



Introductory Section

NEEDHAM PUBLIC SCHOOLS

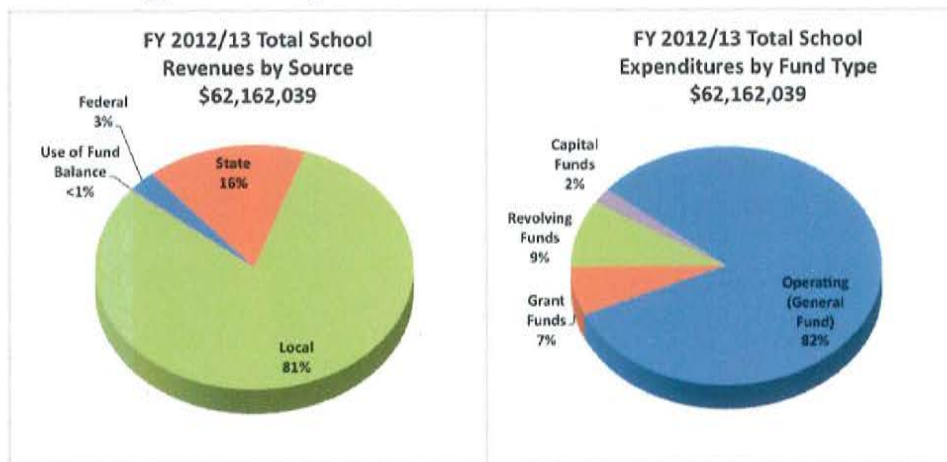
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July 1, 2012

Dear Needham School Community:

Enclosed, please find the approved budget of the Needham Public Schools for FY 2012/13 (FY13).



The total school budget for the Fiscal Year ending June 30, 2013 totals \$62,162,039, a \$3,288,223 (5.6%) increase from the FY12 budget of \$58,873,816. The school budget includes operating budget resources approved by the taxpayers (\$51,112,681), operational activities funded by grants and fees (\$9,741,358) and capital projects approved for FY12/13 (\$1,308,000.)

<u>Total School Expenditures</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY10 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Operating	41,965,105	45,180,592	46,535,374	48,501,371	51,112,681	2,611,310	5.4%	82.2%
Grant	4,347,761	4,425,847	4,543,264	3,871,304	4,108,215	236,911	6.1%	6.6%
Revolving	4,900,509	4,998,649	5,324,626	5,612,340	5,633,143	20,803	0.4%	9.1%
Capital	20,592,340	6,016,671	5,633,222	888,800	1,308,000	419,200	47.2%	2.1%
Grand Total	71,805,714	60,621,759	62,036,486	58,873,816	62,162,039	3,288,223	5.6%	100.0%

The information included in this budget details the resources the schools need to continue to provide an educational program for our students: one that is consistent with our core values of **Scholarship, Citizenship, Community, and Personal Growth.**

Developing a budget plan continues to be a challenge, given the economic uncertainty facing our community and nation. In recent years, we have pared programs back, reduced staff and supplies, and squeezed many efficiencies out of our budget planning. This year, principals and administrators were asked to submit requests for the staff and resources they believe are needed to offer our students an educational program that will assist each child to learn and grow at high levels. This budget assumes that the School Department will continue to find efficiencies in its operations, and will reallocate, whenever possible, existing resources for new programs. However, this budget also includes requests for several new positions,

especially at the secondary level, where we are experiencing a significant increase in student enrollment. In presenting this budget, we are mindful of our limited resources and our responsibility to engage in a thoughtful and careful approach that balances the needs of the entire community.

Unlike FY 2011/12, this budget does *not* depend on the use of federal stimulus or other one-time funds to balance the budget. The FY12 budget included \$500,900 in Education Jobs grant funds to ‘bridge’ the funding gap created by a difficult economy. These funds enabled the School Department to meet FY12 expenses, while providing time for the economy to recover and for school administrators to devise strategies for continuing educational services in FY13. Now, after the period of transition, the FY13 budget is balanced without recourse to one-time funding and only modest reductions to the School Budget.

The school budget plan also is based on a partial recovery of special education “Circuit Breaker” reimbursement revenue from the State. The budget assumes a 65% reimbursement rate, which is significantly higher than the last two budget years, and which will assist us in meeting student and program needs. We have subsequently learned that the final State budget includes funding to increase the level of reimbursement to up 75%. A modest increase in the school transportation fee also is proposed, to help meet program expenses, while still keeping the program affordable to families.

The budget proposal addresses four key areas. It: a) meets contractual obligations; b) addresses the most severe secondary enrollment needs; c) builds district efficiencies and expands capacity in several critical areas; and d) maintains excellent class size at the elementary level.

Contractual increases for teachers and staff will cost \$1,373,732 in FY13. The increased student enrollment in Grades 6-12 will require 12.3 Full Time Equivalent (FTE) teachers and other staff. Middle and high school programs typically rely on more staffing than the elementary schools, due to programmatic design and opportunities for older students. This budget plan also carefully reallocates existing resources to support student learning in the classroom (e.g., increased English Language Learner programming); reorganizes the special education structure; and ensures increased support for student, staff, and technology needs. At the same time, we have redeployed elementary staff in a way that actually makes a modest improvement in overall average classroom sizes throughout the District.

2012/13 Budget Calendar

Sept– School Committee Developed School Budget Priorities & Guidelines

Oct/ Nov – Superintendent Developed Preliminary Budget Recommendation, Based on School Committee Guidelines

Dec 6 – Superintendent’s Budget Request Sent to School Committee, Town Manager and the Finance Committee (on or Before Second Wed in Dec.)

Dec/Jan – School Committee Holds Public Hearing(s) and Reviewed Superintendent’s Request, Both Jointly and in Concert with the Finance Committee.

January - 2012– School Committee Sends Formal Budget Request to the Town Manager (Due on or Before Jan 31.)

January – Town Manager Presents Balanced Town-Wide Budget Proposal, Including the Voted Request of the School Committee, to the Finance Committee for Formal Deliberation

Jan/Feb/Mar – Finance Committee Reviews Budget Requests and Holds Public Hearings

March – Finance Committee Votes its Final Budget Recommendation to Town Meeting. The Finance Committee’s Recommendation is Considered the Main Motion to be Acted Upon by Town Meeting

May – Annual Town Meeting

July 1, 2012 – New Fiscal Year Begins

Significant Components of the FY13 Total School Budget:

- The budget derives funding from local, state and federal sources. Local funds represent the largest funding source (80.6%), followed by state revenues (16.3%) and federal funds (2.8%). The 20.4% (\$445,665) reduction in federal revenue reflects the loss of the one-time federal Education Jobs grant, which was part of the stimulus grant package awarded in FY11-FY12. The reduction in federal funds is offset by a \$1.6 million increase in state funding, which reflects the additional funding awarded under the state Circuit Breaker program (\$715,938) and additional school aid awarded under the Chapter 70 funding program (\$642,270.) The additional Circuit Breaker revenue represents an increase in the budgeted reimbursement rate from 40% to 65%. The additional Chapter 70 funds increase the level of State funding from 15.19% to 15.79% of Needham's foundation budget requirement.

<u>Total School Revenues</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Federal	2,182,739	2,787,130	3,004,483	2,184,267	1,738,602	(445,665)	-20.4%	2.8%
State	8,401,055	7,774,838	8,331,607	8,523,280	10,162,533	1,639,253	19.2%	16.3%
Local	61,500,405	50,285,621	50,774,650	48,023,284	50,103,339	2,080,055	4.3%	80.6%
Use of Fund Balance	(278,486)	(225,830)	(74,254)	142,984	157,565	14,581	10.2%	0.3%
Grand Total	71,805,714	60,621,759	62,036,486	58,873,816	62,162,039	3,288,223	5.6%	100.0%

Significant Components of the FY13 Operating Budget:

- The school operating budget of \$51,112,681 represents a 5.4% increase of \$2,611,310 over the FY12 budget of \$48,501,371¹.
- Contractual salary costs account for half (\$1,373,732) of the overall expenditure increase.
- Overall staffing is increased by a net of 24.1 Full Time Equivalent (FTE) positions. A total of 2.06 FTE staff are reduced from the FY12 budget in order to provide for increases in staffing at the secondary level.
- A special education reorganization is achieved through one-time special education tuition savings.
- Funds for Family Medical Leave Act (FMLA) substitutes, co-curricular stipends and professional medical services were reduced. In addition, a 1.0 FTE elementary classroom teacher, a 0.06 FTE High School nurse and a 1.0 FTE special education teaching assistant were reduced, to offset budget expenditures in other areas.

Significant Components of the FY13 Special Revenue (Grant and Revolving Fund) Budgets:

- The FY13 special revenue fund budgets reflect the School Department's continued reliance on grants and fees to support operations. These revenue sources, which together comprise \$9,741,358 (or 15.7%) of the overall school budget, support a variety of different programs, ranging from special education service delivery under the federal IDEA (94-142) grant, to anti-bullying activities under the Metrowest Bullying Prevention Grant. Fee-based programs include school lunch and transportation services, as

¹ The FY12 school operating budget presented in this document includes the November 2011 Special Town Meeting additional appropriation of \$65,000, but excludes the May 2012 Reserve Fund Transfer of \$60,000 toward one-time technology purchases.

well as a variety of extra-curricular activities for students. In total, grant and fee revenues will provide funding for 112.28 staff positions in FY 13, or 14.8% of total school staff members.

- The approved grant budget of \$4,108,215 increases by \$236,911 (6.1%) from FY 12. The overall increase reflects the net impact of a \$495,165 reduction in federal grant funds and a \$740,371 offsetting increase in state grant funding. The \$495,165 reduction in federal grant revenues reflects the loss of the one-time federal Education Jobs grant, which was part of the stimulus grant package awarded in FY 11-FY 12. The reduction in federal funds is offset by a \$740,371 increase in state grant funding, which reflects the additional funding awarded under the state Circuit Breaker program (\$715,938) and additional METCO grant funds for FY 13 (\$25,333.) The additional Circuit Breaker funds reflect an increase in the budgeted expenditure reimbursement rate from 40% in FY 12 to 65% in FY 13.

Significant Components of the FY13 Capital Budget:

- The FY 13 capital budget reflects the Town's commitment to maintaining School Department facility and equipment assets. Funding of \$1,308,000 is provided for the following projects: \$828,000 to support ongoing technology and equipment replacement, \$450,000 for facilities maintenance/repair, and \$30,000 to conduct a feasibility study of renovating/relocating the Emery Grover School Administration Building.

What Priorities and Assumptions Shaped the FY13 Budget?

The FY 13 budget development process began earlier in the school year, when the School Committee identified budget priorities to guide the administration in the budget planning process. These priorities included:

- The District's values of scholarship, community, citizenship and personal growth.
- The District's learning goals of: advancing standards-based learning (Goal #1), developing the social and emotional skills of all students (Goal #2); promoting active citizenship (Goal #3); and ensuring District infrastructure supports District values and learning goals (Goal #4.)
- The need to provide sufficient resources and funding to meet contractual obligations and mandated programs, including: Chapter 766 Special Education requirements; No Child Left Behind (NCCLB) Act requirements; Section 504 and Americans with Disabilities Act requirements; Education Reform Act requirements, and the contractual obligations of Needham's collective bargaining agreements.
- The need for highly qualified staff, which teach within established student/ teacher ratio guidelines. These guidelines specify class sizes of 18-22 in Grades K-3, 20-24 in Grades 4-5, and 'reasonable class size' in Grades 6-12. These guidelines are recommendations, however, rather than absolute limits requiring strict, literal adherence.
- The ongoing refinement of curriculum, instruction, and assessment practices.
- The need to develop and maintain educational resources and a technology infrastructure that supports student learning and meets District goals.

The budget also reflects the following assumptions:

- The budget reflects the following negotiated Cost of Living Allowance (COLA) adjustments for staff members: Unit A (teachers) 2.0%, Unit B (administrators) 2.0%, Unit C (instructional assistants) 0.5%

and Unit D (clerical staff) 0.75%. These COLA adjustments were collectively bargained with staff members.

- The budget assumes that total enrollment will grow to 5,504 in FY13. Most of the growth is projected to occur at the secondary level, however: elementary enrollment is projected to decline from 2,568 to 2,463; middle school enrollment is expected to rise from 1,270 to 1,342 and High School enrollment is expected to increase from 1,522 to 1,568.

In addition, the School Committee invited our Finance Committee liaisons to review with it the District's Five-Year Budget Forecast, a model that projects enrollment, contractual, school, and staffing needs against anticipated revenue. This model was developed to better inform the decision-making process by helping the School Committee understand the 'big picture' challenges it faces in the budget process.

Administrators developed budget requests in the fall and submitted them for consideration and discussion in November. The Central Office Administration then met with principals and program directors to review and discuss budget requests in light of the School Committee's identified priorities and district goals. Finally, the Superintendent consulted with the Town Manager and her staff, School Committee budget liaisons, and Finance Committee liaisons to discuss the developing plan.

How are the School District's Goals reflected in the FY13 Budget?

Although the difficult economic circumstances have limited our ability to undertake new initiatives in support of District goals and objectives, the FY13 budget continues the progress we have made in many of these areas. Evidence of our progress in each goal area is found in the chart on page 106, which identifies the District goal/objective associated with each new operating budget initiative.

Conclusion:

A well-crafted budget expresses an organization's goals and priorities, as it describes in a very tangible and measurable way the financial resources to be expended toward achieving those goals. It does not, and is not, intended to describe the results achieved. For the Needham Public Schools, those results are reflected in the accomplishments of our students as they progress through their education and emerge from Needham schools prepared to take their places as citizens in the community. Evidence of their achievements can be found at the end of this document, and also in some detail in the School Department's annual Performance Report. You can learn more about Needham Public Schools, its programs and accomplishments, on our web site at: www.needham.k12.ma.us.

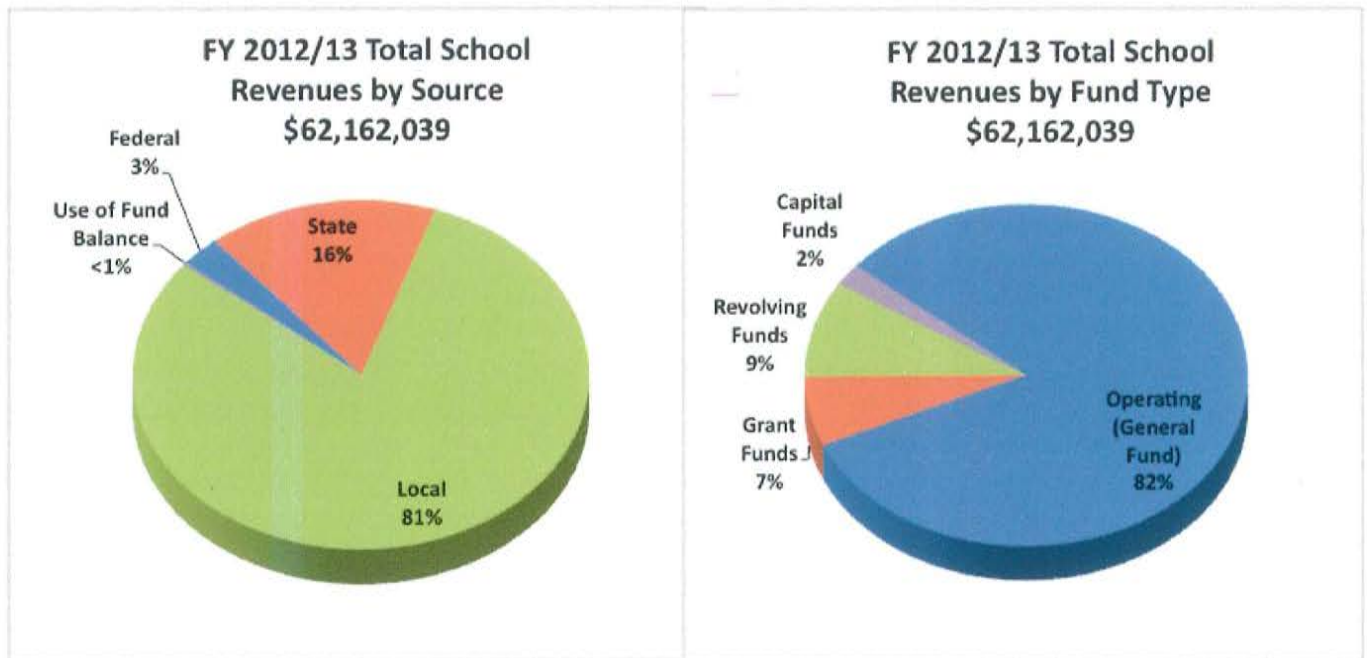
The School Committee thanks the Superintendent and staff, who have, as always, worked so hard to prepare this budget. The School Committee values our excellent ongoing collaboration with the Selectmen, Town Manager, and Finance Committee in our collective effort to craft a sustainable Town-wide budget that meets the needs of all citizens. We greatly appreciate the continued support of all the Town of Needham committees, boards and of course, the citizens of Needham.

Sincerely,

Daniel Gutekanst

Daniel Gutekanst, Ed. D.
Superintendent
Needham Public Schools

Executive Summary



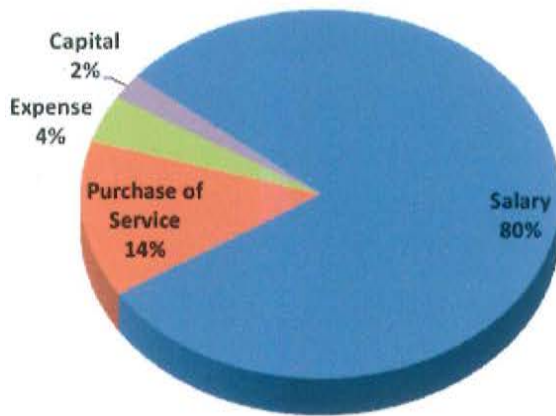
Total School Budget Revenue Summary:

<u>Total School Revenues</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Operating	41,965,105	45,180,592	46,535,374	48,501,371	51,112,681	2,611,310	5.4%	82.2%
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Revolving	4,900,509	4,998,649	5,324,626	5,612,340	5,633,143	20,803	0.4%	9.1%
Capital	20,592,340	6,016,671	5,633,222	888,800	1,308,000	419,200	47.2%	2.1%
Total	71,805,714	60,621,759	62,036,486	58,873,816	62,162,039	3,288,223	5.6%	100.0%

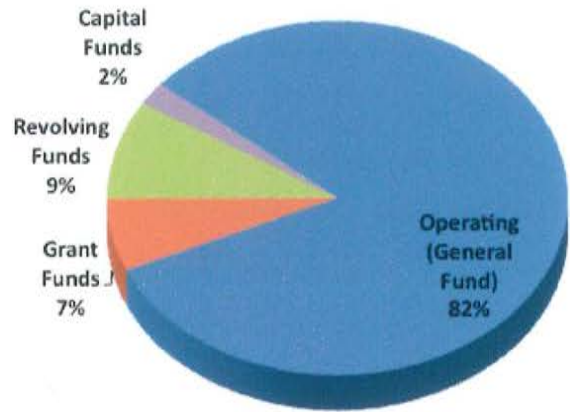
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State	8,401,055	7,774,838	8,331,607	8,523,280	10,162,533	1,639,253	19.2%	16.3%
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Use of Fund Balance	(278,486)	(225,830)	(74,254)	142,984	157,565	14,581	10.2%	0.3%
Grand Total	71,805,714	60,621,759	62,036,486	58,873,816	62,162,039	3,288,223	5.6%	100.0%

Executive Summary

FY 2012/13 Total School Expenditures by Line Item
\$62,162,039



FY 2012/13 Total School Expenditures by Fund Type
\$62,162,039



Total School Budget Expenditure Summary:

<u>Total School Expenditures</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Salary	40,752,574	44,158,563	44,873,528	46,994,625	49,599,325	2,604,699	5.5%	79.8%
Purchase of Service	7,796,538	7,557,781	8,277,870	8,499,914	8,569,228	69,314	0.8%	13.8%
Expense	2,481,463	2,630,354	2,713,383	2,441,676	2,596,187	154,511	6.3%	4.2%
Capital	20,775,139	6,275,060	6,171,704	937,600	1,397,300	459,699	49.0%	2.2%
Total	71,805,714	60,621,759	62,036,486	58,873,816	62,162,039	3,288,223	5.6%	100.0%

<u>Total School Expenditures</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY10 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
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Revolving	4,900,509	4,998,649	5,324,626	5,612,340	5,633,143	20,803	0.4%	9.1%
Capital	20,592,340	6,016,671	5,633,222	888,800	1,308,000	419,200	47.2%	2.1%
Grand Total	71,805,714	60,621,759	62,036,486	58,873,816	62,162,039	3,288,223	5.6%	100.0%

Executive Summary

Total School Revenues & Expenditures by Fund:

<u>Total School Expenditures</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Operating								
Fund 1000 (General Fund)	41,965,105	45,180,592	46,535,374	48,501,371	51,112,681	2,611,310	5.4%	82.2%
Subtotal	41,965,105	45,180,592	46,535,374	48,501,371	51,112,681	2,611,310	5.4%	82.2%
Grant								
Fund 2003 (Federal Grant)	2,005,878	2,593,209	2,748,672	1,995,267	1,500,102	(495,165)	-24.8%	2.4%
Fund 2004 (State Grant)	2,310,496	1,815,473	1,774,234	1,851,889	2,592,260	740,371	40.0%	4.2%
Fund 2552 (Local Grant)	31,387	17,165	20,358	24,148	15,853	(8,295)	-34.4%	0.0%
Subtotal	4,347,761	4,425,847	4,543,264	3,871,304	4,108,215	236,911	6.1%	6.6%
Revolving								
Fund 2303 (Transportation)	457,416	420,385	448,554	513,557	516,450	2,893	0.6%	0.8%
Fund 2350 (General Fee)	1,942,799	2,144,361	2,320,977	2,387,198	2,293,160	(94,038)	-3.9%	3.7%
Fund 2351 (Athletics)	416,564	377,616	464,446	483,601	532,501	48,900	10.1%	0.9%
Fund 2550 (Food Service)	1,858,884	1,822,494	1,813,720	1,979,130	2,002,112	22,982	1.2%	3.2%
Fund 2551 (Adult Education)	203,232	228,666	263,941	233,854	273,920	40,066	17.1%	0.4%
Fund 2553 (Staff Development)	21,613	5,128	12,989	15,000	15,000	-	0.0%	0.0%
Subtotal	4,900,509	4,998,649	5,324,626	5,612,340	5,633,143	20,803	0.4%	9.1%
Capital								
Capital Funds	20,592,340	6,016,671	5,633,222	888,800	1,308,000	419,200	47.2%	2.1%
Subtotal	20,592,340	6,016,671	5,633,222	888,800	1,308,000	419,200	47.2%	2.1%
Grand Total	71,805,714	60,621,759	62,036,486	58,873,816	62,162,039	3,288,223	5.6%	100.0%

Total School Staff Positions (FTE) by Fund:

<u>Total School FTE</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Operating								
Fund 1000 (General Fund)	608.29	625.57	621.50	624.38	648.48	24.10	3.9%	85.2%
Subtotal	608.29	625.57	621.50	624.38	648.48	24.10	3.9%	85.2%
Grant								
Fund 2003 (Federal Grant)	27.30	37.56	31.46	37.72	27.75	-9.97	-26.4%	3.6%
Fund 2004 (State Grant)	14.00	12.87	11.15	11.05	11.05	0.00	0.0%	1.5%
Fund 2552 (Local Grant)	1.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
Subtotal	42.30	50.43	42.61	48.77	38.80	-9.97	-20.4%	5.1%
Revolving								
Fund 2303 (Transportation)	1.50	1.29	1.29	1.50	1.50	0.00	0.0%	0.2%
Fund 2350 (General Fee)	26.12	30.38	27.66	30.46	29.93	-0.53	-1.7%	3.9%
Fund 2351 (Athletics)	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
Fund 2550 (Food Service)	27.32	32.39	36.89	31.96	40.85	8.89	27.8%	5.4%
Fund 2551 (Adult Education)	1.25	1.16	1.16	1.16	1.20	0.04	3.4%	0.2%
Fund 2553 (Staff Development)	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
Subtotal	56.19	65.22	67.00	65.08	73.48	8.40	12.9%	9.7%
Capital								
Capital Fund	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
Subtotal	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
Grand Total	706.78	741.22	731.11	738.23	760.76	22.53	3.1%	100.0%

Executive Summary

Significant Components of the FY13 Total School Budget:

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<u>Total School Revenues</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Federal	2,182,739	2,787,130	3,004,483	2,184,267	1,738,602	(445,665)	-20.4%	2.8%
State	8,401,055	7,774,838	8,331,607	8,523,280	10,162,533	1,639,253	19.2%	16.3%
Local	61,500,405	50,285,621	50,774,650	48,023,284	50,103,339	2,080,055	4.3%	80.6%
Use of Fund Balance	(278,486)	(225,830)	(74,254)	142,984	157,565	14,581	10.2%	0.3%
Grand Total	71,805,714	60,621,759	62,036,486	58,873,816	62,162,039	3,288,223	5.6%	100.0%

- This budget details the resources the schools need to continue to provide an educational program for our students, one that is consistent with our core values of **Scholarship, Citizenship, Community, and Personal Growth.**
- The benefit expenses for school employees and cost of maintaining school facilities are not included in the overall school budget. The benefit expenses are considered a Town-wide expense and are paid from a Town-wide appropriation that also includes benefits for General Government employees. In addition, school facilities are overseen the Department of Public Facilities, which is a General Government department that is overseen by the Town Manager.
- The School Department is a fiscally dependent entity of the Town of Needham. As such, its operating budget is a component of the Town of Needham's overall General Fund operating budget and is supported by the same revenue streams, which support other General Fund operations. (Fees and grant

revenues are received outside of the General Fund.) In addition, as a fiscally dependent entity, the School Department does not have taxing or borrowing authority.

Significant Components of the FY13 Operating Budget:

- The FY13 school operating budget of \$51,112,681, which is appropriated to the School Committee by Town Meeting, represents a 5.4% increase of \$2,611,310¹ over the current fiscal year.

<u>Operating Expenditures</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY12 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Salary	36,689,152	39,274,263	39,964,583	41,542,579	44,478,354	2,935,775	7.1%	87.0%
Purchase of Service	4,202,100	4,520,937	5,197,116	6,014,570	5,546,559	(468,011)	-7.8%	10.9%
Expense	1,071,086	1,161,662	1,238,162	944,222	1,061,769	117,547	12.4%	2.1%
Capital	2,766	223,734	135,515	-	26,000	26,000	100.0%	0.1%
Subtotal	41,965,105	45,180,592	46,535,374	48,501,371	51,112,681	2,611,310	5.4%	100.0%

- Contractual salary costs account for half (\$1,373,732) of the overall expenditure increase.
- Overall staffing is increased by a net of 24.1 Full Time Equivalent (FTE) positions. A total of 2.06 FTE staff are reduced from the FY12 budget in order to provide for increases in staffing at the secondary level.
- A special education reorganization is achieved through one-time special education tuition savings.
- Funding for Family Medical Leave Act (FMLA) substitutes, co-curricular stipends and professional medical services was reduced. In addition, a 1.0 FTE elementary classroom teacher, a 0.06 FTE High School nurse and a 1.0 FTE special education teaching assistant were reduced, to offset budget expenditures in other areas.

Significant Components of the FY13 Special Revenue (Grant and Revolving Fund) Budgets:

- The FY13 special revenue fund budgets reflect the School Department’s continued reliance on grants and fees to support operations. These revenue sources, which together comprise \$9,741,358 (or 15.7%) of the overall school budget, support a variety of different programs, ranging from special education service delivery under the federal IDEA (94-142) grant, to anti-bullying activities under the Metrowest Bullying Prevention Grant. Fee-based programs include school lunch and transportation services, as well as a variety of extra-curricular activities for students. In total, grant and fee revenues will provide funding for 112.28 staff positions in FY13, or 14.8% of total school staff members.

¹ The FY12 school operating budget presented in this document includes the additional November 2011 Special Town Meeting appropriation of \$65,000, but excludes the May 2012 Reserve Fund Transfer of \$60,000 toward one-time technology purchases.

<u>FY13 Revolving Fund Summary</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% Total FY13</u>
Revenue	5,178,995	5,224,479	5,398,880	5,469,356	5,475,578	6,222	0.1%	100.0%
Expenditure								
Salary	2,422,537	2,807,675	2,958,593	3,135,721	3,250,342	114,621	3.7%	57.7%
Purchase of Service Expense	1,046,976	934,805	985,517	1,077,210	906,786	(170,424)	-15.8%	16.1%
Capital Outlay	180,033	34,655	188,312	48,800	63,300	14,500	29.7%	1.1%
Total	4,900,509	4,998,649	5,324,626	5,612,340	5,633,143	20,803	0.4%	100.0%
Beginning Fund Balance	2,480,855	2,760,815	2,988,172	2,841,644	2,920,383	78,739	2.8%	
Ending Fund Balance	2,759,341	2,986,645	3,062,426	2,698,659	2,762,818	64,158	2.4%	

<u>FY13 Grant Summary</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Salary	1,640,884	2,076,626	1,950,351	2,316,325	1,870,629	(445,697)	-19.2%	45.5%
Purchase of Service Expense	2,547,462	2,102,040	2,095,238	1,408,133	2,115,883	707,750	50.3%	51.5%
Capital Outlay	159,414	247,181	283,020	146,846	121,704	(25,143)	-17.1%	3.0%
Total	4,347,761	4,425,847	4,543,264	3,871,304	4,108,215	236,911	6.1%	100.0%

- The approved grant budget of \$4,108,215 increases by \$236,911 (6.1%) from FY12. The overall increase reflects the net impact of a \$495,165 reduction in federal grant funds and a \$740,371 offsetting increase in state grant funding. The \$495,165 reduction in federal grant revenues reflects the loss of the one-time federal Education Jobs grant, which was part of the stimulus grant package awarded in FY11-FY12. The reduction in federal funds is offset by a \$740,371 increase in state grant funding, which reflects the additional funding awarded under the state Circuit Breaker program (\$715,938) and additional METCO grant funds for FY13 (\$25,333.) The additional Circuit Breaker funds reflect an increase in the budgeted expenditure reimbursement rate from 40% in FY12 to 65% in FY13.

Significant Components of the FY13 Capital Budget:

- The FY13 capital budget reflects the Town's commitment to maintaining School Department facility and equipment assets. Funding of \$1,308,000 is provided for the following projects: \$828,000 to support ongoing technology and equipment replacement, \$450,000 for facilities maintenance/repair, and \$30,000 to conduct a feasibility study of renovating/relocating the Emery Grover School Administration Building.

<u>Capital Expenditures by Type</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% Total FY13</u>
School Construction & Renovation	18,406,443	4,791,916	4,055,227	0	0	0	0.0%	0.0%
School Facility Maintenance	651,422	802,346	1,356,150	720,000	480,000	(240,000)	-33.3%	36.7%
Athletic & Playfield Improvements	1,153,176	159,997	26,000	0	0	0	0.0%	0.0%
Technology Infrastructure Upgrades	331	0	50,000	0	0	0	0.0%	0.0%
Technology Equipment	296,552	179,366	37,996	49,100	672,800	623,700	1270.3%	51.4%
Other Equipment & Vehicles	72,396	82,711	100,204	119,700	155,200	35,500	29.7%	11.9%
Other Miscellaneous	12,019	335	7,645	0	0	0	0.0%	0.0%
TOTAL	20,592,340	6,016,671	5,633,222	888,800	1,308,000	419,200	47.2%	100.0%

Significant Personnel Resource Changes for FY13:

- The total number of budgeted staff members for FY13 is 760.76 FTE, a 22.53 FTE (3.1%) increase from the current year. This growth reflects a net increase of 24.1 FTE personnel in the school operating budget, a 9.97 FTE decrease in grant personnel and an 8.4 FTE increase in revolving staff members. There are no staff positions budgeted in the capital funds.

<u>FTEs by Position Type</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Total								
Administrators	41.26	43.63	43.53	43.53	48.34	4.81	11.0%	6.4%
Teachers	430.28	442.54	437.86	444.45	455.78	11.33	2.5%	59.9%
Aides	171.62	190.11	186.53	180.14	185.08	4.94	2.7%	24.3%
Clerical (and Bus)	63.62	64.94	63.19	70.11	71.56	1.45	2.1%	9.4%
Grand Total	706.78	741.22	731.11	738.23	760.76	22.53	3.1%	100.0%

<u>FTE By Fund</u>	<u>FY09 Actual</u>	<u>FY10 Actual</u>	<u>FY11 Actual</u>	<u>FY12 Budget</u>	<u>FY13 Budget</u>	<u>\$ Inc/(Dec)</u>	<u>% Inc/(Dec)</u>	<u>% TL FY13</u>
Total								
Operating	608.29	625.57	621.50	624.38	648.48	24.10	3.9%	85.2%
Grant Special Revenue	42.30	50.43	42.61	48.77	38.80	-9.97	-20.4%	5.1%
Revolving Special Revenue	56.19	65.22	67.00	65.08	73.48	8.40	12.9%	9.7%
Capital	0.00	0.00	0.00	0.00	0.00	0.00	0.0%	0.0%
Grand Total	706.78	741.22	731.11	738.23	760.76	22.53	3.1%	100.0%

- The 24.1 FTE net increase in operating personnel includes 12.3 FTE teachers and other staff members to meet increased student enrollment in Grades 6-12. Middle and high school programs typically rely on more staffing than the elementary schools, due to programmatic design and opportunities for older students. The budget also restores 9.69 FTE positions to the operating budget, which had been funded by the federal Education Jobs Grant in FY12. Finally, the FY13 budget plan reallocates existing resources to support student learning in the classroom (e.g., increased English Language Learner programming); reorganizes the special education structure; and ensures increased support for student, staff, and technology needs. At the same time, we have redeployed elementary staff in a way that actually makes a modest improvement in overall average classroom sizes throughout the District.
- The 9.97 FTE reduction in grant personnel reflects the aforementioned transfer of several special education teaching assistant and technology support positions to the operating budget, which had been funded by the federal Education Jobs grant in FY12. The Education Jobs grant was part of the federal stimulus grant package, awarded to Needham in FY11-FY12, which will not continue in the future.
- The 8.4 FTE increase in revolving fund personnel reflects the net impact of position adjustments in several programs, needed to meet student needs in FY13.

Budget Assumptions and Priorities:

The FY13 budget development process began earlier in the school year, when the School Committee identified budget priorities to guide the administration in the budget planning process. These included:

- The District's values of scholarship, community, citizenship and personal growth.
- The District's learning goals of: advancing standards-based learning (Goal #1), developing the social and emotional skills of all students (Goal #2); promoting active citizenship (Goal #3); and ensuring District infrastructure supports District values and learning goals (Goal #4.)
- The need to provide sufficient resources and funding to meet contractual obligations and mandated programs, including: Chapter 766 Special Education requirements; No Child Left Behind (NCLB) Act requirements; Section 504 and Americans with Disabilities Act requirements; Education Reform Act requirements, and the contractual obligations of Needham's collective bargaining agreements.
- The need for highly qualified staff, which teach within established student/ teacher ratio guidelines. These guidelines specify class sizes of 18-22 in Grades K-3, 20-24 in Grades 4-5, and 'reasonable class size' in Grades 6-12. These guidelines are recommendations, however, rather than absolute limits requiring strict, literal adherence.
- The ongoing refinement of curriculum, instruction, and assessment practices.
- The need to develop and maintain educational resources and a technology infrastructure that supports student learning and meets district goals.

The budget also reflects the following assumptions:

- The budget reflects the following negotiated Cost of Living Allowance (COLA) adjustments for staff members: Unit A (teachers) 2.0%, Unit B (administrators) 2.0%, Unit C (instructional assistants) 0.5% and Unit D (clerical staff) 0.75%. These COLA adjustments were collectively bargained with staff members.
- The budget assumes that total enrollment will grow to 5,504 in FY13. Most of the growth is projected to occur at the secondary level, however: elementary enrollment is projected to decline from 2,568 to 2,463; middle school enrollment is expected to rise from 1,270 to 1,342 and High School enrollment is expected to increase from 1,522 to 1,568.

2012/13 Budget Calendar

Sept– School Committee Developed School Budget Priorities & Guidelines

Oct/ Nov – Superintendent Developed Preliminary Budget Recommendation, Based on School Committee Guidelines

Dec 6 – Superintendent's Budget Request Sent to School Committee, Town Manager and the Finance Committee (on or Before Second Wed in Dec.)

Dec/Jan – School Committee Holds Public Hearing(s) and Reviewed Superintendent's Request, Both Jointly and in Concert with the Finance Committee.

January - 2012– School Committee Sends Formal Budget Request to the Town Manager (Due on or Before Jan 31.)

January – Town Manager Presents Balanced Town-Wide Budget Proposal, Including the Voted Request of the School Committee, to the Finance Committee for Formal Deliberation

Jan/Feb/Mar – Finance Committee Reviews Budget Requests and Holds Public Hearings

March – Finance Committee Votes its Final Budget Recommendation to Town Meeting. The Finance Committee's Recommendation is Considered the Main Motion to be Acted Upon by Town Meeting

May – Annual Town Meeting

July 1, 2012 – New Fiscal Year Begins

Budget Process:

State law and Town Charter govern the budget process in Needham.

Pro Forma Budgets:

The budget process for Fiscal Year 2012/13 began in the summer of 2010, with the development of pro forma budgets by the Town Manager and Superintendent's Office. The Town Manager's pro forma budget projects the revenues for the upcoming budget year, which form the basis for initial budget decision-making. (Revenue projections are updated in January.) The School pro forma projects enrollment, contractual, school, and staffing needs against anticipated revenue. Both pro forma budgets are used to inform the decision making process by helping Town Boards and administrators to understand the 'big picture' challenges faced by the Town of Needham.

The School Pro forma projected that, based on the several assumptions, school operating 'needs' could exceed available revenue by approximately \$2.7 million in FY13, and by approximately \$200,000-\$500,000/year thereafter, based on the Town-wide revenue projection.

FY13-17 PROJECTION (BASE SCENARIO)	2012	2013	2014	2015	2016	2017	AVG ANN INC
Projected School Expenditures	48,501,374	51,764,216	53,819,235	55,236,901	57,180,220	59,129,158	
Projected School Revenue @ Town Pro Forma	48,501,371	49,078,989	50,632,606	52,284,348	53,987,094	55,752,387	
CUMULATIVE SURPLUS/(DEFICIT)		-2,685,227	-3,186,628	-2,952,553	-3,193,126	-3,376,771	
INCREMENTAL GAP		-2,685,227	-501,401	234,075	-240,573	-183,645	(675,354)

Several strategies were identified to close this budget gap by reducing cost and developing sustainable infrastructure in the long term. These included:

- Negotiating fair, yet affordable contracts for teachers and other staff members.
- Creating sustainable programs 'in-house,' for expensive special education services.
- Providing pupil transportation services in the most cost effective manner possible.

Other long-term strategies called for:

- Providing for only the most critical enrollment positions, at the expense of increased class size, within the physical limitations of the school facilities.
- Investigating the feasibility of 1:1 computing models and pursuing the possibility of lease arrangements for school equipment replacement.
- Examining the extent to which existing resources could be re-deployed to provide for identified student support services positions.
- 'Managing' school expenditures by paring supply budgets back to minimal levels (where possible), conservation of energy and consumable resources and using one-time revenues, as available.
- Using fees and grant funds, where possible, to support operations.
- Growth in the revenue base, including Chapter 70 education aid and Circuit Breaker reimbursements for special education.
- Relief from legislative mandates that drive costs.

Budget Development:

Next, the Town Manager and Superintendent prepared guidelines for departments to use in developing their budget requests. The School Committee voted the budget guidelines in September. School administrators developed budget requests and submitted them for consideration and discussion in November. The Central Office Administration then met with principals and program directors to review and discuss budget requests in light of the School Committee's identified priorities and district goals. Early on, it was clear that the local, state, and national economic picture would play a dominant role in our budget planning.

The Superintendent's budget recommendation was sent to the School Committee during the first week in December. The School Committee, after deliberating during the months of December and January and after holding a public hearing on the budget in January, voted its recommended budget on January 25th. The Town Manager presented her balanced budget proposal to the Finance Committee on January 31, which included the voted School Committee budget. The Finance Committee evaluated the balanced budget proposal and made its recommendation to Town Meeting on March 15. (The Finance Committee's recommendation is considered the main motion to be acted upon by Town Meeting.) Town Meeting met to consider the budget and vote a final adopted budget for the Town in May. The 2012/13 Fiscal Year began on July 1, 2012.

The School Committee develops the budgets and approves fees for the special revenue revolving funds in the spring of each year. Grant budgets are developed on a preliminary basis in conjunction with the regular school operating budget, and are finalized when the final grant allocations are known in the summer or fall.

Significant Financial and Demographic Trends:

Trend: Predominately Local Funding for Education Operations:

Local taxpayers provide the majority of funding for school operations. The FY13 School Operating Budget assumes that local taxpayers will fund 85.2% of the operating budget, while 14.8% will be funded by the State. The state/local funding shares have remained relatively steady for the past several years, even as the state has contributed more money to education.

In FY07, the state revised its Chapter 70 formula to provide more funding to communities like Needham, where enrollments are growing, or where local funds comprise more than 82.5% of the foundation budget. The foundation budget is the level of funding the state says is needed to 'adequately' fund public education; \$48,336,043 in FY13. It consists of a required local contribution of \$40,702,053 and a state aid allocation of \$7,633,990. The revised funding formula capped the local share at 82.5% of the foundation budget amount, and promised a 'phase in' of additional revenue over a multi-year period to reach this target amount. (The State's target funding percentage is 17.5%.) In FY06, Needham funded 97.4% of its foundation budget requirement, while the State funded 2.6%. For FY13, the Governor has proposed a local contribution rate of 84.21% and a state aid allocation of 15.79%.

The Town's FY13 state education aid revenues are based on the final FY13 state budget, which includes a Chapter 70 aid allocation of \$7,633,990, which increases \$642,270 (9.19%) over the current year allocation of \$6,991,720. (The FY12 budget reflected a more conservative estimate of state funding,

(\$6,725,000, as noted in the chart above.) The additional federal stimulus and Education Jobs grant funds awarded during the past two years under the formula will not continue in FY13. This budget will be reviewed and considered by the state legislature throughout the spring. The FY13 state funding formula allocation for Needham is summarized in the chart below.

FY13 Preliminary Chapter 70 Summary

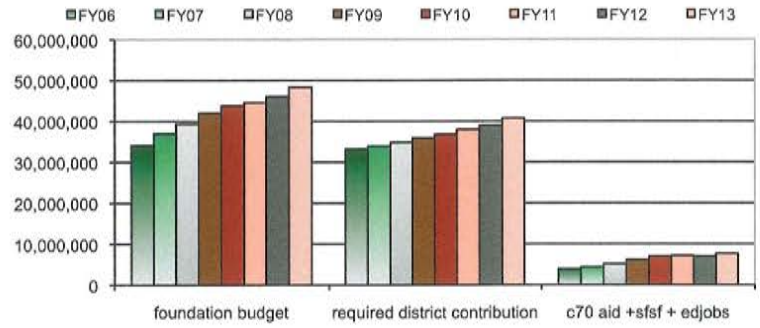
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Aid Calculation FY13

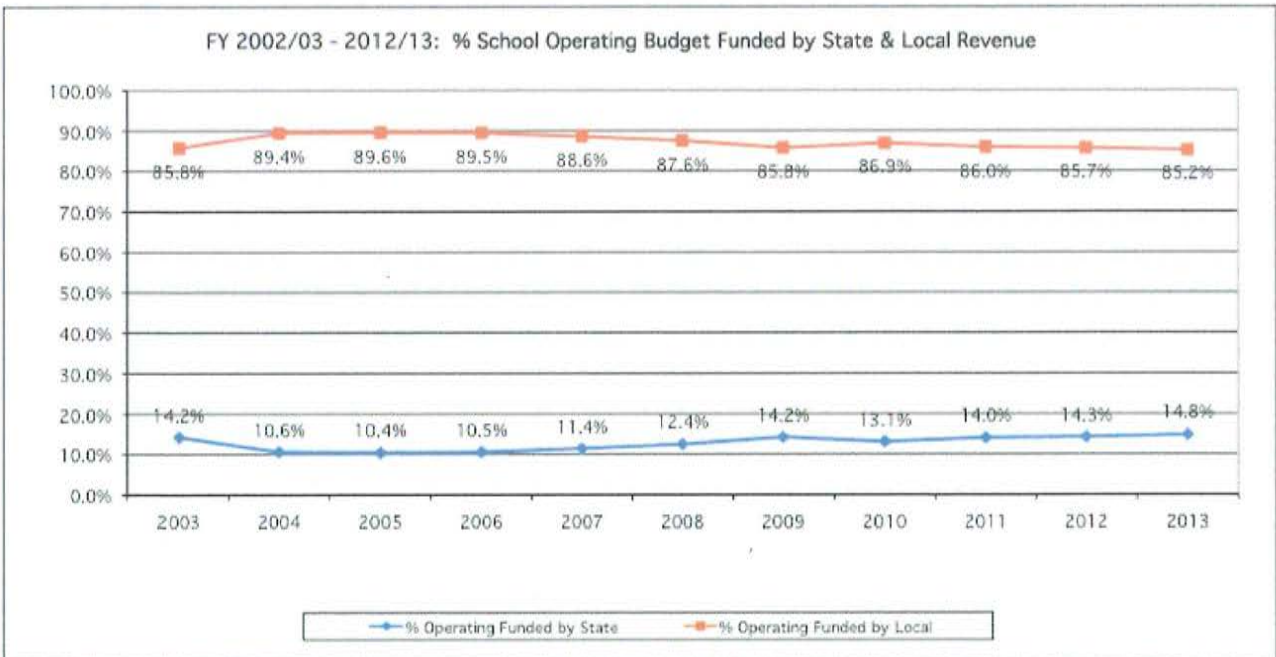
Prior Year Aid	
1 Chapter 70 FY12	6,991,720
Foundation Aid	
2 Foundation budget FY13	48,336,043
3 Required district contribution FY13	40,702,053
4 Foundation aid (2 -3)	7,633,990
5 Increase over FY12 (4 - 1)	642,270
Non-Operating District Reduction to Foundation	
6 Reduction to foundation	0
Chapter 70 Aid FY13	
sum of line 1 and 5 minus line 6	7,633,990

Comparison to FY12

	FY12	FY13	Change	Pct Chg
Enrollment	5,184	5,219	35	0.68%
Foundation budget	46,025,846	48,336,043	2,310,197	5.02%
Required district contribution	39,034,126	40,702,053	1,667,927	4.27%
Chapter 70 aid	6,991,720	7,633,990	642,270	9.19%
Required net school spending (NSS)	46,025,846	48,336,043	2,310,197	5.02%
Target aid share	17.50%	17.50%		
C70 % of foundation	15.19%	15.79%		
Required NSS % of fnd	100.00%	100.00%		



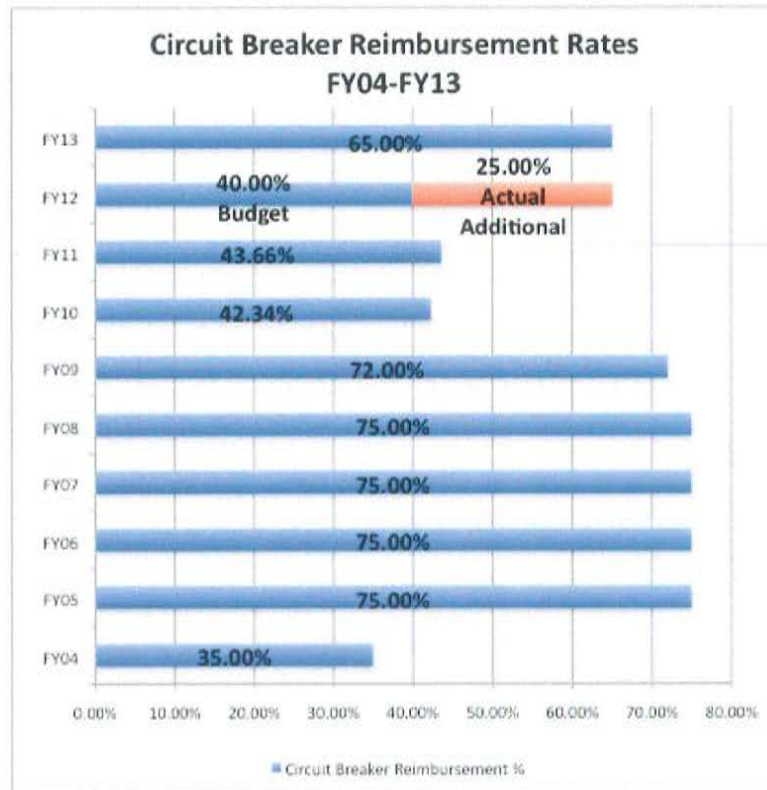
The chart below depicts changes in state and local funding for school operations. Based on the revenue projections for FY13, the portion of the school's operating budget funded by state revenue is projected to increase slightly to 14.8%, while the portion funded by local revenue is projected to decrease to 85.2%.



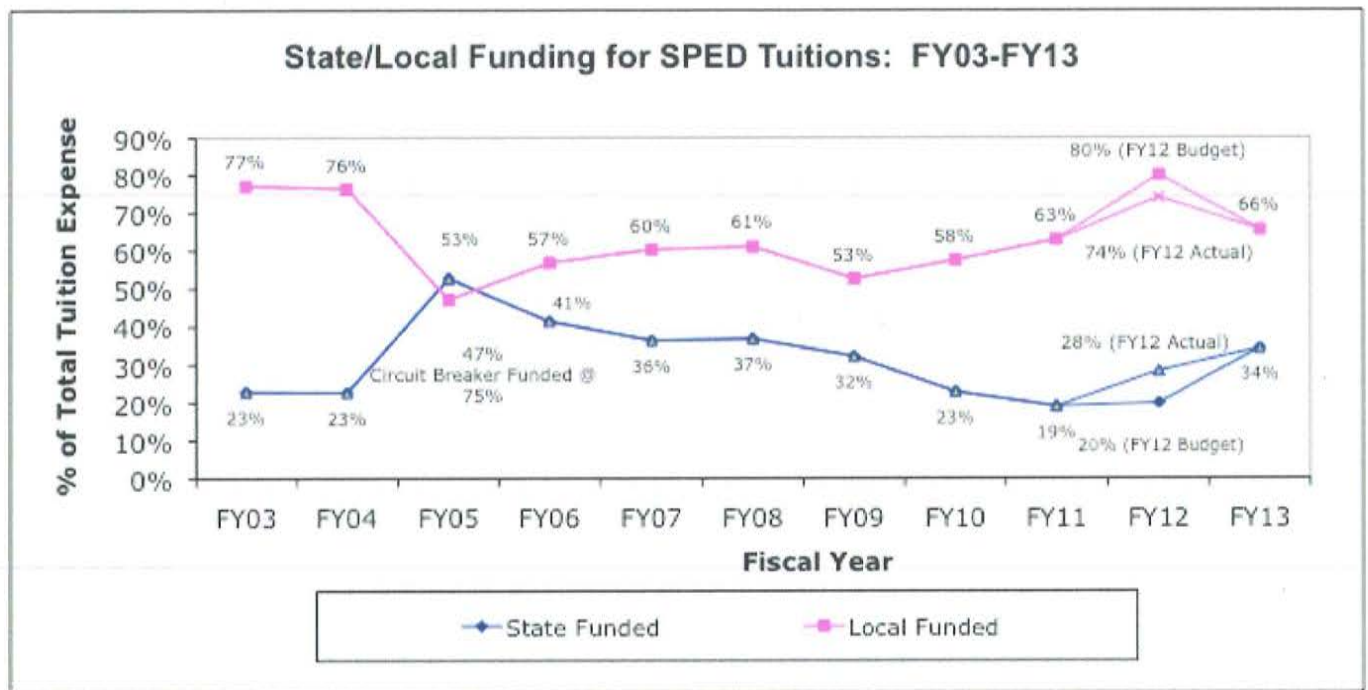
Trend: Partial Recovery of State Support for Special Education Tuition Expenses:

The state has continued its program of providing financial support for volatile special education out-of-district tuition expenses. These expenditures can vary widely as students with specific needs move in or out of the District, and in or out of placements. In FY13, the average annual cost of a day placement is projected to be \$45,201 per student (independent of transportation cost); the average residential placement is projected to be \$175,608. The anticipated amount of funding for special education tuitions in FY13 represents an expectation that state support for special education tuition expenses will continue along a path of recovery, toward a goal of full-funding.

In FY04 the “Circuit Breaker” program was voted by the State Legislature, replacing the former “50/50” program, which reimbursed districts for 50% of the cost of special education students placed in residential settings. The purpose of the Circuit Breaker program was to help districts pay for unexpected expenditures, during the year in which the increase occurred, and provide more state funding for special education expenses. The formula voted by the State Legislature calls for districts to receive 75% of their costs exceeding an amount equal to four times the state foundation budget per pupil. (In FY13, this amount is budgeted to be \$38,912.) However, because Circuit Breaker reimbursements are subject to appropriation, the actual reimbursement percentage has varied. In FY04, the State reimbursed districts at 35%. Between FY05 – FY08, the program was fully-funded at 75%. Since FY09, however, the reimbursement rate has dropped due to state budget constraints. In FY09, the Circuit Breaker was funded at 72%. In FY10, funding was slashed to 42.34%, creating a \$652,473 funding shortfall, which was ‘backfilled’ by federal stimulus grant funds. The rate remained at 43.66% in FY11, when stimulus funds again were used to supplement budget resources for tuition expenditures. In FY12, a 40% reimbursement rate was budgeted. Ultimately, however, the State approved a 65% reimbursement rate, which, although less than the 75% mandated rate, represented a significant attempt to restore funding for the Circuit Breaker program. The FY13 budget assumes that the 65% reimbursement rate will continue. The final state budget included funding for a Circuit Breaker reimbursement rate of up to 75%, with an actual rate to be determined in the Fall.



The chart on the next page shows the percentage share of total tuition expenses funded from state and local funds (excluding federal stimulus grant funds.) State funds are derived from the Circuit Breaker reimbursement program described above. The graph depicts the reduction in the share of tuition expenses financed by state funds (as well as the increase in the local share), as a result of the reduced Circuit Breaker reimbursement rate. The restorative effect of the partial rate recovery to 65% in FY12 (versus the 40% budget rate) also is shown, the beneficial effect of which is expected to continue into FY13.



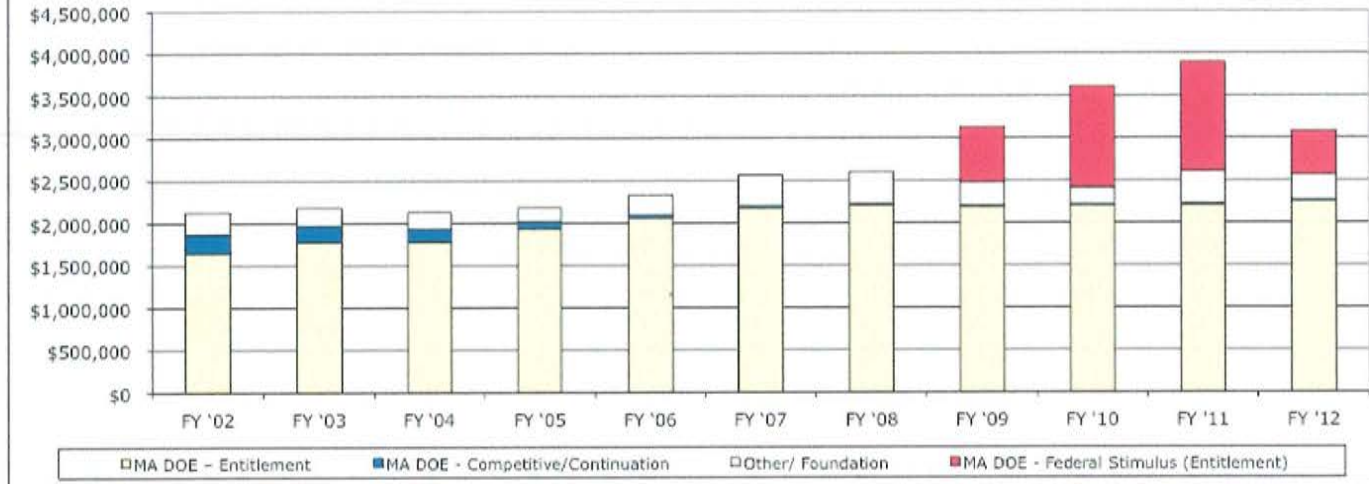
Trend: Additional Grant Funding and Increased Reliance on Fee-Based Programs to Support Operations:

Whenever possible, the School Department seeks to enhance its programs and services through outside funding. Grant and fee-based programs are received outside of the regular school operating budget, but support school operations in many cases.

The amount of external grant funding has risen substantially over time. In FY12, grant funding (excluding Circuit Breaker funds) totals \$3,076,252, which was \$948,515 (44.6%) more than the amount of grant funding received ten years ago (or \$2,127,737.) Of this increase, \$508,281 reflects the receipt of one-time federal Education Jobs grant funds, which were used to supplement the FY12 school operating budget. (An additional \$3,120,178 in American Recovery and Reinvestment Act, ARRA, stimulus funds were received between FY09-FY11, and were used to supplement operational resources during those difficult budget years.)

Even as the amount of funding has increased, however, the makeup of those dollars has changed over time. The increase in grant funds has been due primarily to increases in federal entitlement grants for special education and other student services, as well as the recent award of federal stimulus funds. Since FY02, entitlement grant funds have increased by \$605,995. In addition, Needham received \$508,281 in federal Education Jobs money in FY12. Private foundation grants increased by a much smaller amount, or \$39,414. These gains were partially offset, however, by the loss of competitive grant funds awarded by the State, which have fallen by from \$213,975 in FY02 to only \$8,800 in FY12 – a loss of \$205,175. Two factors make it very difficult to maintain grant revenues: shrinking competitive funds at both the state and federal levels, and a focus on low-performing communities in response to the No Child Left Behind federal education act. In many grant categories, high-performing districts like Needham simply are not eligible for funds.

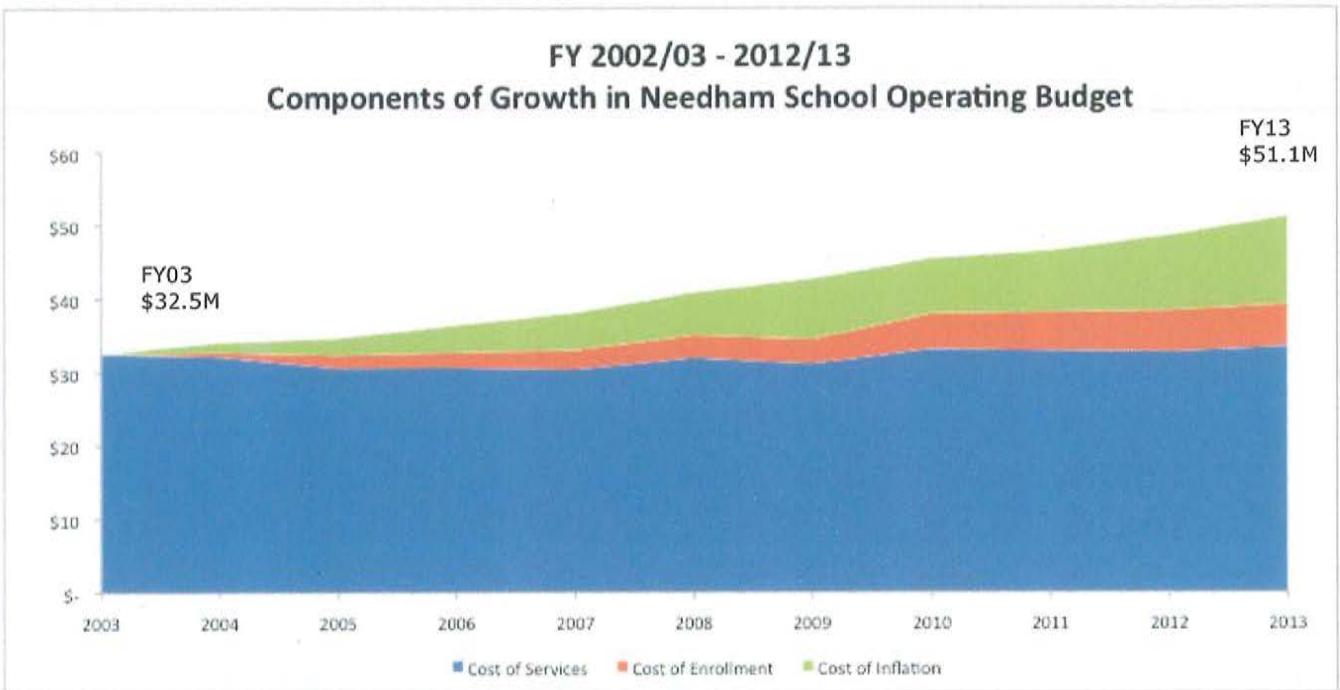
Total Special Revenue Grants FY 2001/02 - 2011/12



Fees continue to play a major role in funding critical school programs. As operating budgets have been squeezed, parents have been asked to provide more support for extra-curricular programs or non-mandated services, such as transportation, athletics, and after school programs. In FY12, the School Department collected approximately \$5.5 million in fee revenues from 47 different fee-based programs. Some of the largest fee based programs are described below:

Program	FY12 Revenues	FY12 Fee
School Food Services	\$1,962,433	\$2.30/meal ES \$2.55/meal MS & HS
Kindergarten After School Program (KASE)	\$836,399	\$3,800/year (5-Days)
Transportation	\$508,402	\$370/rider; \$750 Family Cap
Athletics	\$479,491	\$285/athlete; \$250 Hockey & Ski Surcharge; \$50 Swim Surcharge; \$1,140 Family Cap
Fee-Based Arts Instruction	\$210,178	\$100/student group lessons \$704/32 weeks private lessons (+ \$50 registration fee)
Adult Education	\$244,158	Fee based on program offerings
Preschool	\$216,502	\$3,900/year (4-Days)

Trend: Real Spending Steady Over Time – Budget Increases Due to Impact of Inflation and Enrollment Growth



Real spending on education has been relatively steady over time; budget increases have been due largely to the impact of inflation and enrollment growth. Since FY 03, the school operating budget has grown from \$32.47 million to \$51.11 million in FY13, an increase of \$18.65 million (57.4%). Nearly all of this increase is attributed to the combined impact of inflation and growth, rather than new programs and services. Since FY03, inflation has increased by 30.5%, and enrollments have increased by 17.5%. The chart above illustrates the portion of operating budget increases since FY03, which are due to inflation and growth.

Trend: Contracts and Mandates Competing with Enrollment Needs and Program Improvements:

Increasingly, contracts and mandates are competing with enrollment needs and program improvements, forcing the School Committee to make difficult choices to balance the budget. Over the past several years, these choices have included cutting other areas of the budget in order to fund contractual/mandated expenses or to hire new teachers, and to seek additional funding from taxpayers in the form of override budget requests.

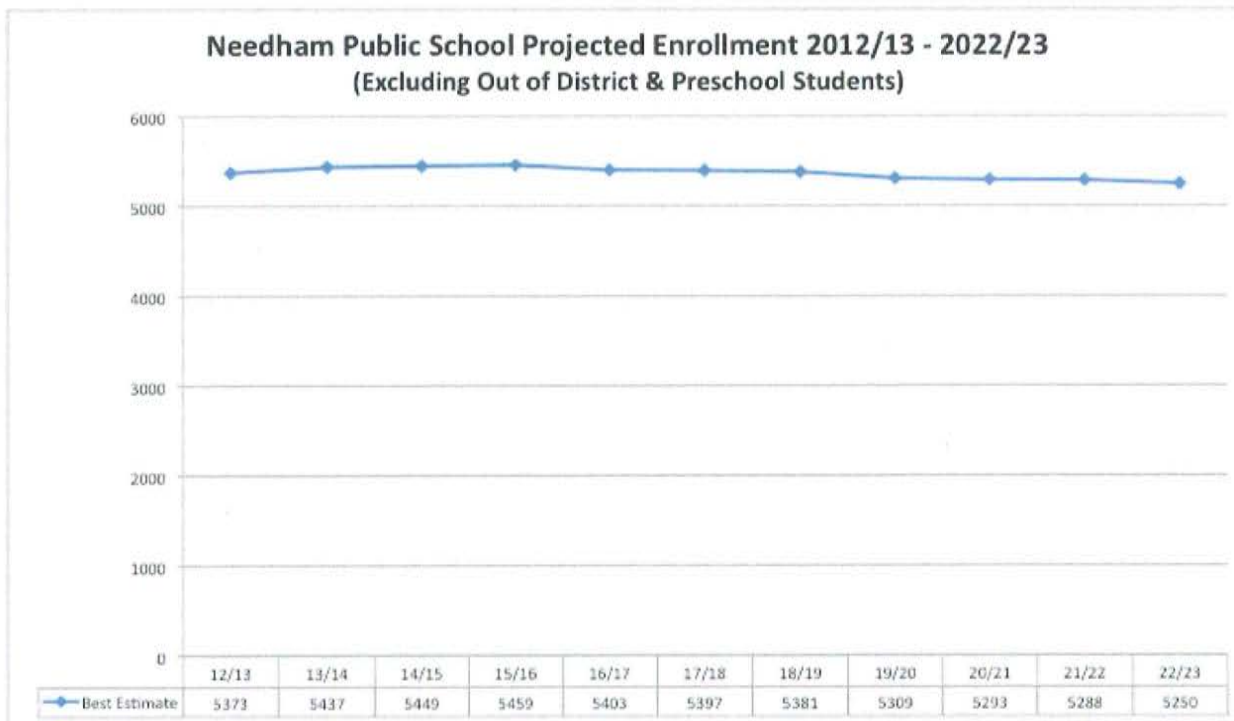
The chart on the next page identifies how new school revenues have been allocated during the budget process, and quantifies the offsetting reductions, which were required to balance the budget. A major challenge for the School Committee is to sustain the educational programs of the School Department, given growing school-age populations and increasing mandates, in an environment of limited resources and competing demands.

BALANCED SCHOOL BUDGET NEW REVENUE	FY 2003	FY 2004 (1)	FY 2005	FY 2006	FY 2007 (2)	FY 2008	FY 2009 (3)	FY 2010	FY 2011 (4)	FY 2012	FY 2013
New School Revenues	1,579,253	-	562,365	1,749,868	1,451,773	1,744,377	1,851,858	2,747,401	731,193	2,012,293	2,611,310
Contracts and Mandates	1,395,254	1,655,566	892,724	1,509,206	2,458,728	2,085,959	2,268,864	2,124,086	1,887,313	2,177,573	1,063,587
Enrollment Increases/ Program Enhancements	184,000	202,863	298,282	489,640	555,932	656,010	276,265	243,999	340,567	605,520	1,188,358
New School Opening	-	-	-	-	-	-	-	1,057,272	-	-	-
Use of One-Time Revenue	-	-	-	-	-	-	-	-	(615,900)	(500,900)	-
Restoration of Positions from One-Time Revenue	-	-	-	-	-	-	-	-	-	-	502,990
Reductions to Existing Budget	-	(1,858,429)	(628,641)	(248,979)	(1,562,886)	(997,592)	(693,271)	(677,956)	(880,787)	(269,900)	(143,625)
Total	1,579,254	-	562,365	1,749,867	1,451,774	1,744,377	1,851,858	2,747,401	731,193	2,012,293	2,611,310
Override (School & Town expenses)	-	2,009,318	-	-	-	1,128,670	-	1,887,929	-	-	-
Override FTE's	-	33.06	-	-	-	18.80	-	27.10	-	-	-

- (1) FY03 budget excludes subsequent \$14,798 + 583,362 Town Meeting adjustment
- (2) FY07 budget excludes subsequent \$232,900 appropriated at Town Meeting.
- (3) FY09 budget excludes \$16,232 Special Town Meeting adjustment.
- (4) FY11 excludes \$442,000 appropriated at 11/10 STM (\$325,000 for operational purposes and \$117,000 for capital construction.)
- (5) FY12 excludes \$65,000 appropriated at 11/11 STM and 5/12 Reserve Fund Transfer of \$60,000.

Trend: Future Enrollment Growth Anticipated at Secondary Level

Enrollment in Needham has grown steadily over the past ten years, averaging approximately 1.9% per year, or a total of 921 pupils (20.7%) since FY01/02. For the next several years, enrollment growth is expected to flatten out, driven primarily by slowing or declining enrollments at the elementary level, which are balanced by increasing enrollment at the secondary level. The next two charts depict projected total enrollment through FY23, as well as enrollment by level.

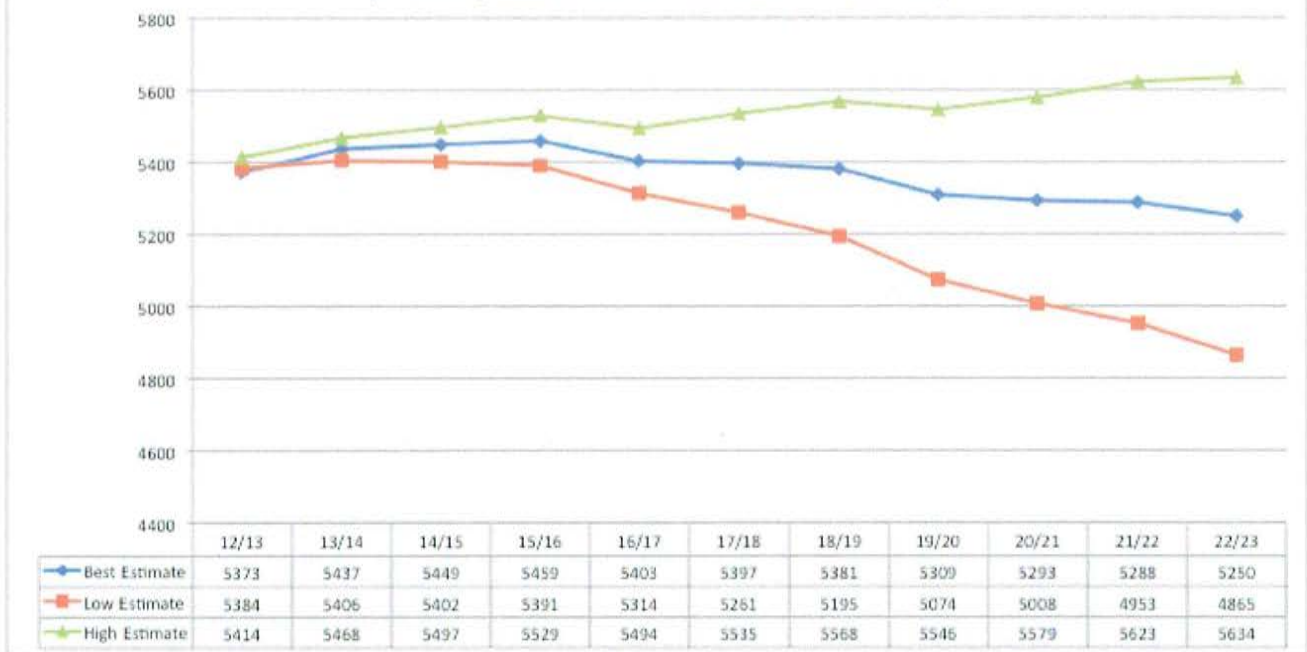


**Needham Public School Projected Enrollment 2012/13 - 2022/23
(Excluding Out of District & Preschool Students)**



Beyond 2017/18, the projected children have not yet been born and the estimated enrollment projects are based on alternative high, best and low estimates of future births. The projections are intended to show a reasonable range in future years (above and below the best estimate), but there is no guarantee that actual enrollments in any year will be within the high and low estimates. The chart below depicts the range in enrollment projections. Source: Needham Future School Needs Committee

**Needham Public School Projected Enrollment 2012/13 - 2022/23
(Excluding Out of District & Preschool Students)**



FY13 School Department Enrollment

Enrollment (Excluding Preschool & Out of District Students)						
FY	Elementary	Middle	High	Total	Inc/(Dec)	% Inc/(Dec)
2013 (Budget)	2,463	1,342	1,568	5,373	13	0.2%
2012	2,568	1,270	1,522	5,360	59	1.1%
2011	2,575	1,277	1,449	5,301	63	1.2%
2010	2,617	1,183	1,438	5,238	179	3.5%
2009	2,551	1,104	1,404	5,059	56	1.1%
2008	2,530	1,084	1,389	5,003	24	0.5%
2007	2,487	1,066	1,426	4,979	100	2.0%
2006	2,390	1,090	1,399	4,879	41	0.8%
2005	2,345	1,070	1,423	4,838	171	3.7%
2004	2,203	1,090	1,374	4,667	102	2.2%
2003	2,150	1,069	1,346	4,565	126	2.8%
2002	2,082	1,074	1,283	4,439	65	1.5%
2001	2,109	1,051	1,214	4,374	40	0.9%
2000	2,144	1,000	1,190	4,334	31	0.7%
1999	2,157	992	1,154	4,303	22	0.5%
1998	2,174	943	1,164	4,281	171	4.2%
1997	2,121	907	1,082	4,110	61	1.5%
1996	2,115	898	1,036	4,049	158	4.1%
1995	1,975	910	1,006	3,891	95	2.5%
1994	1,936	891	969	3,796	90	2.4%

The budget assumes that total enrollment (excluding preschool and out-of-District students) will grow to 5,373 in FY13, an increase of 13 students (0.2%) over the current year October 1 enrollment of 5,360. When preschool and out-of-district students are included, the budgeted enrollment is 5,504.

All of this growth is projected to occur at the secondary level, however. We project elementary enrollment to decline by 105 students, from 2,568 to 2,463. Secondary enrollment is projected to grow by 118 students, from 2,792 to 2,910. The increase in secondary students reflects the combined increase in middle school students of 72 pupils (from 1,270 to 1,342) and high schools students of 46 students (from 1,522 to 1,568.)

Needham is a High Performance District:

Needham Public Schools offers high value per dollar expended for education, as measured by a number of performance and expenditure indicators.

Per Pupil Expenditures:

Despite the impact of inflation, enrollment, contracts and mandates, Needham offers 'good value' for its educational dollar. Using Massachusetts Department of Education per pupil expenditure data (which includes expenditures from operating accounts, grants, revolving funds and education expenses included in other Town budgets), we see that per pupil expenditures in Needham have remained comparable to the state-wide average over time, and have been consistently less than the average per pupil expenditure of the twenty communities, with whom we typically compare ourselves. Needham's FY11 per pupil expenditure of \$13,602 was just slightly more than the state average of \$13,371, but less than the twenty-community average of \$14,498. Additionally, per pupil expenditures have been growing more slowly in Needham, than elsewhere in the state. Since FY03, per pupil expenditures have grown by 58% on average for the twenty comparison communities, and by 62% state wide, compared to 56% in Needham. As a result, Needham can be said to offer 'good value' for each educational dollar.

FY 2000/01 - 2010/11 Comparative Per Pupil Expenditures

Community	FY 01 (1)	FY 02 (2)	FY 03 (2)	FY 04 (2)	FY 05 (3)	FY 06 (3)	FY 07 (3)	FY 08 (3)	FY09 (3)	FY10 (3)	FY11 (3)
Weston	\$11,018	\$10,909	\$11,404	\$12,077	\$14,414	\$16,073	\$16,467	\$17,017	\$18,023	\$18,591	\$19,360
Dover	\$9,942	\$8,603	\$9,856	\$10,253	\$12,786	\$15,559	\$14,615	\$15,084	\$16,591	\$15,646	\$17,607
Concord	\$10,275	\$9,640	\$10,157	\$10,567	\$13,037	\$14,411	\$15,514	\$17,486	\$16,342	\$16,438	\$16,637
Brookline	\$10,550	\$10,268	\$10,578	\$11,107	\$13,836	\$14,929	\$15,098	\$15,431	\$16,847	\$17,090	\$16,556
Newton	\$10,116	\$10,140	\$11,140	\$11,431	\$13,533	\$13,822	\$14,524	\$15,498	\$16,243	\$16,597	\$16,392
Lexington	\$9,568	\$9,482	\$9,686	\$8,797	\$11,929	\$12,600	\$12,768	N/A	\$15,368	\$15,862	NA
Framingham	\$8,986	\$8,945	\$9,699	\$10,518	\$13,681	\$13,621	\$14,169	\$14,621	\$15,373	\$15,675	\$15,769
Dedham	\$8,783	\$8,524	\$8,761	\$9,488	\$11,637	\$12,594	\$13,393	\$13,893	\$14,837	\$14,852	\$15,459
Wellesley	\$9,298	\$9,244	\$9,589	\$9,802	\$11,243	\$11,494	\$12,776	\$13,916	\$14,330	\$15,392	\$15,421
Sherborn	\$9,936	\$8,195	\$9,211	\$8,992	\$10,061	\$15,559	\$12,250	\$12,700	\$14,121	\$15,784	\$15,129
Wayland	\$8,743	\$8,711	\$10,042	\$9,944	\$11,599	\$12,317	\$13,214	N/A	\$14,342	\$15,219	\$15,121
Westwood	\$8,839	\$8,976	\$9,564	\$9,747	\$11,592	\$11,885	\$12,436	\$13,305	\$13,679	\$13,814	\$13,999
Norwood	\$7,598	\$7,246	\$7,894	\$8,004	\$10,648	\$11,028	\$12,052	N/A	\$12,993	\$12,790	\$13,616
Needham	\$8,847	\$8,434	\$8,721	\$9,004	\$10,788	\$11,291	\$12,070	\$12,552	\$12,955	\$13,245	\$13,602
State	\$7,874	\$8,005	\$8,273	\$8,591	\$10,626	\$11,211	\$11,865	\$12,497	\$13,055	\$13,064	\$13,371
Natick	\$8,364	\$8,088	\$9,319	\$8,637	\$10,290	\$11,092	\$11,829	N/A	\$12,926	\$12,910	\$12,649
Hopkinton	\$6,724	\$7,031	\$8,254	\$8,176	\$9,497	\$10,544	\$11,114	\$11,365	\$11,551	\$11,921	\$12,298
Holliston	\$7,081	\$7,437	\$8,055	\$7,938	\$9,524	\$10,193	\$10,856	\$11,217	\$11,604	\$12,186	\$12,089
Winchester	\$8,390	\$7,937	\$8,278	\$8,646	\$9,884	\$10,139	\$10,886	\$10,865	\$11,290	\$11,363	\$11,822
Walpole	\$6,940	\$7,641	\$7,230	\$7,603	\$9,437	\$10,277	\$10,470	\$11,232	\$11,812	\$11,971	\$11,691
Medfield	\$6,046	\$6,114	\$6,517	\$6,761	\$8,082	\$8,597	\$9,472	\$9,967	\$10,542	\$10,741	\$11,364
Average of 20	FY01 \$8,896	FY02 \$8,551	FY 03 (2) \$9,154	FY 04 (2) \$9,337	FY 05 (3) \$11,339	FY 06 (3) \$12,345	FY 07 (3) \$12,754	FY 08 (3) \$13,450	FY09 (3) \$14,039	FY10 (3) \$14,341	FY11 (3) \$14,498
Needham	8,847	\$8,434	\$8,721	\$9,004	\$10,788	\$11,291	\$12,070	\$12,552	\$12,955	\$13,245	\$13,602
State Average	8,364	\$8,005	\$8,273	\$8,591	\$10,626	\$11,211	\$11,865	\$12,497	\$13,055	\$13,064	\$13,371

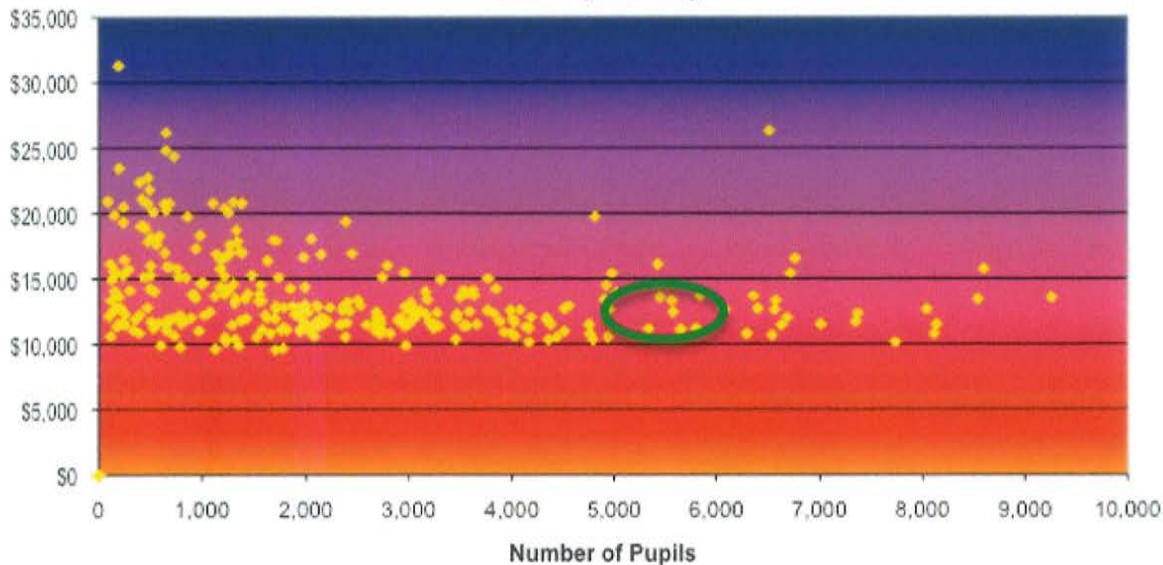
(1) Source: Massachusetts Department of Education. These figures represent "total integrated education costs" divided by "net average membership," as a measure of "the average cost of education for all children residing in a community, regardless of the district where they attend." Total integrated expenditures include school operating, grant and revolving fund expenditures; all related educational costs incurred by Town Departments (such as benefit and administrative overhead), tuition paid to other schools, and the Minuteman assessment. Net average membership is the sum of pupils in local schools, other public school districts and in special needs day and residential programs.

(2) Source: Massachusetts Department of Education. The integrated Cost Per Pupil calculation was discontinued in FY02. Beginning in FY02, Per Pupil Expenditures exclude children being educated outside of the district. Similarly, tuition, regional district spending, and other payments for out-of-district pupils no longer are factored into the per pupil spending statistic.

(3) Source: Massachusetts Department of Education. Beginning FY05, the per pupil expenditure methodology was changed to include all school-related expenses, including costs for local resident pupils educated out of district and municipal expenses on behalf of the schools. Expenditures also are calculated for specific functional areas.

Per pupil expenditures for FY11 also are depicted in the scattergram below. The blue circle highlights Needham's per pupil expenditure amount of \$13,602 in FY11 (based on 5,450.5 FTE average daily membership.) As evident from the chart, Needham's per pupil expenditure level is comparable to the majority of districts, even though Needham's enrollment is relatively higher than most districts.

FY11 Expenditures Per Pupil, Massachusetts School Districts
Total Spending



Source: Massachusetts Department of Elementary & Secondary Education

Needham's spending on special education, which is one of the largest expenditure categories for most districts, also is comparable to other communities. Although special education expenditures, as a percentage of the total budget, have increased since FY01 (rising from 17.3% to 19.0%), Needham's expenditures consistently are less than the state-wide average.

Massachusetts Department of Elementary and Secondary Education
Direct Special Education Expenditures as a Percentage of School Budget, FY01 to FY10

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Fiscal Year	-- In-District Instruction--		- Out-of-District Tuition -		Combined Special Ed Expenditures (A+B+C+D)	Total School Operating Budget	Special Education Percentage of Budget (E as % of F)	state average percentage
	Teaching	Other Instructional	Mass. Public Schools and Collaboratives	Mass Private and Out-of-State Schools				
2001	3,718,724	793,384	383,982	1,347,483	6,243,573	36,102,958	17.3	17.2
2002	3,806,448	861,540	334,195	1,408,873	6,411,056	38,165,697	16.8	17.4
2003	3,989,136	916,947	340,329	1,525,856	6,772,268	41,394,432	16.4	17.7
2004	4,139,303	927,458	332,179	1,840,183	7,239,123	43,487,709	16.6	18.6
2005	4,646,848	980,473	388,339	2,237,302	8,252,962	47,320,732	17.4	18.9
2006	5,278,561	1,030,190	447,987	2,611,029	9,367,767	49,220,249	19.0	19.1
2007	5,814,037	1,016,984	521,816	2,742,049	10,094,886	52,914,410	19.1	19.4
2008	6,184,020	1,142,814	404,657	3,139,508	10,870,999	55,570,443	19.6	19.8
2009	6,884,784	1,120,434	538,331	2,935,498	11,479,047	58,547,371	19.6	20.1
2010	7,479,291	1,366,151	417,659	2,710,749	11,973,850	62,874,752	19.0	20.0

Source: Massachusetts Department of Elementary & Secondary Education

Comparative Achievement and Expenditure Data:

The high value of the educational dollar in Needham also is demonstrated by the comparison of expenditure data to test results in the chart below. Needham's per pupil expenditure amount of \$13,602 in FY11 was ranked 13th among the 20 communities, with whom Needham regularly compares itself. However, Needham's test scores typically rank as high or better - 8th in SAT results and 13th in MCAS Math. (The MCAS scores represent an average Composite Proficiency Index that gives scores of Proficient or Advanced 100 points, high Needs Improvement 75 points, low Needs Improvement 50 points and High Working 25 points.)

Community	FY12 Average Single Family Tax Bill (1)		2010-11 Per-Pupil Expenditure (2)		2010-11 Student Teacher Ratio (2)		Spring 2011 MCAS ELA CPI (3)		Spring 2011 MCAS Math CPI (3)		Class of 2011 Combined SAT (4)		FY12 Teacher Starting Salary with Masters (5)		FY12 Teacher Top Salary with Masters + 30 (5)	
	Amount	Rank	Amount	Rank	Ratio	Rank	Score	Rank	Score	Rank	Score	Rank	Amount	Rank	Amount	Rank
Belmont	\$9,964	8	11,968.83	17	17.0 to 1	21	96.4	6	92.3	7	1756	11	\$48,621	5	\$89,455	7
Brookline	N/A		16,556.38	3	12.7 to 1	5	93.5	18	91.4	12	1738	13	\$48,045	8	\$87,970	9
Concord	\$11,564	5	16,637.25	2	13.6 to 1	10	99.2	1	96.7	1	1860	6	\$50,076	1	\$94,809	1
Dedham	\$5,770	18	15,458.82	8	12.7 to 1	5	90.5	20	85.4	19	1515	20	\$50,039	2	\$81,318	17
Dover	\$12,390	3	16,495.20	4	10.5 to 1	1	97.6	2	92.9	4	1874	3	\$49,993	3	\$91,161	5
Frammingham	\$5,774	17	15,769.16	7	12.7 to 1	5	83.7	21	77.0	21	1549	19	\$47,662	9	\$78,875	20
Holliston	\$6,916	15	12,089.07	16	13.5 to 1	9	94.5	16	90.7	14	1679	16	\$46,055	16	\$86,379	10
Hopkinton	\$8,082	13	12,297.63	15	14.6 to 1	16	96.2	8	91.9	10	1714	14	\$46,142	14	\$82,149	15
Lexington	\$10,441	7	NA		12.2 to 1	3	97.0	4	95.0	2	1881	2	\$46,610	12	\$85,437	11
Medfield	\$8,811	12	11,364.11	20	14.7 to 1	17	95.4	12	90.3	15	1763	10	\$45,912	17	\$83,985	12
Natick	\$6,015	16	12,648.93	14	14.5 to 1	15	94.0	17	90.1	16	1620	17	\$46,834	11	\$80,338	18
Needham	\$8,075	14	13,601.94	13	15.5 to 1	20	94.7	15	91.1	13	1817	8	\$46,104	15	\$83,708	13
Newton	\$8,910	11	16,391.60	6	14.8 to 1	18	94.8	13	92.0	9	1743	12	\$47,070	10	\$88,341	8
Norwood	\$3,862	20	13,616.24	12	12.9 to 1	8	90.7	19	81.7	20	1457	21	\$43,374	21	\$77,364	21
Sherborn	\$13,534	2	16,495.20	4	10.5 to 1	1	97.6	2	92.9	4	1874	3	\$49,993	3	\$91,161	5
Walpole	5,740	19	11,691.10	19	15.1 to 1	19	94.8	13	86.9	18	1592	18	\$43,622	20	\$81,894	16
Wayland	\$11,274	6	15,121.16	10	13.9 to 1	12	96.0	10	91.7	11	1851	7	\$46,147	13	\$94,376	2
Wellesley	\$11,860	4	15,421.18	9	13.7 to 1	11	95.6	11	90.0	17	1888	1	\$48,411	6	\$93,272	3
Weston	\$16,643	1	19,359.97	1	12.3 to 1	4	96.2	8	92.1	8	1861	5	\$48,261	7	\$92,065	4
Westwood	\$9,019	10	13,999.00	11	14.1 to 1	13	96.9	5	92.9	4	1714	14	\$44,220	19	\$82,837	14
Winchester	9,557	9	11,821.68	18	14.2 to 1	14	96.3	7	93.2	3	1790	9	\$44,994	18	\$78,991	19

(1) Source: Commonwealth of Massachusetts Department of Revenue Website. Brookline has adopted a residential tax exemption and does not submit sufficient data to determine average tax bill.

(2) Source: Commonwealth of Massachusetts Department of Education Website. Concord is Concord. Dover & Sherborn are Dover-Sherborn.

(3) Source: Commonwealth of Massachusetts Department of Education Website. 2011 MCAS Data for All Students, All Grades. Test data for Concord is Concord-Carlisle at high school level. Test & salary data for Dover & Sherborn is Dover-Sherborn.

(4) Source: School district websites and informal survey of high schools. Concord-Carlisle SAT is median score.

(5) Source: Commonwealth of Massachusetts Department of Education Website; school district websites and informal telephone survey of school districts.

Staffing Ratios

The high value per dollar expended of Needham education also is demonstrated by the following staffing ratio charts, which show that, in FY11, there were more students assigned to each teacher in Needham, on average, than in most surrounding communities and in the state, overall. Needham's average student to teacher ratio (15.5:1, which includes special education classrooms) also is higher than the state-wide average ratio (13.9:1.) Source: MA Department of Education

