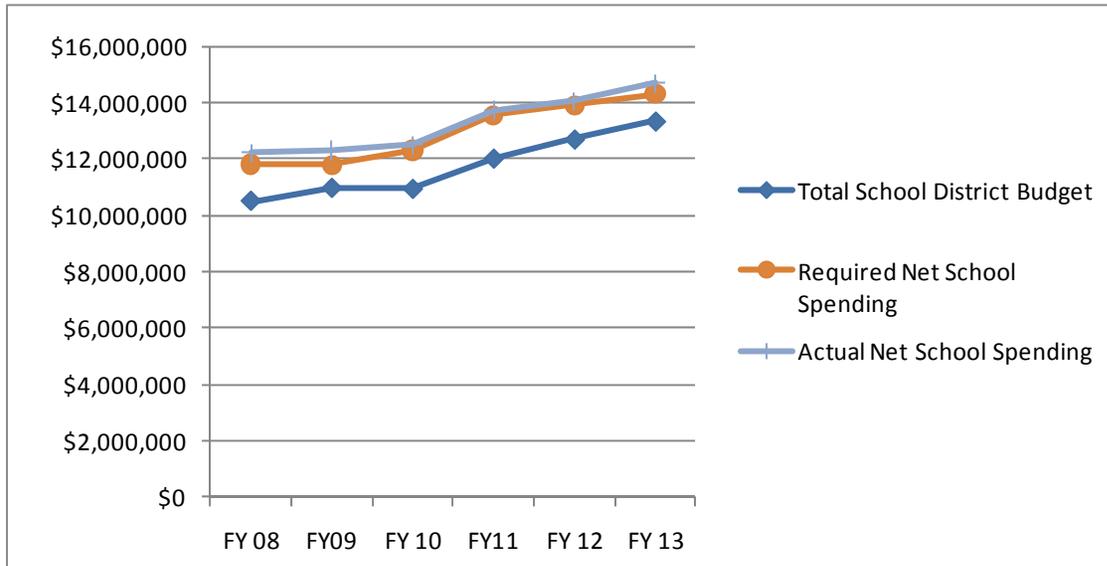


Multi-Year Budgeting Issues

1. The Funding Cliff:

The uncertainty of long-term revenue streams and the desire to instill some predictability into the budget process has led the Georgetown School Committee to begin budgeting for the next fiscal year while attempting to look ahead two to three years at a minimum. The Committee started this process last year when it made the commitment to carryover more than half of the State Fiscal Stabilization Fund grant into FY 2011. The below graph shows the growth curve that the Committee has been looking at as it deliberates the FY 11 budget:



The Georgetown Public Schools, like the state, has a structural deficit. It relies on the state for a significant portion of its revenue and if the state fails to increase state aid or worse, reduced state aid, the district has little choice but to freeze budgets and redirect expenditures with a focus on children’s instruction and legal mandates as its first priorities.

Circuit Breaker, the reimbursement for up to 75% of the prior year’s high cost special education students, is a prime example. This year Georgetown lost over (\$170,000) when the reimbursement rate was reduced from 75% to 40%.

The funding cliff is not restricted to the budget however. Special funds like School Choice and Athletics are also becoming hard to sustain. The District will need to remove teachers currently funded from Choice funds into the operating budget as these funds, intended for one-time expenditures, cannot support the recurring costs such as employee wages. Athletic expenditures for coaches, officials, supplies, and transportation increase annually, yet there have been no significant increase in revenue to this account in over two years.

State grants are also going down, or in some cases being eliminated. Our health grant was eliminated mid-year, and our kindergarten grant is no longer sufficient to cover the entire cost of our full-time aides.

Of course, the largest “cliff” that we face is the loss of the stimulus funds. It is for this reason that the administration will be proposing to bring back into the budget many of the positions saved or funded with stimulus funds. These funds would become available for one-time expenditures in FY 2011, which could include things such as curriculum purchases, technology priorities outlined in the district’s technology plan, or to address maintenance issues.

2. FY 2011 Budget Considerations:

The estimated Net School Spending Requirements are shown on the next page. The reason they are considered estimated at this time is that in the past during the budget process, the formula has been altered, affecting the calculation.

**Massachusetts Department of Elementary and Secondary Education
FY11 Chapter 70 Summary**

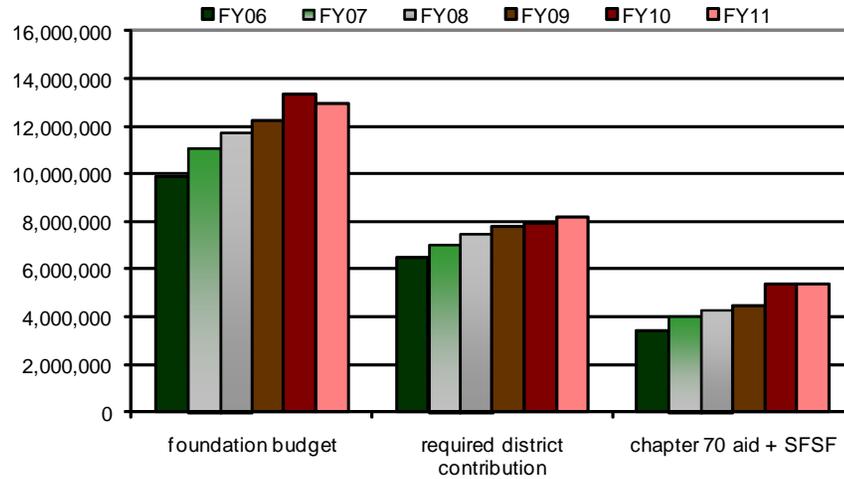
105 GEORGETOWN

Aid Calculation FY11

Prior Year Aid	
1 Chapter 70 aid FY10 +SFSF	5,382,244
Foundation Aid	
2 Foundation budget FY11	12,957,759
3 Required district contribution FY11	8,162,389
4 Foundation aid (2 -3)	4,795,370
5 Increase over FY10 (4 - 1)	0
Non-Operating District Reduction to Foundation	
6 Non-operating district reduction to foundation	0
Chapter 70 Aid FY11	
sum of lines 1+5, minus line 6	5,382,244

Comparison to FY10

	FY10	FY11	Change	Pct Chg
Enrollment	1,581	1,571	-10	-0.63%
Foundation budget	13,336,300	12,957,759	-378,541	-2.84%
Required district contribution	7,954,056	8,162,389	208,333	2.62%
Chapter 70 aid	4,356,024	5,382,244	1,026,220	23.56%
Required net school spending (NSS)	12,310,080	13,544,633	1,234,553	10.03%
SFSF Grant	1,026,220	0	-1,026,220	-100.00%
Chapter 70 plus stabilization aid target aid share	5,382,244	5,382,244	0	0.00%
	38.47%	37.09%		
C70 & SFSF as % of foundation	40.36%	41.54%		
Required NSS plus SFSF	13,336,300	13,544,633	208,333	1.56%
Req NSS & SFSF % of foundation	100.00%	104.53%		



As you can see, Georgetown's required Net School Spending increases a combined total of \$1,234,533, of which a little over \$1,026,000 is proposed by the Governor to be funded by an increase in Chapter 70 aid.

Per Pupil Expenditures

Based on 2008 figures (the latest data available) Georgetown ranks 328th out of 328 school districts in Per Pupil Expenditures. Per Pupil expenditures are calculated by taking all eligible Net School expenditures for a community and dividing that number into the Foundation Enrollment. The figures are further broken down by certain functional areas, such as instructional leadership, classroom and specialist teachers, and the like. It is intended as a means of comparing district expenditures in an apples to apples manner to the extent such comparisons are possible.

What does PPE do?

- **It allows similar sized districts to compare the general level of spending that they incur.**
- **It allows comparisons in functional areas that can provide a starting point for analysis.**
- **It can provide partial, but not complete guidance, into areas that a school district may wish to devote more resources to.**
- **It can provide partial, but not complete guidance, into areas that a school district may wish to investigate for cost control.**

What does PPE not do?

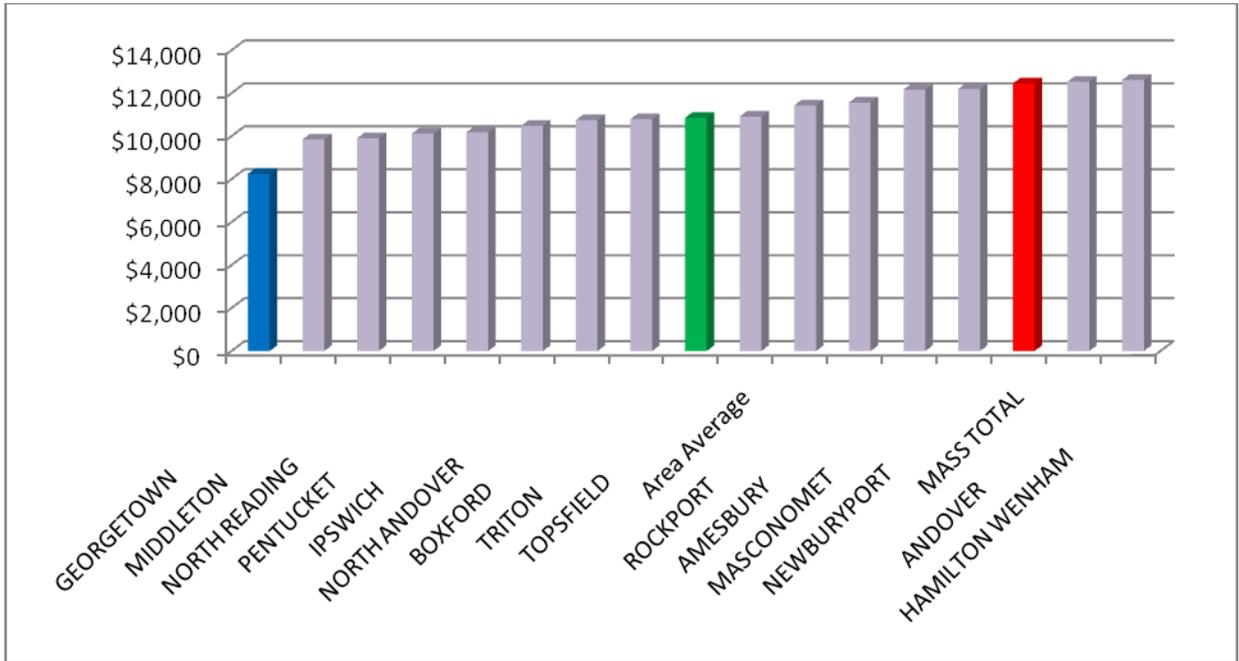
- **It does not assess the quality of instruction.**
- **It does not assess the quality of curriculum.**
- **It does not assess the quality of assessment.**
- **It does not correlate directly to whether a child's education might be better or worse in one district over another.**

In the chart below, this is how we compare to other school districts that the state feels are comparable to Georgetown. Note that based on 1999 census data Georgetown ranked in the top 20% of median household incomes.

FY 2008 Per Pupil Expenditure Comparison (source: DESE Website, 1-26-10)										
LEA	District	Grade Structure	Equalized Property Valuation (EQV) Per Pupil 2006	District Hi-Low Rank in EQV (out of 328)	Median Household Income 1999	District Hi-Low Rank in Income (Out of 328)	Average Rank in Wealth (Hi to Low)(Out of 328)	Total FTE Pupils	Total Expenditures	Expenditures Per Pupil
105	Georgetown	K-12	\$163,689	127	\$76,260	51	89	1,752	\$14,442,783	\$8,243
331	Westport	K-12	\$212,960	71	\$55,436	163	117	1,161	\$16,687,492	\$9,530
290	Sutton	K-12	\$147,395	162	\$75,141	55	109	1,735	\$16,891,737	\$9,739
144	Ipswich	K-12	\$207,693	74	\$57,284	143	109	2,126	\$21,653,369	\$10,186
164	Lynnfield	K-12	\$221,975	66	\$80,626	41	54	2,349	\$24,135,530	\$10,276
158	Littleton	K-12	\$179,371	106	\$71,384	63	85	1,754	\$19,913,330	\$11,357
252	Rockport	K-12	\$253,966	49	\$50,661	206	128	1,109	\$12,687,338	\$11,436
675	Hamilton-Wenham	K-12	\$187,918	93	\$77,877	48	71	2,110	\$26,615,742	\$12,616
698	Manchester-Essex	K-12	\$338,493	27	\$67,670	83	55	1,408	\$18,306,454	\$12,998
172	Mashpee	K-12	\$353,336	23	\$50,871	202	113	1,971	\$25,915,775	\$13,150
197	Nantucket	K-12	\$1,715,415	1	\$55,552	162	82	1,287	\$26,709,351	\$20,760

A more graphical representation and comparison to districts in our region can be seen in the following graph:

Georgetown Public Schools – Multi-Year Budgeting Strategy



To move up one rank in the state (to 327th) Georgetown would need to spend an addition \$324,000 in 2008 dollars, To move up one rank in our region, the District would need to spend an additional \$2,255,000 in 2008 dollars.

Increasing a district’s per pupil expenditures can occur in one of two ways. Expenditures can increase at a rate greater than the increase in the student population, or the expenditures can remain level while the student population drops. The greater challenge is to direct the expenditures in such a manner as to improve the education for all children while being prudent in the planning and decisions made in both the short and long-term.