



Town of Arlington, Massachusetts
730 Massachusetts Ave., Arlington, MA 02476
Phone: 781-316-3000

webmaster@town.arlington.ma.us

Budget Minutes 05/21/2008

Approved by Subcommittee June 17, 2008

*The Arlington School Committee
Budget Subcommittee Meeting
Wednesday, May 21, 2008*

Members present:

Ron Spangler, Chair
Joe Curran

Member absent:

Denise Burns was unable to attend due to business travel.

Also present:

Richard Fanning, Finance Committee
Mary Ronan, Finance Committee
Annie LaCourt, Board of Selectmen
Barbara Goodman, Stand for Children
Cindy Starks, Stand for Children
Ren Johns, Stand for Children
Nate Levenson, Superintendent
Sue Mazzarella, Chief Financial Officer

The meeting was called to order at 5:02 PM.

On a motion by Mr. Curran, seconded by Mr. Spangler, it was VOTED 2-0 to approve the minutes of the April 22 Budget Subcommittee meeting.

Special education budgeting

Mr. Spangler explained that Town Meeting was about to take up Article 77, in which ten registered voters ask for a change to the revenue distribution formula used in the five year plan so that budgeted Special Education costs, currently capped at 4% growth along with the rest of the school budget, would change to a 7% cap. Mr. Spangler noted that the Board of Selectmen and Finance Committee had recommended No Action on this article, and suggested that the School Committee needed to adopt a position on it as well. Mr. Spangler moved that the subcommittee recommend the following resolution to the full committee for adoption at its May 27th regular meeting:

THE SCHOOL COMMITTEE RESOLVES:

1. To support the Board of Selectmen's recommended vote of No Action on Article 77 of the 2008 Annual Town Meeting, consistent with the 2005 School Committee vote endorsing the present Fiscal Stability Plan; but
2. That the next Fiscal Stability Plan should acknowledge that Special Education costs are largely non-discretionary, and therefore should account for realistic growth rates in Special Education costs when fixing the School Department's bottom line operating budget; and
3. That the Arlington Public Schools will continue to work to control growth in Special Education costs to the extent possible, while at the same time continuing to meet our obligations to the children of Arlington who require these special services.

Mr. Spangler reviewed the O'Neil formula that had been used to allocate revenues prior to FY06. Under O'Neil, out of district Special Education tuitions had not been part of the school department budget, but rather had been treated like health insurance and pensions. He noted that the five year plan continues to treat health insurance as an "off-budget" item for the Town and Schools, but all Special Education is now on-budget on the schools side. Mr. Levenson said this change has had a negative impact on the overall school budget in the ensuing fiscal years.

Mr. Spangler reviewed the Special Education budget history from the School Committee's FY08 budget book (Exhibit A). This shows average annual growth of 13% in out of district tuitions. It also shows a significant increase in in-district cost growth starting in FY06.

Mr. Fanning asked when the Department of Education cited the district for noncompliance with Special Education regulations. Mr. Levenson said it was just prior to FY06. He suggested cost growth rates from FY06 have been influenced both by the cost of coming into compliance and by an increase in the severity of the services needed by the student population. Ms. Mazzarella reviewed a new series of cost data (Exhibit B) that captures costs not otherwise captured in DOE end of year reports which had been used to create the data Mr. Spangler presented. With this more comprehensive accounting, she noted that Special Education spending had grown to over 30% of the operating budget by FY07. Mr. Spangler noted that the right "denominator" for this calculation is probably the total school budget (operating plus other revenues).

Mr. Levenson remarked that regardless of the calculation used, Special Education is clearly a large and growing fraction of the school budget. 17-18% of Arlington's students receive some sort of special education services, and neither this percentage nor the budgeted dollars are out of line with state averages.

Mr. Fanning said that the Finance Committee understands this problem, and has talked about it. Mrs. Ronan said she has told the committee that something has to be done.

Ms. LaCourt said that the next five year plan must be more realistic in terms of forecasting state aid and accounting for health insurance and special education cost growth. She remarked

that Article 77 was about whether to make some change in 2010 (current plan) or 2011 (next plan), and that the Board had felt "a deal's a deal" as far as the existing plan is concerned.

Mr. Spangler noted that the School Committee in 2005 had voted to accept the current five year plan and that he felt it incumbent upon the committee to stick to that vote. But he agreed that something must be done differently in the next plan, and noted that his proposed resolution so states.

Ms. Goodman expressed concern that the next plan will not start in 2011, but that there will instead be a "Year 6" of the five year plan. She noted that there are not enough reserves forecasted to carry even the existing 4% budget increases into "Year 6", and was concerned that this, plus the inadequate accommodation for Special Education, would in effect put the school budget in a bigger hole starting the next five year plan (aka in year 7).

Ms. LaCourt asked whether not making any change in FY10 would mean the school department is cutting things that it won't get back in the next five year plan. She asked the School Committee and the Superintendent to come to the June 26th town wide summit prepared to discuss that topic.

Mr. Spangler noted that his motion had not been seconded, and asked Mr. Curran if he would support it. Mr. Curran said he was not comfortable with making any recommendation to the full committee.

On a motion by Mr. Curran, seconded by Mr. Spangler, it was VOTED 2-0 to adjourn the meeting at 5:58 PM.

FY08 S.C. budget back
April 2007

Arlington Public Schools Special Education Trends

Year	In House Special Education Spending	Out of Dist SPED Tuition	Total SPED Spending	School Operating Budget	% of Budget SPED	Yr/Yr Increase Total Sped Exp	Increased \$'s Since 2005
1998	2,978,642	1,552,040	4,530,682	24,697,382	18.3%	2.2%	
1999	3,075,963	1,789,481	4,865,444	26,241,453	18.5%	7.4%	
2000	3,238,431	1,874,897	5,113,328	27,901,358	18.3%	5.1%	
2001	3,111,861	2,504,848	5,616,709	29,628,766	19.0%	9.8%	
2002	3,233,874	2,747,680	5,981,554	31,470,185	19.0%	6.5%	
2003	3,394,675	3,031,486	6,426,161	31,841,153	20.2%	7.4%	
2004	3,189,690	3,479,850	6,669,540	29,995,980	22.2%	3.8%	
2005	3,434,813	3,740,448	7,175,261	32,432,812	22.1%	7.6%	\$0
2006	3,949,417	4,409,434	8,358,851	34,280,902	24.4%	16.5%	\$1,183,590
2007e	4,473,345	4,800,000	9,273,345	35,319,943	26.3%	10.9%	\$2,098,084
2008e	5,100,976	5,242,000	10,342,976	36,775,603	28.1%	11.5%	\$3,167,715

Source: DOE, End of Year State Reports
expenses do not include out of district transportation
2008 figure includes new SPED In-House programs (\$205,000)

1 yr lag.

circuit breaker

Ron S. analysis

Year	In House	yoy	OOD	yoy	total	yoy
1998	2979		1552		4531	
1999	3076	3.3%	1789	15.3%	4865	7.4%
2000	3238	5.3%	1875	4.8%	5113	5.1%
2001	3112	-3.9%	2505	33.6%	5617	9.9%
2002	3234	3.9%	2748	9.7%	5982	6.5%
2003	3395	5.0%	3031	10.3%	6426	7.4%
2004	3190	-6.0%	3480	14.8%	6670	3.8%
2005	3435	7.7%	3740	7.5%	7175	7.6%
1999-2005 avg annual		2.2%		13.7%		6.8%
2006	3949	15.0%	4409	17.9%	8358	16.5%
2007	4473	13.3%	4800	8.9%	9273	10.9%
2008	5101	14.0%	5242	9.2%	10343	11.5%
2006-2008 avg annual		14.1%		12.0%		13.0%
1999-2008 avg annual		5.7%		13.2%		8.7%

ARLINGTON PUBLIC SCHOOLS - SPECIAL EDUCATION EXPENDITURES

DEPARTMENT OF EDUCATION DATA - WWW.FINANCE1.DOE.MASS.EDU								SCHOOL OPERATING BUDGET				
						Total	Special	SPED 94-142	SPED	Total SPED	Town	SPED
		Other	Mass. Public	Mass Private	Combined	Expenditures	Education	Early Child	Transport	Spending	Revenue	Spending
		Schools and	Schools and	and Out-of-	Special Ed	Schedule 19	Percentage	SPED Improv	Outside	w/ Grants &	Operating	Operating
FY	Teaching	Instructional	Collaboratives	State Schools	Expenditures	(Town/Sch)	of Budget	Grants	District	Transport	Budget	Budget
1998	\$2,411,854	\$666,788	\$615,489	\$936,551	\$4,530,682	\$28,989,129	15.6 %					\$24,697,382
1999	\$2,444,072	\$631,891	\$740,206	\$1,049,275	\$4,865,444	\$30,795,464	15.8 %					\$26,241,453
2000	\$2,543,699	\$694,732	\$725,622	\$1,149,275	\$5,113,328	\$33,010,472	15.5 %					\$27,801,358
2001	\$2,528,575	\$683,286	\$945,680	\$1,559,168	\$5,616,709	\$34,949,868	16.1 %					\$29,628,766
2002	\$2,727,250	\$606,624	\$1,013,177	\$1,734,503	\$5,981,554	\$36,359,985	16.5 %					\$31,470,185
2003	\$2,750,312	\$644,363	\$1,318,187	\$1,713,299	\$6,426,161	\$37,547,885	17.1 %	\$1,040,000	\$462,983	7,919,144	\$31,841,153	24.9 %
2004	\$2,681,872	\$507,818	\$1,214,931	\$2,264,919	\$6,669,540	\$36,274,784	18.4 %	\$1,056,879	\$362,941	8,089,360	\$29,995,980	27.0 %
2005	\$2,912,510	\$522,303	\$1,760,295	\$1,980,153	\$7,175,261	\$39,972,260	18.0 %	\$1,180,465	\$514,836	8,870,562	\$32,432,812	27.4 %
2006	\$3,460,240	\$489,177	\$1,735,322	\$2,674,112	\$8,358,851	\$44,265,749	18.9 %	\$1,178,949	\$307,171	9,844,971	\$34,280,902	28.7 %
2007	\$4,092,649	\$869,765	\$1,718,548	\$2,532,680	\$9,213,642	\$46,933,507	20.1 %	\$1,237,561	\$345,811	10,797,014	\$35,219,943	30.6 %

ARLINGTON CIRCUIT BREAKER

	Net Claim	YY	Foundation	\$ Chg
FY05 reimbursement	\$861,149		\$29,320	
FY06 reimbursement	\$933,139	8.4%	\$31,376	\$2,056
FY07 reimbursement	\$1,066,169	14.3%	\$31,616	\$240
FY08E reimbursement	\$1,232,323	15.6%	\$33,700	\$2,084
FY09E reimbursement	\$1,327,879	7.8%	\$35,408	\$1,708

State Average = 19.4%

Special Education Expenditures

SPED Expenditures: includes only those expenses that can be related specifically to special education pupils. Other instructional includes supervisory, textbooks and instructional equipment, guidance and psychological services. Mass Public Schools and Collaboratives includes other public school districts, collaboratives, and charter schools. Thru FY03, Mass Private and Out-of-State Schools includes only the local share of residential programs (50 percent of the cost was paid directly to those schools by the Commonwealth). Beginning in FY04, the 50 percent reimbursement was replaced by the circuit-breaker program, which reimburses the districts directly. The tuition shown in this column now represents 100% of the district cost. Spending from state circuit-breaker funds is included. Otherwise, spending from grants, revolving funds, or other non-appropriated revenue sources (totalling less than 4% of total special education spending statewide) is excluded.

Total School Expenditures

Through FY03, "Total School Operating Budget" equals Chapter 70 actual "Net School Spending". Beginning in FY04, circuit-breaker revenues are added to the net school spending amount balance because the circuit-breaker program is included in the special education columns, but not in net school spending. Operating budget includes municipal indirect spending for schools but excludes capital expenditures and transportation. Other than circuit-breaker spending, operating budget does not include expenditures from grants, revolving funds, or other non-appropriated revenue sources.

EOYDOE classifications, chart of accounts have been modified during the above time period. Internal reporting interpretations may have shifted during the above time period.