



Finance Committee **Budget Report**

City of Newton **In City Council**

Monday, April 24, 2016

Present: Councilors Gentile (Chair), Norton, Brousal-Glaser, Blazar, Fuller, and Lappin

Absent: Councilors Ciccone and Rice

City staff present: Karen Griffey (Manager of Financial Information Systems), Therese Struth (Deputy Director of Human Resources), Joseph Mulvey (Chief of Information Technology) Kelly Byrne (Retirement Director), Sue Dzikowski (Comptroller), and Maureen Lemieux (Chief of Staff/Chief Financial Officer)

BUDGET & CIP DISCUSSIONS:

Financial Information Systems

Human Resources

Information Technology

Comptroller

FINANCIAL INFORMATION SYSTEMS DEPARTMENT

The Financial Information Systems Department provides support, training and documentation to all of the departments within the City that use the City's financial software applications. The department is responsible for generating payroll, all tax bills, and bills for municipal charges.

Manager of Financial Information Systems Karen Griffey presented the budget for the Financial Information Systems (FIS) Department. She began by reviewing the department's accomplishments in Fiscal Year (FY) 2017. In FY 2017, the department worked with SunGuard to upgrade the FinancePlus software package to improve efficiency. The department also continued with providing training and support to all end users of the Munis and FinancePlus software. All of the documentation for the FinancePlus software was upgraded to reflect changes to procedures because of the software upgrade. FIS worked with the Department of Public Works to implement time and attendance software that is being used instead of manual timecard entry. In addition, FIS met or exceeded all requirements for billing taxes and utility charges.

In the upcoming fiscal year, FIS will work with the Human Resources Department to activate and train employees on the Employee Access Center Module in FinancePlus. The module provides City employees access to their information related to special leave and vacation time and the ability to make address changes and tax withholdings changes. The module is a self-service module that will help reduce paperwork in both the Human Resources Department and the FIS Department. The City has had the module for some time but did not want to roll it out before the completion of FinancePlus software upgrade.

The department will continue to provide periodic training to all end users in payroll and personnel software. Ms. Griffey expects to improve her proficiency in Cognos Software, which is what the City uses for payroll queries and reporting. All FIS staff should be cross-trained in billings in tax and utility billings by December 2017. Any new processes or procedures put in place will be appropriately documented as needed. In addition, the FIS Department will continue to meet all of the statutory billing and reporting requirement. For further details on the accomplishments and goals for the department, please refer to the department's tab in the FY 2018 budget book.

There is a \$3 million placeholder in the Supplemental Capital Improvement Plan for a financial software upgrade under this Department. Although, the City recently completed an upgrade of its financial software, additional improvements may be necessary. Any changes to the City's software would involve every department within the City. Therefore, any change needs to be carefully thought out with significant input from the Comptroller's Office and Information Technology. It may take a substantial amount of time to make a decision, which is why the funding is listed as a placeholder. There are no other projects listed in the Capital Improvement Plan for the FIS Department.

The Fiscal Year 2018 budget for the FIS Department is \$528,250. The FIS budget includes the software maintenance costs for the financial systems. There is a 2.21% increase in the FIS budget this upcoming fiscal year, due mostly to personnel increases. There are three positions funded in the budget, which is unchanged from last fiscal year. The expenses within the department are minimal and generally related to training costs. Councilor Lappin moved approval of the item, which carried by a vote of six in favor and none opposed.

HUMAN RESOURCES DEPARTMENT

The Human Resources Department strives to recruit and retain a professional and diverse workforce that is committed to quality service. The department is involved in labor negotiations, as well as administration of collective bargaining agreements, the unemployment program, health benefits, and the workers' compensation program.

Chief of Staff/Chief Financial Officer Maureen Lemieux and Deputy Director of Human Resources Teri Struth joined the Committee for discussion of the Human Resources Department's budget. The Human Resources Director position remains vacant. The previous Acting Director Jeffrey Honig has returned to the Law Department, as he is labor attorney and his legal expertise is required for contract negotiations. Chief of Staff Maureen Lemieux is currently the Acting Director. The Administration did hire a search firm this year but there were no suitable applicants. The Administration has really stopped looking as the Mayor's term is ending in eight month and he is not seeking re-election making it unlikely that the City will be able to attract candidates at this time.

The Human Resources Department currently has a Payroll Administrator position and a Benefits Manager position. The Administration added a Payroll and Benefits Manager position to the Department's budget last year; however, it remains vacant. Both the Benefit Managers and Payroll

Administrators have really grown into their positions over the past fiscal year, making it unnecessary to fill the Payroll and Benefit Manager position. There is an upgrade in Payroll Administrator position in this year's budget to a Payroll Manager position. There is also a new Human Resources Generalist position to provide support for the department. The Junior Human Resources Coordinator position is vacant but the department is actively seeking a person to fill the position.

There is a decrease in department salaries, as the department is eliminating the Payroll and Benefits Manager position. There is also a \$10,000 reduction in the line item for temporary staffing. A new line item was added to last year's budget to provide funding for smaller departments to fill a temporarily vacant position within the department with a person from a temporary agency. The line item was originally funded at \$35,000 and the department has used approximately \$13,000 up to this point in the fiscal year. There is a reduction in the line item in FY 2018 to reflect the actual expenses. There is also funding for someone who has retired to come back to the City and provide his or her services to departments on a consulting or part-time basis. Medical vaccine funding is shifting from the Human Resources Department budget to the Health and Human Services Department because it makes sense for the Health Department to handle all funding for vaccinations.

The Human Resources Department provides the vacancy report that is included in the budget. The City had 15 retirements this past year, 31 resignations, 3 deaths, and 3 terminations. There is also movement within departments attributed to promotions and transfers resulting in some vacancies. The Administration is not anticipating lay-offs in the upcoming fiscal year. The City self-funds its unemployment. The City will always have people on unemployment. Some people file due to their positions like part-time school nurses that file unemployment during the summer and/or April vacation. Each year, there are a few people released by the City that are eligible for unemployment. The Human Resources Department reviews the unemployment benefits list every month to make sure it is accurate. This year the department identified a couple of people on the list that should not have received or continued to receive unemployment that the City was able to remove from the list. The City is able to reduce the funding for unemployment benefits by \$30,000 in the upcoming year because of the Human Resources Department's close monitoring of the unemployment list.

The consulting line item is down because there is no need to hire an outside consultant to review the Medicare Part D reimbursements to collect all outstanding reimbursements. Last year's consultant captured all of the money due to the City.

The Human Resources Department is a small group and everyone works well with each other. The department is in a good place in terms of staffing levels but needs to fill the Junior Human Resources Coordinator and the General positions. The goals for FY 2018 include improving recruitment and diversification, and employee relations, providing quality healthcare, and continuing to audit the retirees to ensure that all eligible retirees are on Medicare. The department will continue to reduce the weekly compensation payroll by bringing employees back to light duty and settling long-term cases. The Safety Committee is working to present safety initiatives to departments to improve employee safety and avoid injuries. In addition, there will be a focus on employee wellness in the

upcoming year. New programs will include CPR and AED training, a new walking club with the Health and Human Services Department, health screenings, and programs that promote healthy lifestyles. Ms. Struth reviewed the rest of the department's accomplishments and goals, which are included in the budget book under the Human Resources tab.

The budget for the department for Fiscal Year 2018 is \$1,044,538 and there are nine employees included in the Fiscal Year 2018 budget. There are no projects in the Capital Improvement Plan for this Department. With that, Councilor Fuller moved approval of the department's budget, which carried unanimously.

INFORMATION TECHNOLOGY DEPARTMENT

Chief Information Officer Joe Mulvey presented the Information Technology Department's budget for Fiscal Year 2018. The Information Technology (IT) Department provides technology resources and support to employees and residents of the City of Newton to ensure that everyone benefits from modern secure technology. The department also offers technology training to all employees of the city. Mr. Mulvey reviewed the below Fiscal 2017 accomplishments and Fiscal Year 2018 desired outcomes with the Committee. For further details on the accomplishments and goals, refer to the department tab in FY 2018 budget book.

Fiscal Year 2017 Accomplishments

VoIP

The Department continued to convert departments to a Voice over Internet Protocol (VoIP) phone system. This fiscal year the Public Works Crafts Street and Elliot Street buildings, Police Dispatch, Public Buildings Department, Fire Headquarters, Fire Stations 1 (Church Street), 2 (Commonwealth Avenue), 4(Crafts Street), 7(Elliot Street) and 10 (Dedham Street) were either converted or are in the process of being converted. Replacement of most of the rewiring and electronics necessary to enable VoIP is complete and the equipment standardized. The department ran Power over Ethernet (POE) to municipal buildings to give the City the ability to run power to wireless access points, video cameras, and the VoIP phones.

Wireless Access Availability

IT continues to expand wireless access points to the public. The Lower Falls Community Center and the old Health Department in Newton Centre are now public access locations. Mr. Mulvey expects that the Nonantum and Waban Public Library buildings and the Hyde Community Center will provide public access around those locations. A new group called the City-School-College Consortium was formed to investigate using city fiber to share resources and pooling internet bandwidth and build pathways ahead of time to share information.

Software and IT Equipment

IT oversaw the upgrades to the current versions of FinancePlus and CommunityPlus. The Department of Public Works has settled on PeopleGIS as the replacement for the antiquated Hansen System (the Utilities Division work order maintenance software). IT has begun the necessary exports of data from the Hansen Software into the new system, which are needed in order for the new program to go live. IT and Public Works have begun the preparation to move the fleet management software into PeopleGIS. The City's internal documents search tool, Perceptive, was expanded to the Planning & Development and the Human Resources Departments. The department continues to work with the Inspectional Services Department on the E-Gov application to improve automation and accessibility in the field.

Audiovisual equipment was added to the War Memorial, Rooms 204, 205, and 211 to improve the ability to provide quality presentations. The City Council Chamber is scheduled for upgrades in the near future.

The Hyrell Software to improve job application efficiency is operational and working well in the Human Resources Department. In addition, IT worked with the Police Department to develop an application to notify Dispatch that work is scheduled on a fire alarm system including when the alarm system goes offline and back online in real time. Mr. Mulvey demonstrated a new application for the Elections Division of the City Clerk's Office to allow head of households to respond to the City census online if there are no changes to their census.

Verizon Phone Wires, Equipment & Radio Lines

IT continued to identify and disconnect phone lines that the City is not using in its buildings; however, most of the unused lines have been identified. IT is now working with several City departments to terminate unused copper segments that previously distributed radio signals. In addition, the department is working with Verizon to replace equipment with newer equipment that is compatible with VoIP and will reduce costs.

Security

IT tested against phishing and penetration at City Hall and Police Headquarters, which was successful. Additional testing is planned. The department uses the city's e-mail system on a regular basis to raise awareness of security. Mr. Mulvey will continue to work on administrative training and an employee security awareness-training program to continue to protect the City's network. In addition, an outside contractor tested the City's firewalls, routers and search engines for weaknesses, forgotten equipment and outdated software. PWNie Express Software was installed this fiscal year to monitor the network and shutdown access systems that try to damage the City's network.

The IT Department worked on implementation of an employee badge program. Most of the employees within City Hall now have identification badges. The badges contain chips that will eventually be activated and serve as keys to access City Hall.

User Support and Training

Administrative training for VoIP, mobile device management, PWNie Express Software was completed this year. The department continues to offer training to employees. All classes are advertised on the e-mail system and employees are encouraged to sign up for classes in Microsoft Office, Civica and other software programs.

Fiscal Year 2018 Desired Outcomes

Mr. Mulvey highlighted some of the department's desired outcomes for Fiscal Year 2018. All of the desired outcomes for the department are available in the budget book under the Information Technology tab.

The VoIP conversion will continue with a number of City departments including the Library, Assessing and the City Clerk's Office. IT will be moving the City Hall Data Center to the new Emergency Operations Center at Fire Headquarters once it is complete. The move should not interfere with any City Hall business. The move will take place in late summer.

There are plans to take E-Gov to next level by enhancing field use by improving connectivity for tablets in the field making it more efficient and user-friendly. New community engagement software that allows the community to comment on City projects will be brought online this year. The plan is to begin with a smaller project to make sure that the software works well and is easy for the community to use.

Security testing of the City's IT network will continue. Installation of new security cameras is taking place at the Senior Center this year. IT will continue to raise employee awareness by continuing to do phishing testing and security reminders through e-mail. All critical access point within the network will be monitored and patches and updates installed.

Implementation of PeopleGIS modules and roll out of the software will continue into Fiscal Year 2018 and should go live this summer. IT will be working with both Police and Fire to upgrade the City's radios to simulcast. IT is looking at using Microsoft Office 365 to run the City's software applications through the Cloud. The plan is to test Office 365 in IT and a few other select departments.

The department hopes to fill two vacant positions this upcoming fiscal year. The department is actively seeking qualified candidates to fill the Computer Technician position and the Senior Network Technician position. The Senior Network Technician position remained vacant last fiscal year, as there were no qualified applicants. IT has been fortunate with the VoIP project to receive daily expert

support from its contractor, Partners Technology, which has helped alleviate some of the stress of having vacant positions

The recommended Information Technology budget is \$1,646,157, which is an increase of 4.02% that is attributed to the annual cost of several software packages that are funded through the Information Technology Department's budget. The staffing level remains at thirteen employees. The Department has no Capital Improvement Plan projects in the upcoming fiscal year. Councilor Lappin moved approval of the Information Technology Department's recommended budget, which carried by a vote of six in favor and none opposed.

COMPTROLLER

Comptroller Sue Dzikowski reviewed the recommended Fiscal Year (FY) 2018 Comptroller's Department budget. The Comptroller's budget does not have any substantial changes for Fiscal Year 2018. The staffing levels within the Department remain the same for the upcoming fiscal year. A new position was added this fiscal year to provide direct accounting support to the Comptroller. The department met all of its Fiscal Year 2017 goals.

Ms. Dzikowski has been in the Comptroller position for one full quarter or a little over three months and is really enjoying it. Her goal is to get through a successful 1-year cycle. She will make sure that all of the Fiscal Year 2018 outcomes are met. She is also looking to increase training and cross training within the Comptroller's Office.

It was pointed out that that the Comptroller's budget includes two reserve accounts for Fiscal Year 2018. The first is a \$3,000,000 snow reserve. The second reserve is a \$500,000 wage reserve for contract negotiations. All of the department's accomplishments and goals are provided in the budget book under the department's tab.

Retirement System Budget

The Retirement Department's budget for personnel and expenses is slightly increased in both line items. The Retirement Department budget includes funding for both municipal and public school retirement system participants; however, the school budget contains the funding for the health benefits for retirees from the Massachusetts Teachers' Retirement System. The State funds the employer share of the Teachers' Retirement Systems. There is a decrease of \$38,673 in the funding for non-contributory pension benefits, as there are only three retirees that receive this type of benefit. Ninety-five percent of the upcoming budget is based on the City's current funding schedule for pensions.

The education and travel expenses were increased to allow the Retirement Board members and staff to get their required education credits. The funding includes travel and related expenses for conferences and training where the required credits are earned.

The total Retirement appropriation for FY 2018 is \$36,243,824, which reflects an increase of \$2,507,519. The City's actuarially required contribution to the pension plan amounts to \$24,445,550. The contribution increased by \$2,128,289 million over the current year appropriation. Retirement Director Kelly Byrne explained that the City recently received a large 3(8)(c) bill that includes retroactive payments from the Teachers' Retirement Board for a number of teachers that began their careers as employees of Newton but moved on to other municipalities. The Teachers Retirement Board neglected to bill several municipalities for a number of years for those prorated retirement reimbursements and is now issuing bills for those payments. In the past, the prorated pension payments have not been included as part of the budget; however, this past year the prorated retirement liabilities from other communities surpassed the reimbursements from other communities. There is no way to determine if the uptick in these liabilities will continue or how much they will cost. The first \$450,000 liability bill received for Fiscal Year 2017 was paid out of assets and will be included in the actuarial loss. Right now, another \$375,000 in outstanding liabilities needs to be paid.

The City is strict and consistent on what retirement liabilities it accepts. Ms. Byrne researches every liability claim to make sure that it is accurate. The City has the ability to appeal liability claims to PERAC. Ms. Byrne has sent in 12 challenges to PERAC and has received five decisions back in the City's favor this fiscal year.

The City's Retirement Board is considering adding the 3(8)(c) liability payments to the pension schedule, which would result in an experience loss to the Retirement System and slightly higher future appropriations unless the City realizes offsetting gains in the future. Most other Retirement Systems choose to incorporate these liabilities into the funding schedule. The Board is requesting that the actuary for the retirement system provide three new funding schedules. The request includes a schedule of when the system will be fully funded if the Retirement Board opts to keep the funding increase at 9.6% per year, a schedule reducing the assumed rate of return from 7.65% to 7.5%, and a schedule that includes both the 9.6% per year and the reduction in rate of return to 7.5%. The actual return on investment this year was 6.3%. Ms. Byrne expects the Board to make a decision regarding funding the liabilities through the pension schedule at its next meeting. The pension payment percentage will continue to grow. If the goal for funding the pension liabilities by 2029 remains, it is going to be a challenge.

Councilor Blazar moved approval of the recommended budget of \$43,126,402, which includes Retirement. The motion carried unanimously. There are no Capital Improvement Projects included in the Comptroller's Department Budget.

Respectfully submitted,

Leonard J. Gentile, Chairman

Newton Public Schools

**Superintendent's Proposed
FY18 Budget**

**Presentation to City Council
April 25, 2017**

Newton Budget Pillars

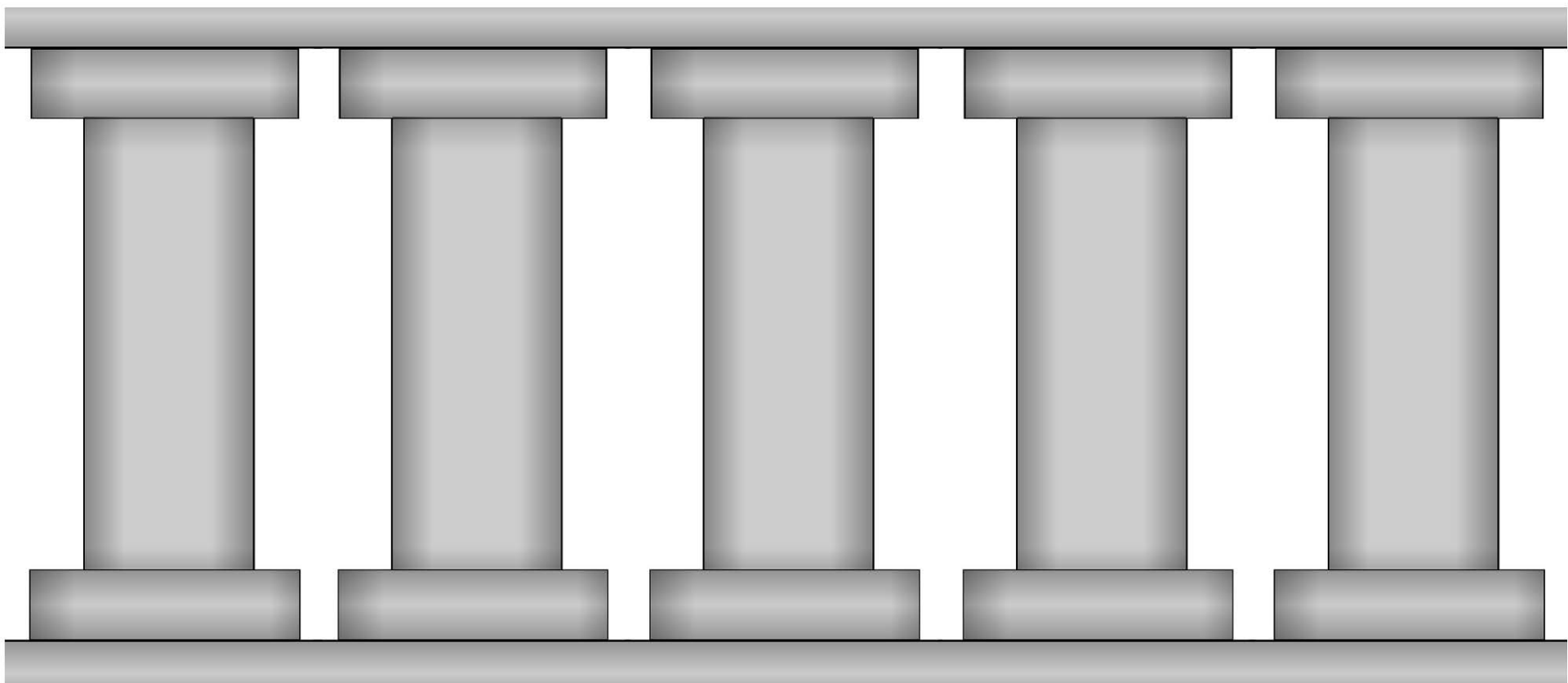
Program
Breadth

Class
Sizes

Facilities
Operations

Student
Services

Educational
Infrastructure



System Goals



**Academic
Excellence**

**Educational
Equity**

**Social &
Emotional
Learning**

**Improving &
Expanding
Facilities**

A Focus On Our Goals

- **Academic excellence**
 - Curriculum that inspires and engages
 - Continuous instructional improvement
- **Educational equity**
 - Narrow achievement gaps
 - Meet the needs of all learners
- **Social and emotional learning**
 - Create knowledgeable, responsible, caring, and contributing citizens
- **Facility improvement**
 - Continue advancing the long-range plan

Our Challenge

*To continue the **forward momentum** toward achieving key system goals and **preserve** the programs and supports we have built over the last several years, while **closing** a budget gap.*

Budget Process

- Manage and forecast the FY17 budget deficit and assess impact on FY18
- Collaborate with principals and central office to develop a shared framework to guide decisions
- Identify administrative efficiencies and restructuring opportunities
- Reduce non-personnel expenses to limit impact on school operations and instruction
- Abide by School Committee budget guidelines
- Work with City partners to identify budgetary savings and additional revenues

Proposed Budget

| | |
|--------------------|---------------------------|
| FY17 Budget | \$211,177,825 |
| FY18 Appropriation | \$219,436,486 |
| Increase | \$8,258,661 (3.9%) |

Additional Savings

| | |
|---------------------------------|---------------------|
| Bus Parking | \$150,000 |
| Health Insurance Holiday | \$1,200,000 |
| Total additional savings | \$1,350,000* |

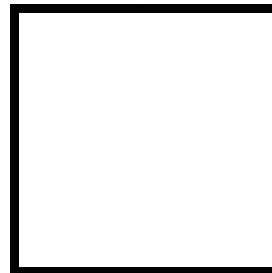
*The additional savings are primarily “one-time” funds and will be allocated over a two-year period in accordance with sound fiscal management principles.

What is Driving the Budget Gap?

| | |
|--------------------------------|----------------------|
| “Maintenance of Effort” Budget | \$221,558,390 |
| Budget Allocation | <u>\$219,436,486</u> |
| Initial Budget Gap | \$2,121,904 |

Rising Enrollment

alth Insurance



3 Key Questions

- What can we preserve?
- Given the context, what improvements can we make?
- What will we be unable to preserve next year?

Elementary Schools

Enrollment Increase +44

Preserve

- Low average class size K-3
- Small group instruction during literacy
- 4th grade instrumental music and 5th grade chorus
- Library classes for all students
- Mental health support
- Support of social-emotional learning

Improve

- Flexible behavioral support

Unable to
preserve

- Library staffing level
- 4th grade chorus
- Current number of Assistant Principals (.5 FTE)
- 4th/5th grade classes 19 or below
- Current number of classroom aides

Elementary Summary

| Reductions/additions in Teaching & Staffing | | FTE | |
|---|--------------|--------------|--------------------|
| Teachers to match enrollment shifts | | -5.0 | (\$309,500) |
| Literacy specialists | | -1.2 | (\$102,000) |
| Specialists to match enrollment shifts | | -0.4 | (\$24,760) |
| Library specialists | | -3.0 | (\$185,700) |
| Grade 4 chorus | | -0.5 | (\$30,950) |
| Add reserve teachers | | 1.0 | \$61,900 |
| | Total | -9.1 | (\$591,010) |
| Reductions in Elementary Administration | | FTE | |
| Assistant Principals | | -1.1 | (\$128,041) |
| | Total | -1.1 | (\$128,041) |
| Reductions in Elementary Support Positions | | FTE | |
| Class Size Aides to match enrollment | | -3.0 | (\$84,000) |
| Interns and university co-op students | | | (\$81,500) |
| | Total | -3.0 | (\$165,500) |
| | TOTAL | -13.2 | (\$884,551) |

Middle Schools

Enrollment Increase +12

Preserve



- Reasonable team size averages
- Middle school model, structure, and teams
- Academic support programs and interventions
- Music, art, technology, wellness, drama
- Guidance ratios
- Mental health support
- Support of social-emotional learning

Improve

- Opportunities for teacher leadership in math

Unable to
preserve

- Latin elective
- Increase in team size average (+1.75 students/team)
- Current level of math coaches


Middle School Summary

| Reductions/Additions in Teaching & Staffing | FTE | |
|--|-------------|--------------------|
| Team teachers to meet enrollment shifts | -2.0 | (\$123,800) |
| Latin teachers | -1.2 | (\$72,486) |
| Math coaches | -1.0 | (\$90,000) |
| Add math teacher leader stipends | | \$12,000 |
| Multi-team teachers | +0.8 | \$49,520 |
| TOTAL | -3.4 | (\$224,766) |

High Schools

Enrollment Increase +18 North, +56 South

Preserve

- 
- Student choice in course selection
 - Breadth of core and elective offerings
 - Elective courses in Art, Media Arts, Theatre, Music
 - Career, Vocational and Technical Education
 - Mental health supports
 - Interdisciplinary learning communities
 - Library access

Unable to
preserve

- Class size (e.g. increase # of classes > 25 students)
- Library staffing levels*

Additional library and teaching staff in our high schools.

High School Summary

| Reductions in High School Teaching Positions | FTE | |
|---|--------------|------------------|
| North | | |
| Classroom teachers or Library specialist | -0.6 | (\$37,450) |
| | | |
| South | | |
| Classroom teachers or Library specialist | -0.5 | (\$30,640) |
| | | |
| | Total | -1.1 |
| | | (-68,090) |

Teaching & Learning

Preserve



- Professional development for curriculum and instruction
- Support for social-emotional learning
- Coaching literacy, math and instructional technology
- Curriculum alignment and coherence
- Data informed instruction and intervention

Unable to
preserve

- Level of instructional leadership in all curriculum areas
- Teaching and learning support staff

Teaching & Learning Summary

| Reductions/Additions in Professional Staff | | FTE | |
|---|--------------|-------------|--------------------|
| Curriculum Coordinators | | -1.0 | (\$108,000) |
| Mentor Teacher Specialist | | -0.4 | (\$47,177) |
| Volunteer Coordinator | | -0.2 | (\$10,736) |
| Increase Global Programs Manager | | +0.2 | \$12,267 |
| | Total | -0.9 | (\$99,646) |
| Reductions in Learning Support Staff | | FTE | |
| Clerical Support | | -1.0 | (\$52,607) |
| Science Aide | | -0.3 | (\$17,978) |
| | Total | -1.3 | (\$70,585) |
| | Total | -2.2 | (\$170,231) |

Student Services

Preserve

- Robust and comprehensive programming to meet a wide range of student needs
- Co-taught model
- Social-emotional supports and services
- Guidance and counselor ratios

Improve

- Support for the Newton Early Childhood Program
- Specialized programming for students on the autism spectrum
- Flexible behavioral support

Unable to preserve

- Middle School assistant department head
- Current level of coordinator support

English Language Learning

- Preserve instruction and support for English Language Learners Department
- Reduce Department supervision

| Reductions/Additions in Teaching & Staffing | FTE | |
|--|-------------|-------------------|
| Increase ELL teachers | 1.0 | \$61,900 |
| Reduce ELL learning aides | -2.0 | (\$58,000) |
| Reduce ELL assistant director | -0.6 | (\$63,857) |
| Total | -1.6 | (\$59,957) |

Business, Finance & Planning

- Implement staff reorganization
- Reduce current staffing level

| Business, Finance and Planning Staff | FTE | |
|---|-------------|--------------------|
| Reorganize Business, Finance and Planning Staff | -1.0 | (\$117,974) |
| Reduce purchasing staff support | -1.0 | (\$47,793) |
| Total | -2.0 | (\$165,767) |

Administration/Operations

- Preserve current level of school-based custodial and clerical support
- Preserve current funding for charter maintenance
- Reduce current level of equipment and per pupil expenditure

Reduce District-wide Equipment and Office Budgets

| | |
|---|------------|
| Reduce equipment, office expenses and consultants | (\$72,763) |
|---|------------|

| | |
|-------------------------------------|------------|
| Reduce Per Pupil Allocation Budgets | (\$68,246) |
|-------------------------------------|------------|

| | |
|--------------|--------------------|
| Total | (\$141,009) |
|--------------|--------------------|

Information Technology

- Preserve current level of instructional and administrative support
- Support critical technology and equipment needs

Information Technology Equipment

| | |
|--|------------------|
| Add funding for new Student Information System (SIS) | \$150,000 |
| Add information technology equipment replacement | \$375,000 |
| Total | \$525,000 |

Key Budget Increases

- Increased budget categories to reflect cost increases, actual costs, federal/state funding changes, and adequate reserves

| Description of Budget Item | Cost |
|---|--------------------|
| Regular Transportation | \$493,380 |
| Special Education Transportation | \$468,072 |
| Tuition for placement & rate increases | \$507,280 |
| Reserve for special education | \$470,000 |
| Reserve for changes in state/federal funding and unanticipated expenses | \$409,200 |
| Long term substitute teaching budget (underfunded) | \$300,000 |
| Total | \$2,647,932 |

Fees

- Small fee increases due to increasing costs (incl. transportation) to off-set gap
- Priority remains on full participation, flexible financial waiver policies

| Description of Change | Detail | Cost/Savings |
|---|-------------------------------|------------------|
| Increase MS Athletic Fees \$20 | \$160 to \$180 | \$21,500 |
| Increase HS Athletic Fees \$25 | \$300/\$400 to \$325/\$425 | \$53,000 |
| Raise Gr. 6-12 Transportation Fees \$40 | \$310 to \$350 | \$52,500 |
| Raise Super Cap \$300 | \$1,200 to \$1,500 | \$22,500 |
| | Total | \$149,500 |

FTE Reductions

| | |
|--------------------------------------|-----------------|
| District & School Administration | 6.3 FTE |
| Teachers FTE (enrollment shifts) | 6.4 FTE |
| Teachers FTE (Program reductions) | 7.6 FTE |
| Aides FTEs | 6.3 FTE |
| FTE Reduction: | 26.6 FTE |
| <i><u>Initial FTE Reduction:</u></i> | <i>32.8 FTE</i> |
| <i>FTE Restored:</i> | <i>6.2 FTE</i> |

Restoration Allocation

Use of additional \$1,350,000 savings via “health holiday” and bus parking:

1. Non-recurring expenses: Central High School, Network/Technology Replacement, additional reserves
2. Library and High School Teachers over a two-year period

| Budget Item | Expense |
|-----------------------------|--------------------|
| FY18 staffing (6.2 FTE) | \$529,560 |
| FY18 non-recurring expenses | \$509,200 |
| FY19 staffing (4.2 FTE) | \$311,240 |
| Total | \$1,350,000 |

Summary

*Through **hard work and collaboration** in the face of significant challenges, we have arrived at a budget that will allow us to continue to provide a **high quality educational experience** to the more than 13,000 students in the Newton Public Schools.*

NEWTON PUBLIC SCHOOLS

100 Walnut Street, Newtonville, MA 02460

AREA CODE (617) 559-9025

Memorandum

TO: City Council
School Committee

FROM: Liam Hurley, Assistant Superintendent/Chief Financial and Administrative Officer

DATE: May 5, 2017

RE: FY18 School Committee Approved Budget Additional Information:
Use of Fee Revenue – History since FY04

As requested by City Council, attached is a history of the use of fee revenue to offset costs in the Newton Public Schools.

Fees for middle school and high school athletics were the first fees instituted in the district. Bus fees were the next that were introduced and started at \$180 per student; bus fees were adjusted several times in the upcoming years both in terms of level and policy (whether or not K-5 students were subject to the fee). In the eight years between FY04 and FY11, bus and athletics fee levels were adjusted four times, by small increments. In FY09, instrumental music fees were introduced. In FY12, user fees were expanded to help address a budget shortfall. Following the 2013 override, a number of fees were reduced in FY14 and FY15. Fees have either been lowered or have remained the same for the past five years. Confidential financial waivers are available when fees are a barrier to participation, or special circumstances exist for the student or family.

For the past twelve years, the percentage of the school operating budget that has been offset by fees has been consistently around 1%. The highest years were FY13 and FY14 when the percentage offset was 1.3% and 1.4%. The FY18 budgeted fee offset is 1.1% of the total operating budget, comprising \$2,508,927 in additional support for the schools.

FY18 Transportation-related fee increases in context

FY18 bus fees, increased by \$40 to \$350, are projected to offset 16% of total transportation costs. Since FY04, bus fees have offset total bus costs by an average of 21%. For high school athletics, since FY12 with fee levels set at \$300 per sport, fee revenue has offset 40% of direct program costs, on average. The fee adjustments for high school athletics (+\$25) in FY18 help maintain this level of support and keep pace with increasing costs for transportation to games. For middle school athletics, adjusted fees in FY18 (+\$20) will continue to cover most costs for coaching. Other program costs such as bus transportation, officials, and equipment are supported exclusively by the operating budget.

HISTORY OF FEE OFFSETS USED IN OPERATING BUDGET, FEE REVENUE, FEES ASSESSED SINCE 2003-04 (FY04)

| Fees | FY04 | FY05 | FY06 | FY07 | FY08 | FY09 | FY10 | FY11 | FY12 | FY13 | FY14 | FY15 | FY16 | FY17 | FY18 |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| User Fees*: | | | | | | | | | | | | | | | |
| Bus Transportation | | | | | | | | | | | | | | | |
| % Offset (School Buses) | 20% | 18% | 14% | 16% | 15% | 16% | 19% | 19% | 35% | 36% | 28% | 22% | 22% | 17% | 16% |
| Fee revenue | \$363,240 | \$334,206 | \$267,670 | \$292,185 | \$278,600 | \$314,483 | \$359,242 | \$364,512 | \$479,660 | \$500,657 | \$514,828 | \$406,235 | \$421,551 | \$410,000 | \$462,522 |
| Fee changes (ret. activity, family, etc.) | \$180/\$360 | \$180/\$360 | \$180/\$360 | \$200/\$400 | \$220/\$440 | \$220/\$440 | \$260/\$520 | \$260/\$520 | \$310/\$620 | \$310/\$620 | \$310/\$620 | \$310/\$620 | \$310/\$620 | \$310/\$620 | \$350/\$700 |
| <i>Fee policy changes:</i> | New | | No K-5 fee | | | | | | Added K-5 | | | | | | |
| High School Athletics | | | | | | | | | | | | | | | |
| % Offset (Athletics Expense) | 23% | 23% | 28% | 31% | 30% | 34% | 33% | 32% | 42% | 41% | 39% | 44% | 39% | 38% | 40% |
| Fee revenue ¹ | \$284,333 | \$298,072 | \$348,306 | \$393,938 | \$387,373 | \$446,576 | \$471,337 | \$483,452 | \$655,037 | \$641,405 | \$615,224 | \$716,245 | \$657,015 | \$693,035 | \$738,740 |
| Fee charged | \$125/\$375 | \$125/\$375 | \$150/\$450 | \$180/\$540 | \$180/\$540 | \$210/\$630 | \$210/\$630 | \$210/\$630 | \$300/\$900 | \$300/\$900 | \$300/\$900 | \$300/\$900 | \$300/\$900 | \$300/\$900 | \$325/\$975 |
| Middle School Athletics | | | | | | | | | | | | | | | |
| % Offset (Coaches Expense) ³ | 51% | 45% | 70% | 56% | 55% | 83% | 89% | 83% | 82% | 96% | 95% | 77% | 72% | 74% | 82% |
| Fee revenue | \$75,684 | \$67,701 | \$106,476 | \$90,700 | \$85,395 | \$130,545 | \$139,619 | \$136,252 | \$175,984 | \$178,040 | \$163,928 | \$153,860 | \$171,935 | \$151,483 | \$172,983 |
| Fee charged | \$70/\$210 | \$70/\$210 | \$90/\$270 | \$90/\$270 | \$90/\$270 | \$120/\$360 | \$120/\$360 | \$120/\$360 | \$160/\$480 | \$160/\$480 | \$160/\$480 | \$160/\$480 | \$160/\$480 | \$180/\$540 | \$180/\$540 |
| Middle School Student Activity | | | | | | | | | | | | | | | |
| % Offset (Extra Assignments) | | | | | | | | | New | | | | | | |
| Fee revenue | | | | | | | | | \$41,881 | \$33,366 | \$30,440 | \$27,040 | \$33,260 | \$33,380 | \$33,380 |
| Fee charged | | | | | | | | | \$60-\$100 | \$60-\$100 | \$60-\$100 | \$60-\$100 | \$60-\$100 | \$60-\$100 | \$60-\$100 |
| <i>Fee policy changes:</i> | | | | | | | | | New | | | | | | |
| High School Drama | | | | | | | | | | | | | | | |
| % Offset (Specialist Expense) | | | | | | | | | 55% | 38% | 32% | 36% | 34% | 42% | 41% |
| Fee revenue | | | | | | | | | \$10,160 | \$20,775 | \$21,050 | \$31,395 | \$28,530 | \$33,450 | \$33,450 |
| Fee charged | | | | | | | | | \$150/\$450 | \$150/\$450 | \$150/\$450 | \$150/\$450 | \$150/\$450 | \$150/\$450 | \$150/\$450 |
| <i>Fee policy changes:</i> | | | | | | | | | New | | | | | | |
| Grade 4/5 Instrumental Music | | | | | | | | | | | | | | | |
| % Offset (Specialist Expense) | | | | | | | 8% | 10% | 18% | 18% | 13% | 12% | 9% | 10% | 10% |
| Fee revenue | | | | | | | \$90,963 | \$106,059 | \$173,040 | \$178,062 | \$131,341 | \$121,736 | \$101,504 | \$101,800 | \$101,800 |
| Fee charged | | | | | | | \$150 | \$200 | \$200 | \$200 | \$150 | \$150 | \$150 | \$150 | \$150 |
| <i>Fee policy changes:</i> | | | | | | | | | Added Gr. 5 | | | | | | |
| All City Music Ensembles | | | | | | | | | | | | | | | |
| % Offset (Specialist Expense) | | | | | | | | | 86% | 96% | 87% | 84% | 67% | 56% | 62% |
| Fee revenue | | | | | | | | | \$20,650 | \$25,350 | \$18,435 | \$10,561 | \$10,200 | \$10,400 | \$10,400 |
| Fee charged | | | | | | | | | \$200 | \$200 | \$200 | \$150 | \$150 | \$150 | \$150 |
| <i>Fee policy changes:</i> | | | | | | | | | | | | | | | |
| Total User Fees | \$360,018 | \$365,773 | \$454,783 | \$776,823 | \$751,368 | \$970,199 | \$1,061,161 | \$1,090,275 | \$1,556,412 | \$1,577,655 | \$1,495,246 | \$1,467,072 | \$1,423,995 | \$1,433,548 | \$1,553,275 |
| Fees-for-service: | | | | | | | | | | | | | | | |
| Early Morning Program | | | | | | | | | | | | | | | |
| Fee revenue | | | | | | | | \$84,548 | \$96,014 | \$144,078 | \$146,424 | \$192,794 | \$262,706 | \$188,776 | \$188,776 |
| Fee charged | | | | | | | | \$8/hour | \$12/hour | \$12/hour | \$12/hour | \$12/hour | \$12/hour | \$12/hour | \$12/hour |
| Newton South Parking | | | | | | | | | | | | | | | |
| Fee revenue | | | | | | | \$50,918 | \$50,900 | \$47,080 | \$50,140 | \$47,430 | \$51,463 | \$50,844 | \$49,600 | \$49,600 |
| Fee charged | | | | | | | \$400 | \$400 | \$310 | \$310 | \$310 | \$310 | \$310 | \$310 | \$310 |
| Use of School Buildings | | | | | | | | | | | | | | | |
| Fee revenue | | | | | | | \$441,417 | \$520,201 | \$552,789 | \$651,133 | \$687,703 | \$717,803 | \$746,323 | \$717,276 | \$717,276 |
| Fee charged | | | | | | | | | | | | | | | |
| <i>Fee policy changes:</i> | | | | | | | | | | | | | | | |
| Total Fees-for-service | \$492,504 | \$419,899 | \$399,261 | \$571,060 | \$560,950 | \$516,885 | \$492,335 | \$655,649 | \$695,883 | \$845,351 | \$881,557 | \$962,060 | \$1,059,873 | \$955,652 | \$955,652 |
| Total Fees | \$785,672 | \$785,672 | \$854,044 | \$1,347,883 | \$1,312,318 | \$1,487,084 | \$1,553,496 | \$1,745,924 | \$2,252,295 | \$2,423,006 | \$2,376,803 | \$2,429,132 | \$2,483,867 | \$2,389,200 | \$2,508,927 |
| % of Operating Budget | | | 0.6% | 1.0% | 0.9% | 0.9% | 0.9% | 1.0% | 1.3% | 1.4% | 1.3% | 1.2% | 1.2% | 1.1% | 1.1% |

*Most fees are user fees which offset the direct costs associated with extra- and co-curricular programs essential to K-12 education - fees reduce the net costs of programs in the school operating budget and are not used for other purposes. Fees-for-service revenue is associated with school related activities and also offsets school operating costs.

1) Football, Hockey, and Alpine Ski (as of 2017-18) have a higher fee (plus \$100) due to the additional costs associated with these teams (e.g. coaching staff, ice rental, mountain race fees)

2) The fee structure was modified while the fee amount stayed the same resulting in fewer students being subject to the fee.

3) Middle School Athletics fees are used to offset Coaches expense. Coach expense represents only a portion of total expenses associated with the middle school athletics program. Other significant expenses include bus transportation, officials and supplies/equipment.