08 Funding</b>	<b>FY 09 Anticipated Funding</b>	<b>FY 09 Anticipated Award</b>
AMH	Kindergarten Enhancement Program FY08	State	\$149,100	Yes	\$149,100
AMH	Community Partnerships FY08	State	\$201,502	Yes	\$200,000
AMH	MA Early Literacy Intervention Round 1 FY08	State	\$26,050	?	Competitive
AMH	CPC Accreditation Grant FY 08	State	\$6,409	No	Ending
AMH	CPC Prof. Dev. Grant FY 08	State	\$898	No	Ending
AMH	SPEC EDUCATION Professional Development FY08	Federal	\$17,600	Yes	\$17,000
AMH	Creative Schools Grant (MCC) FY 08	Private	\$24,000	No	Ending
AMH	Westfield State College	Private	\$64,633	No	Agreement Ending
AMH	Chinese After School Wildwood	Private	\$2,000	N/A	Revolving
PEL	Teacher Quality FY08~Title IIA	Federal	\$2,788	Yes	\$2,700
PEL	SPEC EDUCATION Program Improvement FY08	Federal	\$4,000	Yes	\$4,000
PEL	Rural Reap FY08	Federal	\$26,809	Yes	\$22,000
PEL	MA Early Literacy Intervention Round II FY08	State	\$12,500	?	Competitive
REG	Amherst College ~ Pipeline Project	Private	\$2,000	Yes	Revolving
REG	Commonwealth Corp FY08	Private	\$61,500	Yes	\$61,500
REG	Hampshire Educational Collaborative	Private	\$71,505	?	Agreement Ending
REG	Summer Academic Support FY08	State	\$12,500	Yes	\$18,800
REG	Academic Enrichment Program Planning	State	\$4,000	?	Competitive
REG	Summer Academic Transition Program	State	\$22,000	?	Competitive
REG	Enhanced School Health Services Grant FY08	State	\$64,199	Yes	\$64,199
REG	Safe and Supportive Learning Environments	State	\$27,000	No	Ending
REG	Expanded Learning Time ~ Planning Grant FY 08	State	\$7,000	No	Ending
REG	EOHHS ~ Schools Initiative	State	\$34,000	Yes	\$30,000
REG	SPEC EDUCATION Program Improvement FY08	Federal	\$19,774	Yes	\$17,000
REG	SPEC EDUCATION 94-142 (I.D.E.A) FY08	Federal	\$863,782	Yes	\$840,000
REG	Perkins FY08	Federal	\$9,076	Yes	\$9,076
REG	Foreign Language Assistance FLAP FY 08	Federal	\$149,963	Yes	\$149,734
REG	COPS Grant ~ (Amherst Police Department)	Federal	\$45,020	No	Ending

REG	COPS Grant #2 ~ (Amherst Police Department)	Federal	\$14,260	Yes	Two year grant.
CON	Title I Distribution FY08	Federal	\$373,704	Yes	\$360,000
CON	Title IIA, Improving Teacher Quality FY08	Federal	\$136,485	Yes	\$130,000
CON	Title IID Enhancing Educ Technology FY08	Federal	\$4,798	Yes	\$4,000
CON	Title III ~ LEP SUPPORT FY08	Federal	\$37,918	Yes	\$33,000
CON	Safe and Drug Free Schools ~ Title IV FY08	Federal	\$12,838	Yes	\$11,000
CON	Title V FY08	Federal	\$4,561	Yes	\$4,000

**FY 08 District Totals (35 grants):**

Private	\$225,638
State	\$567,158
Federal	\$1,723,376
<b>Total:</b>	<b>\$2,516,172</b>

**Recently Awarded FY08 Competitive Grant:**

Collaborative Partnerships (Pipeline)	State	\$30,000.00
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**Proposals in Process:**

Pioneer Valley STEMNET	State	TBD
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**H. Interest Revenues**

The Regional School District holds its cash in interest bearing accounts. Interest generated is available for general budget support.

**I. E & D**

**Amherst**

The School Department has no reserves of its own. Should unforeseen expenses exceed the capacity of the approved budget, a special town meeting would have to approve the use of the town's free cash or reserves.

**Pelham**

The School Department has no reserves of its own. Should unforeseen expenses exceed the capacity of the approved budget, a special town meeting would have to approve the use of the town's free cash or reserves

**Region**

The Regional District's unreserved and undesignated fund balance (E&D), or the "surplus revenue" account, is the amount by which cash, accounts receivable, and other assets exceed a regional school district's liabilities and reserves as certified by the Director of Accounts. A healthy E&D balance provides a cushion against events such as a sudden loss of revenue after the annual budget has been approved and appropriated, as well as emergency or other unanticipated expenditures. A robust E&D balance is a measure of good financial standing and a key factor in obtaining a favorable bond rating. While state statutes restrict the balance to 5% of a subsequent year's budget, the district's Regional Agreement is more restrictive in that the balance may not

exceed 3.5%. As the district's reserve account it is important to maintain adequate balances and a multi year perspective.

A subcommittee of the School Committee has been formed to consider raising the limit from 3.5% to 5.0%, to be aligned with the state guidelines. The committee is composed of representatives from the Finance Committee and Select Board from each member town as well as a School Committee member from each member town.

At this early point in the development of the budget we plan to apply \$100,000 from reserves to offset the FY09 operating budget assessment calculation, with the intent of allowing the amount to be replenished in subsequent years.

## **J. Other Revenue**

### **1. Circuit Breaker Parameters and Expectations**

State law is designed to reimburse school districts for a percentage of the costs associated with special education students whose programs are high cost (those whose costs are in excess of four times the statewide per pupil costs). Due to the Governor's budget reduction in special education reimbursements under the Circuit Breaker program, it is difficult to project anticipated reimbursements. Although the figures can not be considered stable, it is recommended that we anticipate the foundation cost of \$35,408 and the reimbursement rate of 72%. Reimbursements are deposited into a "Special Education Reimbursement Fund" and the amounts are available to the school district to be expended for special education expenses without further appropriation. As both special education students and IEPs change throughout the year and from year to year, there will certainly be fluctuations in annual receipts.

### **2. Capital Planning**

#### **Amherst**

The Amherst School Department participates in the town's process for allocating capital funding to the various town departments, but has no direct control over capital expenditures for the schools. The Amherst Joint Capital Planning Committee will begin its work for the new budget season in January. The primary benefit to the Amherst Schools' budget is the plan's inclusion of equipment, technology, and building renovations. Continued scrutiny will be given to consistency between the schools and town as to what is included in the plan, particularly in computer software for management and data base systems.

#### **Pelham**

The Pelham School Department has no control over capital expenditures for the school.

#### **Region**

The Regional School District is developing a cycle matrix to plan for projected capital needs including replacement and upgrades.

### **3. Food Service**

Program revenue is comprised of Sales (Adult, Full and Reduced Pupil) as well as Vending. Effective FY2008 students pay \$2.25 (a \$0.25 increase) and adults pay \$3.00 (a \$0.50 increase) for lunch. Vending prices are set by the vending company and are consistent for all schools serviced by that company. The amount of revenue generated is mostly a function of the mix of items offered.

Breakfast is currently being provided to students at no charge, but each meal is reimbursed by the state and federal government at set rates based on a student's qualifying for full, free or reduced pricing. Our analysis shows that imposing a fee would decrease participation, including participation by students who qualify for free and reduced price meals. The program could gain a little or lose a little revenue from charging for the breakfast, but would almost certainly lose participation.

In the summer of 2007 a summer feeding program was piloted. Revenues did not cover the cost of the program, with the Amherst Elementary School District covering operating costs of \$128. If the district decides to offer a summer program in 2008, the district would likely incur costs beyond that amount.

#### **4. Tuitioned-In Students**

##### **a. Foreign Exchange Students**

The Regional School Committee approved the acceptance of Foreign Exchange students for the 2007-2008 school year with the number at the discretion of the High School Principal. One student was accepted. We recommend a freeze on the acceptance of Foreign Exchange students. While a benefit to our students and families, our international population certainly accomplishes many of our aspirations for students to work and learn with others from around the world. In the midst of budget cutting and so many students in study halls next year, it does not seem prudent to fill seats with students for whom we do not receive a reimbursement.

##### **b. Regular Education Students**

Legally, we can admit regular education tuitioned-in students on a case-by-case basis. However, budget concerns must be considered prior to any such admittance.

##### **c. Special Education**

On occasion neighboring school districts request to tuition-in a student to the Amherst or Amherst-Pelham Regional Schools. These requests are often made when a student requires specialized programming/services which the resident district is unable to provide in-house. After careful review of a referral packet and of our current program status, a determination is made as to whether the student's needs could be met in our schools. If it is determined that the needs of the student could be met, a tuition agreement is created based on actual costs of programming and services. There are currently three students tuitioned in to the Amherst-Pelham Regional Schools and one student tuitioned into the Amherst Public Schools.

#### **5. Fees**

Currently, fees are collected in the Amherst Pelham Regional School District for athletics, student activities, college-admission materials, parking at the High School, and for summer programs. The pre-school program at the High School and the pre-school program at Crocker Farm also charge fees.

##### **a. Athletics**

Fees range from \$32 to \$190 per season of participation. There is a reduced fee program for students on free and reduced lunch. In addition, there is an individual and family cap. Participation in athletics continues to be high; no recent fee increases have resulted in a decline in participation. No fee increases are planned for FY09.

**b. High School Student Activities**

During the FY08 school year, the High School piloted a voluntary student activities fee program. Thus far, fees collected have totaled \$3863.00, far less than the \$20,000 cut from the Activities budget for FY08. The High School administration is considering two options for FY08: 1) level fund the activities program at the FY08 amount; or 2) supplement a level-funded activities budget with an activity fees structure comparable to the one in place for athletics.

**c. College-Admission Materials**

A fee is charged for processing transcripts and applications for college admissions. In FY07 the fees were increased to \$30 for the first six applications and \$10 for each additional application. There is no fee for low-income students. No fee increases are planned for FY09.

**d. Student Parking**

Students are charged \$25 per trimester for a parking permit for the High School lots. There is a fee reduction provision for low-income students. The Regional School Committee voted to set up a dedicated revolving account to receive these fees. The revenue accumulated in this account can be used to pay for the support of the parking facility. No fee increases are planned for FY09.

**e. Summer Programs**

In years past, summer schools for academic skills support and remediation were offered through regular education at both the elementary and secondary levels through a combination of state grant funding and district allocations. Summer school courses were offered to the maximum degree possible to any student who was in danger of failing MCAS, starting in grade four. These students were able to enroll in summer school at no cost, because of our commitment to provide extended year academic services to any students in need of that support. For the past two years (FY07 and FY08), no district funds were allocated for summer school at either the elementary or secondary levels. State grant funding in FY07 and FY08 was earmarked only for high school students in danger of failing 10<sup>th</sup> grade MCAS in ELA and/or mathematics. As a result, we no longer offer a regular education summer school program at the elementary level.

At the secondary level, we have been able to access funds that have built up over the years in our summer school revolving fund account in combination with state grant funding in order to run a program similar to the ones in years in the past (with MCAS-related classes in ELA and math offered at no cost to students in danger of failing these tests). The FY08 summer school program included courses for high school students (entering grades 9-12) as well as a very modest program for middle school students (entering grades 7-8). Students are charged a fee to offset that portion of the total summer school program costs which are not covered by the appropriation and grant funding. In FY08, tuition for the Middle School and High School Summer School program was \$100 per course for district students (for courses other than the “MCAS courses”) and \$150 per course for students from outside the district. Those other course offerings fall into academic areas outside of English and mathematics (e.g., American history, Foundations of Art, etc.) Course charges for a district student who qualifies for a free lunch is \$25 and for a district student who qualifies for a reduced lunch is \$50.

Since we are not anticipating any district funding for summer school programs and since we have significantly depleted our summer school revolving fund account, and given the limited funding from the state in FY08 (\$18,800), we may not be able to support as many students in need of this academic program with this extended year option. We may also have to increase fees to cover specific course offerings as well as administrative and facilities costs.

New summer programming in FY07 under the auspices of the “Pipeline Project” partnership with Amherst College afforded students entering grades 7 through 10 a combined academic support and enrichment program for four weeks located at Amherst College. This program was funded entirely through competitive grants secured by the regional school district plus facility and resource support provided by Amherst College (e.g., classrooms, breakfast and lunch every day for students and staff, some supplies). We anticipate the continuation of the competitive grant funding and the on-going support from Amherst College that will be needed to run this program in July 2008.

#### **f. Pre-School Programs**

##### **Amherst**

Because admission at the Crocker Farm Pre-School is need blind, we are never sure what our tuition fees will bring in from year to year. No changes are anticipated in policies as the mandate for integrated preschool classrooms remain the same according to special education regulations.) The fees for the preschool program at Crocker Farm range from free tuition to \$4.50/hour, based on a sliding fee scale. (The only families who pay are the families with children with regular education needs as we are mandated to provide services for children with special needs.)

Crocker Farm pre-school fees will not be increased for FY09.

##### **Pelham**

Pelham School does not currently offer a Pre-school program.

##### **Region**

The High School Pre-School Program fees are based on the number of days per week for which the child is enrolled. (Three days per week = \$410 per month. Four days per week = \$547 per month. Five days per week = \$684 per month.) Reduced rates are available for qualified families. Fees will not be increased for FY09.

#### **g. Facilities Use**

FY08 marks the first year that we are able to utilize revenue collected through the new fee schedule that went into effect at the beginning of the FY07 school year. As of November 15, 2007, there is a balance of approximately \$28,000 in the regional facility revolving account and approximately \$5,000 in the elementary account. These funds will be used for capital expenditures specific to the needs of the highest-use facilities (e.g., HS and MS auditoriums and locker/gymnasiums spaces). If we keep all of our facilities open to the public for the remainder of this school year and through the summer, and if all outside groups who have booked our facilities for spring and/or summer programs indeed use these facilities we could estimate generating up to an additional \$20,000 in fees that could also be applied to facility maintenance and improvements.

#### **h. Swimming Pool**

The Middle School swimming pool is made available for use by the community through the auspices of the Town of Amherst’s LSSE (Leisure Services). The school district’s assumption is that the schools will not incur any additional costs for non-school use. Leisure Services provides swimming lessons, adult lap swim, and open swim opportunities. Leisure Services reimburses the school for the additional cost of heating and lighting the pool area for community use. The Town and school district reached an agreement as to how overhead costs for the pool will be allocated in FY08. The assumption for FY09 is that a “break-even” agreement needs to be reached.

### **i. Transportation**

The Transportation Department, in cooperation with Information Systems, utilizes a software product (Versa Trans) which maps and optimizes bus routes. The database is updated annually with student data, new streets and new housing information. Because Versa Trans allows the user to modify parameters, the department is able to run many simulations and scenarios to determine the best routes for the schools. The Transportation Department has evaluated revenue generating opportunities such as charging fees for out-of-district (choice) students; charging fees to students who live less than one and one-half miles from school but might choose to ride the bus if the option was available; making fewer stops per route; and eliminating a route, which would lead to longer ride times. Any savings would be offset by increased administrative costs. In addition, this would be likely result in the increase in the number of cars and traffic congestion at school sites. The Transportation Department is working with the State and Hampshire Educational Collaborative to evaluate opportunities to pool out-of-district transportation. This is highly encouraged by the state to secure transportation funding. Factors to consider in all transportation decisions include safety, availability of sidewalks, students on free and reduced lunch, and others. It is important to note that Regional buses take students from both the middle school AND high school at the same time, which often gives the appearance that a bus is half- or less than half-full when arriving at a school.

### **j. Kindergarten Fees**

The question of returning to a mandatory ½ day kindergarten program and charging fees for the second ½ day has been raised many times. For the purposes of budget planning for FY08, the business manager projected the net revenue estimate if we went to such a program, charging tuition for a ½ day on a sliding fee scale. That revenue estimate was \$135,839. However, if our kindergarten program was only mandated as ½ day, we would lose our kindergarten enhancement grant funding (which we have been receiving every year). In FY08, this state funding is \$149,100, and we are anticipating an award of \$149,100 in FY09. Charging fees for ½ day kindergarten could result in a net loss of revenue.

## **6. Gifts**

Gifts are donations made to one of the school districts by outside individuals or groups. These funds may or may not be earmarked for specific purposes. Each year the school committees receive and accept gifts from generous donors. (For example, in FY08, the Amherst School Committee accepted a \$41,000 gift from the Amherst Education Foundation earmarked for library books, art supplies, musical instruments, and science materials.) However, there can be no estimate from year to year to build gifts/donations into income and expense assumptions. Gifts can enhance educational opportunities for students but cannot be used for budget planning.

## **7. Colleges and Universities**

In the Amherst district, Marks Meadow has 52 students from the UMASS property. We continue to pursue some form of reimbursement for these students as no tax funds are realized as a result of this housing, yet 55 families are benefiting from taxable services.

### **III. Expense Assumptions**

#### **A. Staffing**

##### **1. Salary Projections**

All present union contracts expire on June 30, 2008, and negotiations sessions will commence in December 2007 with the Amherst-Pelham Education Association (APEA) and Amherst-Pelham Administrators Association (APAA) for a successor contract. The APEA includes teachers, paraprofessionals, and clerical/media staff. Dates to begin negotiations with staff covered by the AFSCME contract, (transportation, maintenance, and custodial staff) have not yet been scheduled.

##### **2. Retirement / Turnover**

There are 13 retirements of teachers that will be effective at the end of the 07-08 school year: 7 in Amherst and 6 at Region. In addition, there are 2 elementary building principals retiring at the end of June. The middle school principal position will also be vacant as of July 08. All principal vacancies have been posted and advertised, with a deadline for receipt of applications of January 11, 2008. Anticipated teaching positions will be posted on School Spring after the December break. There is a deadline of April 1 for the receipt of requests for leaves of absence, and there are typically several granted each year.

While there are some categories of employee groups that experience little or no annual turnover, the district averages an 8% turnover in its teaching staff and a 15% turnover in its paraprofessional staff. For the current school year, there were 61 new contracted staff members hired.

##### **3. Staffing Assumptions**

###### **a. Preliminary Class Size Targets**

FY08 allocation of staff used several approaches. Elementary classroom teacher staffing has been based on class size targets with recognition of space restrictions. Middle school and high school staffing is based on desirable class size (and team size) and based upon student enrollment in electives, although elective classes must have a minimum enrollment of 15 in order to be scheduled. Additional instructional and support staffing is based on efforts to reach equity across schools based on student enrollment or caseloads (librarians, library paraprofessionals, counseling, nurse staff, and others). Some staff are allocated based on a student's individual need driven by an Individual Education Plan (special education), health plan, or English Language Learner's level of development.

It is most desirable to maintain class sizes within the established targets. As stated earlier, the preliminary estimate of cuts in the range of \$1.5M at the elementary level. To date, secondary elective enrollment required a minimum class size of 15 students. This is not an arbitrary number – it is one that is tied to the number of spaces/seats in particular classes, effective teaching, and is in consideration of safety concerns for courses such as Culinary Arts and Woodworking. Additional instructional and support staffing has been based on student enrollment or caseloads for librarians, counselors, nurses and others. Increasingly, the need for support staff is driven by an IEP, a health plan, or an English Language Learner's level of development.

We are adhering to our recommended class size targets because it is in the best interest of students, however, anticipated funding is insufficient to support this.

**b. Preliminary Non-Classroom Staffing Model and Allocation**

The premise that drives non-classroom staffing of paraprofessionals, intervention teachers, counselors, librarians, reading teachers, and other staff is one of equity. We review these numbers using a student-staff ratio in total and by group. For example, we look at intervention/reading/math support teachers on a ratio basis compared to the entire school population, but also in relation to non-special education and non-ELL students. Students with special education and ELL needs have staff support specific to their needs, so equity for the other staff should be based on students served.

The federal government allocates Title I funding to schools and districts identified as in need of additional programs and services due to high poverty rates. Because these are additional funds provided outside of the district budget and allocated to specific schools based on demographics, these staff are not included in the ratio.

We examine these numbers, as noted, based on equity and common sense. There is no single formula applicable.

Logically, these staff are the members of our faculty who complement the differentiation and individualization that occurs in the classroom.

We are adhering to our recommended class size targets because it is in the best interest of students, however, anticipated funding is insufficient to support this.

**c. Special Education Staffing**

Special Education staffing at the building level is assigned to meet the needs of the individual students as determined by the Special Education Team. Given the unique needs of students with disabilities, a variety of services and programs are required to provide these students with a Free and Appropriate Public Education. Special Education Regulations require that students are educated in the least restrictive environment based on the individual needs of the student mandating schools to provide a continuum of services. In addition, Special Education Regulations require specific staff to student ratios for service delivery. Additional information is available in Data Packet #1.

**d. School Schedules**

Elementary school schedules and budgets are mutually dependent and take into account an expectation of a minimum length of time on core academic subjects and subjects such as art, music, physical education and computer. In addition, students may participate in music groups, ensembles, and lessons. Contractual agreements with professional and support staff are another component in planning daily schedules, as are arrangements for transportation of students.

At the secondary level, scheduling for students commences in the winter of the prior year when students begin to be assigned to required courses – per State and local graduation requirements – and to elective coursework, enabling them to receive a comprehensive education. As in the case of elementary schedules and staffing, schedules take budget constraints into consideration, along with agreements tied to negotiated contracts.

## **B. Regular Education**

### **1. Texts, Materials and Supplies**

By FY07 all program budget lines had been reduced to ¼ of what they were in FY05. For the FY08 budget these lines were increased by 50% in the Regional Schools, half way to restoring the FY06 level of funding, but still only at 38% the FY05 level of funding. The Amherst and Pelham schools were not able to restore any of these budget cuts in FY08. We are going into the FY09 budget with the assumption that these budget lines will be funded at a level rate this year.

### **2. AYP/MCAS Focus**

High school students in the Class of 2010 (current tenth graders) are now required to pass three MCAS tests (English/language arts, mathematics, and science/technology/engineering) in order to be eligible to graduate in the Commonwealth of Massachusetts. Members of the Class of 2012 (current eighth graders) will also have to pass US History MCAS exam in order to graduate. The district MCAS focus must necessarily include providing the necessary support through academic coaching in order to ensure that all ARHS students pass all four of these high stakes tests. This academic coaching may take a variety of forms, but will necessarily include additional staffing and specialized materials, as well as other resources (e.g., technological support).

### **3. Technology**

Information Systems established the final computer replacement/refresh plan for the districts. This ongoing, five-year plan places most computers and technology infrastructure on a fixed-cost replacement plan. At the Region this has been accomplished via a leasing program. At the elementary schools it is a budget through JCPC. In the FY2008 some of the budget cuts included \$85,000 in desktop replacements and \$5,000 in server replacements. These figures will need to carry forward and be added to the FY2009 budget.

Some equipment purchased through grants or building projects did not make it onto the original five year plan. These items will need to be replaced in FY09 or covered by extended warranties. Items under this category include some desktop computers and Storage Area Network (SAN) equipment (fiber switches and cluster servers) located at the Middle School.

The Pelham School's technology equipment, purchased through the renovation project, is aging. Tech equipment will start to reach end of life within the next couple of years. Warranties are over. Plans for phased replacements and upgrades will need to be implemented within the next two years. I.S. will be requesting contingency funds for replacing/repairing non-warranty items.

Plans are underway to address the conversion of TV signals from analog to digital in 2009. This may require the replacement of classrooms TVs or the purchase of conversion boxes. I.S./A.V. will be costing out options including the phased replacement of TVs with multi-function classroom digital projectors. The budget request will seek the restoration (partial) of A.V. funds cut from the budget over the last few years for critical deferred repairs and replacement of current equipment.

More teachers are integrating technology into their curriculum and as a result are looking for more equipment and lab time. Requests for additional computer labs and laptop carts are growing.

The HS is asking for a renovation to the language lab to current technology (computers, servers, furniture, wiring, etc.) and the MS language lab may need upgrades and replacement of equipment

that has become outdated. A middle school classroom converted to a computer lab requires updated cabling.

### **C. English Learner Education**

The English Learner Education section of the budget includes funds for supplies, texts, and required testing for students whose first language is not English. As in other program areas, by FY07 these budget lines had been reduced to ¼ of what they were in FY05. We are going into the FY09 budget with the assumption that these budget lines will not be increased this year.

### **D. Special Education**

#### **1. Special Education Contracted Services**

Contracted services for special education students include specialist services such as vision specialist, psychiatric consultation & evaluation, psychological evaluation and consult, and vocational consultation. Given the unique needs of students with disabilities, a variety of services and programs are required to provide these students with a Free and Appropriate Public Education. These services are provided in circumstances where a student with a disability requires specialized services to meet his or her individualized needs. Decisions regarding services are based on special education law and corresponding regulations and are determined by the Special Education Team.

An increase is currently not anticipated for FY09; however, there is always a possibility of new students entering the district requiring special education services.

#### **2. Tuition-Out (Out-of-District Placements)**

It is appropriate to anticipate the number of students in out of district placements will remain somewhat consistent next year. However, the dollar amount associated with these placements is difficult to anticipate given the potential increase in tuition costs of the current placements as well as the fact that placements change based on the individual need of the students.

It can be anticipated that there will be a rise in the cost at the both the elementary and regional levels. 4 families have moved into the district who have children previously placed in out of district school placements. One student is at the elementary level and 3 are at the district level. Our district will be assuming the financial responsibility for these students for FY '09.

### **E. Other Programs**

These accounts budget for projected Charter School assessments and Choice tuition assessments. In the Regional School District Vocational Education tuitions and other student activities are also budgeted in this section.

#### **1. Tuition-Out (Charter)**

When FY08 began, there were 55 regional level students pre-enrolled in state approved Charter Schools. These Charter Schools included Hilltown Cooperative Charter School and Pioneer Valley Performing Arts. The annual per pupil cost is set by the state. Families are responsible to provide transportation for their students.

There were 13 Amherst Elementary aged students pre-enrolled in Charter Schools in FY08. These schools included Hilltown Cooperative and the Pioneer Valley Chinese Immersion Charter School.

## 2. School Choice-Out Projected

Students have the opportunity to enroll in other districts that accept School Choice students. The number of students electing to use this option remained consistent with last year. Our students are attending schools in the following districts: Belchertown, Deerfield, Frontier, Gill Montague, Hadley, Hatfield, Leverett, New Salem, Northampton, Pelham, and Sunderland.

	Amherst	Pelham	Region
2004-2005	15	2	18
2005-2006	15	1	18
2006-2007	23	0	13
2007-2008	23	0	14

At this time, we are projecting consistent choice out numbers for FY09.

## 3. Tuition-Out (Vocational Schools)

Students in grades 9-12 have the opportunity to attend either Smith Vocational School or Franklin County Vocational School. The Amherst Regional School District provides transportation for these students.

As of September 2007, there were 14 students enrolled at Smith Vocational. Five of these students are seniors and scheduled to graduate at the end of this school year. We assume that five students will enter the ninth grade next year. The base annual tuition is currently \$13,065 and we have been advised by the school to use a rate of \$14,701 for budgeting purposes. Total budgeted for Smith Vocational will be \$205,814. There is an additional cost of \$4,190 added to the base rate for each student with an I.E.P., which is budgeted separately.

There are currently 20 students enrolled at Franklin County Vocational. Six of these students are seniors and scheduled to graduate in June 2008. We assume that six students will enter the ninth grade next year. The base annual tuition is currently \$13,600 and we have been advised by the school to use a rate of \$14,010 for budgeting purposes. Total budgeted for Franklin County Vocational will be \$266,190. There is an additional cost of \$3,200 added to the base rate for each student with an I.E.P., which is budgeted separately.

## F. Student Services

The lines in this section of the budget support the work of the Student Services Office. Funds are included for expenses such as maintenance of equipment, legal expenses, postage, professional dues, office supplies, and travel. As in other areas, by FY07 these budget lines had been reduced to ¼ of what they were in FY05. We are going into the FY09 budget with the assumption that these budget lines will not be increased this year.

## G. Support Services

These accounts budget for library support as well as the production support center and the media support center. As in other areas, by FY07 these budget lines had been reduced to ¼ of what they were in FY05. We are going into the FY09 budget with the assumption that these budget lines will not be increased this year.

## **H. Program and Staff Development**

### **1. Program Evaluation**

In FY07, we began a cyclical approach to curriculum and program evaluation (starting with the math program). This entails a comprehensive review of a curriculum area following our Curriculum Template for Program Evaluation. These studies are costly in terms of additional professional time, research, communication and survey costs, etc. Program evaluation findings are also likely to involve the recommendation for new text and material purchases.

### **2. Supervision and Professional Development**

Our assumption is that these two areas are where we will realize the greatest impact on student achievement and that these two areas cannot continue to be budgeted at bare minimum levels.

## **I. Building Administration**

In the Building Administration section of the budget, funds are included for things such as maintenance of equipment, printing, postage, professional dues, office supplies, travel, lease of equipment, and graduation expenses (ARHS). We are going into the FY09 budget with the assumption that these budget lines will not be increased this year.

## **J. Central Administration**

The Central Administration section of the budget includes all district-level departments such as the Superintendent's Office, Business Office, Human Resources, Information Systems, etc. Funds are included for expenses such as maintenance of equipment, legal expenses, recruiting, postage, professional dues, office supplies, travel, lease of equipment, and School Committee expenses. We are going into the FY09 budget with the assumption that these budget lines will not be increased this year.

## **K. Information Systems**

Disaster Recovery initiatives continue. Nightly file backup to a file server at the HS along with our regular tape backups was accomplished last fall and a generator was installed this fall. For FY2009 I.S. will seek funds to replace the central telephone equipment.

I.S. will seek to restore JCPC funds cut from last two year's budgets to replace switching equipment, phone equipment, printers and servers per our long-range plans.

Increases in the quantity of computers in recent years have resulted in an increase in yearly licensing applied to those computers (operating software and applications).

We have seen, or will see, major upgrades and additions to Central Office software and procedures for such areas as SIF, State Reporting (EPIMS and SIMS), HR (KRONOS), Data Warehouse (COGNOS), formative assessment software (Study Island, and in the future a program like Galileo), AYP, custom reporting and emergency communications (Connect-ED). Many of these programs and responsibilities have annual costs that will be added to the FY09 budget. A new Point-of-Sales software program is required for Food Service in FY09 as Chartwells no longer supports the current one. We are seeking bulk purchasing arrangements with other western Massachusetts school districts (through membership in local organizations) to reduce our software costs.

The Audio/Visual aspects of technology have seen budget cuts in recent years as the number of devices grow and become more complex. The conversion to DVD from VCR has slowed from limited resources.

With approximately 1,500 computers in ten buildings the response time for I.S. staff to address problems is growing. With a computer to technician ratio of 500:1 we greatly exceed the state's recommended benchmark of 150:1. The influx of wireless devices and PDAs has placed additional burdens on the staff. An increase in both A/V and Information Systems support staff is needed.

As planned, the Five-College fiber network came on line in September giving us high speed connections to our providers in Springfield. Partnering with the Town we achieved a ten-fold increase in bandwidth that came with some increase in cost – from \$1,200 per month to \$1,750 per month. About 50% of the increase will be paid from the federal eRate program. Some additional equipment expenses may be required in FY2009 to meet the needs of handling the increase in traffic.

Plans to place HR, curriculum and SSO training videos on-line will require the addition of an Intranet server.

## **L. Facilities**

### **1. Facilities Projects and Use Assumptions**

#### **a. Anticipated Projects**

- Mark's Meadow School is out of space. Funding for portable classrooms was approved at a November town meeting. A joint initiative with UMass to construct the new modular classrooms is planned for FY09.
- Improvement to the handicap accessibility and bathrooms at ESAH will be funded by Amherst Capital and Community Development Block Grant.
- Security systems upgrades, funded through the COPS matching grant & Lock Programs, will increase security in all schools.

#### **b. Building Use**

A number of utilities cost-savings measures have been implemented in the school districts. The utilities for all school buildings are controlled by an energy management software program called AEM. With this system, the Maintenance Department controls all the heating, air conditioning and the majority of outside lights in all district buildings. The district also has occupied and unoccupied utilities schedules in place for all of the buildings. In addition, district administration supported efforts to convert lighting and other devices to energy efficient units. The oil-fired steam boilers in two school buildings have been modified with an energy device (Rentar), which has resulted in a savings on oil. Additional software has been added to the energy management system allowing more control over the heating system, which will result in more comfort and save on energy. Pool usage has been limited, resulting in savings which offset the rising utility cost. The district is currently evaluating the potential savings benefits of blacking out entire school buildings and allowing the use of only one elementary school building and one regional school building for summer and evening programs. In addition, the possibility of modifying the school calendar to include a two week winter holiday break in order to save on utilities is also under evaluation.

Fees collected for facility use will be incorporated into budget planning for repair/replacement or facility improvement needs as identified by the maintenance department.

**2. Facilities, Equipment, and Other Contracts and Known Expenses**

The figures listed below represent the expenditures for equipment, security, electrical, mechanical, heating and lighting contractors. Fixed contract costs are those annual expenses required by law. The variable contract costs are anticipated electrical and mechanical repairs performed by outside contractors rather than by district staff. It is anticipated that contracted costs will increase in FY09. As buildings and equipment age and contractors’ prices increase, maintenance costs continue to rise. Contractors’ costs are rising because they are combating the same fixed-cost increases faced by the school districts (i.e. insurance, fuel, wages, materials).

FY09:

**Fixed Contracts Costs**

Amherst	Regional MS	Regional HS	Pelham
\$25,049	\$18,725	\$30,903	\$3,903

**Variable Contracts Costs**

Amherst	Regional MS	Regional HS	Pelham
\$23,000	\$5,000	\$10,000	\$2,000

Based on information to date, we anticipate that contracted services expenditures will increase to conform to codes and regulations.

- Security Equipment and Services (School security is being addressed as needs arise even if there are no dedicated funds available.)
- Fire Safety Testing and Inspections
- Air Quality Testing and Monitoring
- Asbestos Monitoring, Testing and Abatement
- Drinking Water Lead Testing
- Underground Storage Tank Testing, Monitoring and Repairs
- Life Safety Equipment (Generators)
- Solid Waste Removal Cost

**M. Utilities**

The schools purchase a portion of the anticipated oil needed on the futures market to lock in favorable pricing, with the balance purchased on the spot market during times of the year when prices are typically lower. Distribution to the schools is contracted through a collaborative agreement.

The price of standard crude oil on NYMEX was under \$25/barrel in September 2003. By August 2005, it had risen to over \$60/barrel. Through most of 2006 the price showed a bumpy plateau, falling for the early part of 2007 to between \$50 and \$60/barrel, before rising again. By October 2007 prices had reached \$92/barrel. On January 2, 2008, oil prices had an all-time peak at \$100 per barrel.

For FY09 we are projecting a 21% increase in the cost of delivered heating oil. After factoring in usage assumptions adjusted to reflect conservation measures implemented over the past couple of years we will budget an overall increase of 17.5% in this area.

Electric rates went up steeply in January, 2006. We have entered into a multi-year contract for favorable rates through a collaborative arrangement, assuring steady supply rates. We will budget modest increases based on actual usage over the past 12 months to cover the increase in transmission charges.

## **N. Transportation**

Contracted Specialized Transportation includes transportation of some special education students, van monitors required per the student's educational plan, and transportation required under McKinney Vento for students designated as homeless. An increase has been noted over the past few years for McKinney Vento costs in Amherst and the Region. An increased need for van monitors to support special education students in Amherst has been noted and will be reflected in an increased cost for FY09. The regular before-school and after-school bus runs are covered in part by District busses and drivers and by two contracted bus services. FY09 will be the fourth year of a five year contract. The contracted cost for FY08 is scheduled to increase 1.2%.

### **Amherst**

The Amherst Schools provide specialized transportation for its students as needed. The Amherst Schools do not incur any cost for the regular (before-school and after-school) bus runs because they are provided by the Regional District as stipulated in the Regional Agreement. The Regional Agreement may be modified to have the cost of transporting Amherst elementary students charged to the Amherst school budget (see Region below).

### **Pelham**

The Pelham School provides specialized transportation for its students as needed. The Pelham School does not incur any cost for the regular (before-school and after-school) bus runs because they are provided by the Regional District as stipulated in the Regional Agreement. The Regional Agreement may be modified to have the cost of transporting Pelham elementary students charged to the Pelham school budget (see Region below).

### **Region**

The Regional agreement stipulates that "the district shall provide transportation for pupils attending the regional district schools as well as the pupils attending the elementary schools of member towns... The costs of providing transportation shall be included in the district operating costs." The cost for transportation is part of the Regional budget and assessed accordingly. The Department of Education (DOE) has directed that the member towns be assessed for their share of the cost for the elementary runs so that each elementary district (4 in this case) reflects the cost of transporting their own students in their End of Year Report. Currently the cost of providing transportation to the elementary schools is segregated on the End of Year Report for the Regional District to identify reimbursable v. non-reimbursable transportation costs (only regional transportation is being reimbursed), but no transportation costs appear on the End of Year Reports of the elementary districts. Compliance with this directive would require an amendment to the Regional Agreement.

The Regional School Committee has convened a group to study the issue composed of representatives from each member town's Finance Committee and Select Board, as well as a school committee member from each town and district administrators.

## **O. Food Service**

We are currently in the fifth and final year of a five year contract with Chartwells to manage the Food Service program for the schools. Program revenue is comprised of Sales (Adult, Full and Reduced Pupil) as well as Vending.

The school districts will be issuing a Request for Proposals in a competitive process to select a Food Service Management Company for the next five years. The costs to be budgeted for the Food Service Program will be known once a company and its proposal has been selected.

In the summer of 2007 a summer meal program was piloted. Revenues did not cover the cost of the program, leaving the Amherst Elementary School District covering operating costs of \$128. If the district decides to offer a summer program in 2008, the district would likely incur costs beyond that amount.

## **P. Risk and Benefits**

### **1. Risk Management Insurance**

The schools purchase commercial liability insurance to manage exposure to loss. Policies are typical for any business entity and cover Property and Casualty, Vehicles, Errors and Omissions, as well as Boiler and Machinery. The cost of these insurance policies is included in the Regional School District and the Amherst School Department's operating budgets. In Pelham the cost of insurance is not included in the school budget. In 2007 a new provider entered the market with the effect of driving down premium costs. This reduction will be reflected in the FY09 budgets.

### **2. Employee Benefits and Health Insurance**

Employees are offered a choice of a PPO plan or an HMO plan from either Blue Cross or from Harvard Pilgrim. The employee pays approximately 25% of the cost of the premium, with the school district paying the balance - about 75% of the cost. The Town of Amherst, including all school and town employees with health insurance, is self-insured.

Due to instability and reduced average balances within the health care trust fund, a temporary premium surcharge was instituted in January 2007. The surcharge is intended to help restore the trust fund to a healthier level. We were recently notified that stabilization within the fund is occurring, however, the surcharge will remain in effect through June 2008. In addition to the surcharge, premiums for the current year were increased by 15%. For FY09 budgeting purposes, The Town of Amherst and the school districts have agreed to budget premiums at a 12% increase over the current year premium cost.

As of January 1, 2008, all Massachusetts residents are required to have health insurance, and if health insurance is offered by their employer, they may be required to secure insurance through the employer. Employees who are considered "low income" may be eligible for Mass Health and may be required to enroll in our insurance and then be reimbursed by the state for their deductions. The Mass Connector offers health insurance for individuals who do not meet the requirements for our health insurance; they work less than 20 hours a week. These

individuals—those not eligible for Mass Health and not eligible to enroll in our insurance, will be able to set aside pre-tax funds from their employment with the school districts, then the districts will be responsible for making health insurance payments on their behalf to Mass Connector. We are in the process of setting up a system to comply with the new regulations.

**Q. Control Accounts**

Control accounts contain allowances to cover contractual obligations (such as merit awards, degree changes, and professional leave opportunity), as well as good faith placeholders for salary adjustments that are in negotiation at this time.

As the budget is built the control accounts also reflect the proposed increases and reductions to positions and other expenses. Once the budget is adopted, these increases and reductions are transferred to their respective accounts.