

## **Rye School District Executive Summary**

This Executive Summary is prepared to serve as an overview of the process and highlights of the Rye School District's proposed budget for the fiscal year July 1, 2017 through June 30, 2018.

Currently there are approximately 430 students in grades K-8 who attend the Rye School District's two (2) public schools. There are currently approximately 176 high school students who are tuitioned to Portsmouth High School. In addition, the Rye School District tuitions to the SAU 50 Community Pre-School children ages three (3) to five (5) when necessary.

The operating budget of the Rye School District is comprised of four (4) major funds, the General Fund, Special Revenue Fund, Food Service Fund and Trust Fund. The General Fund is the largest fund and consists of a self-balancing set of accounts recording cash and other financial resources together with all related expenditures, liabilities and fund balances. The Special Revenue Fund is composed of both federal and private grants that are received by the District. Special Revenue funds may only be used for the purpose of carrying on specific activities in accordance with local Board policy, State law and federal requirements. The Food Service Fund is an enterprise fund and accounts for all of the revenue and expenditure transactions of the Food Service Program. An annual profit/loss statement is generated for this fund. The Trust Fund is the repository for all funds approved as Expendable Trust Funds under the control of the Rye School Board. Currently, there are three (3) expendable trusts, the Special Education Expendable Trust, Tuition Expendable Trust Fund, and the School Building and Grounds Expendable Trust. As in compliance with State law, all trust funds are in the accounts of the Trustees of the Trust Funds for Rye.

The process for the preparation of the budget begins with all staff members requesting items to be included in the budget by preparing budget requisition sheets detailing items requested, rationale for the request and the cost associated with the request. All budgetary accounts are prepared under the premise of a zero base budgeting process.

The budgeting process begins with all staff completing budget requisition forms for the materials/equipment that they are requesting appropriations for in the forthcoming budget. Then the Building Principal meets with all staff members to review each individual staff member's budgetary request(s). After reviewing the request(s), the Building Principal may add, delete or modify the budgetary request(s) for the proposed budget. The Superintendent, Assistant Superintendent and the Business Administrator reviews with the Building Principals the budget requisitions received from the building and decisions are made on which items are to be included in the proposed budget for the preliminary or initial review by the Board.

For special education requests, the budgetary process is similar to the non-special education requests, whereby special educators develop requests on budget requisition sheets. These staff members then meet with the LEA Coordinator, Building Principal and Special Education Director where the budget requests are reviewed and may be added, deleted or modified. The LEA Coordinator and Special Education Director then meet with the Business Administrator before the final inclusion of any budgetary requisitions into the proposed budget for the preliminary review by the Board.

Salaries and benefits are included in the preliminary budget in accordance with the Collective Bargaining Agreements (CBA). There is a CBA for the certified (teaching) staff and a different CBA for the support

staff. Salaries and benefits for the administrators are reviewed and approved by the Board for inclusion in the budget upon the recommendation(s) of the Superintendent of Schools after he has met and discussed the salaries/benefits/issues with the Building Principals.

The Board, in mid-November, generally meets for one (1) or two (2) days to review the proposed preliminary budget with the administration. At the end of the sessions the Board deliberates on all areas of the budget and any proposed warrant articles, if applicable, to arrive at a proposed budget. After the Board approves the proposed budget, the proposed budget is then forwarded to the Budget Committee for review and consideration.

**NOTE: As of the printing of this report, contract negotiations between the Rye School District and the Rye Educational Support Personnel Association (RESPA) had not reached a tentative work agreement for 2017-2018. Under State law, all additional cost items must be placed in a separate warrant article for approval by the residents. This proposed 2017-2018 budget does not contain any additional appropriations for the teaching staff.**

Budget Highlights

- The proposed Rye School District gross operating budget for 2017-2018 is \$14,020,044 before warrant articles. This is a \$523,660 increase or 3.88% over the 2016-2017 budget.
- The district assessment, which is the budget amount less revenues and credits, is projected to be \$13,409,404. The district assessment is \$1,041,114 or 8.42% more than the assessment for 2016-2017.
- The following chart illustrates the last five (5) years of the gross operating budget and percent change:

<u>Years</u>	<u>Budget</u>	<u>Change</u>	<u>Percent</u>
2016-2017	\$13,496,361	(\$27,482)	(0.20%)
2015-2016	13,523,510	309,667	2.34%
2014-2015	13,213,843	264,726	2.04%
2013-2014	12,949,117	154,333	1.21%
2012-2013	12,794,784	582,335	4.06%

- The average annual gross budget increase over the prior:
 

three (3) years:	1.39%
five (5) years:	1.89%
ten (10) years:	2.25%
- The three (3) year average for the District compares very favorably with the Consumer Price Index (CPI) for Boston-Brockton-Nashua for the time period July 2013 through July 2016 which averaged 1.30%.
- The major increase to the budget is the appropriation for the tuitioning of high school age students to Portsmouth High School which has a budgetary increase of \$321,596. There are four (4) students of high school age to attend out of district placements. The entire tuition account for

2017-2018 is increasing by \$516,170.

- Other major increases in budgetary line accounts are:

Tuition to Other LEAs – High	\$321,596
Tuition to Private Schools – High	152,786
Teaching Salaries – Elementary	72,999
Pupil Transportation – District	66,788
Miscellaneous/Federal Grants	45,000

- The appropriation with the largest decrease in the budget is the redemption of bond principal. In 2016-2017, the District made the last payment of the twenty year bond that was used for the additions to the elementary and junior high schools.

- Other major decreases in budgetary line accounts are:

Redemption of Bond Principal	(\$280,000)
Teaching Salaries – Middle	(47,231)
Special Education Contracted Services – High	(40,170)
Science Texts/New – Elementary	(22,970)
Fuel Oil - Middle	(20,434)

- The proposed tuitioning appropriation for students to attend Portsmouth High School is increasing for 2017-2018 by \$321,596. It is estimated that there will be 188 students as compared to the students budgeted in 2016-2017 of 174. The 2017-2018 tuition rate is estimated to be \$17,080 per student or an increase of \$986 or 6.13%. The appropriation increase in high school tuition is one of the largest high school tuition increases in several years.
- Certified staff, in accordance with the Collective Bargaining Agreement, will receive an average increase of approximately 3.72%.
- In preparing the budget, the economic conditions of the area were considered and only items necessary for the operation of the District were included in order to present the lowest possible budget to the residents of the District.

### Tax Impact

It is anticipated that the district assessment for the proposed 2017-2018 budget, before warrant articles are added, will increase approximately \$1,041,114. The district assessment is extremely important as this is the amount of funds that must be raised through property taxes. Based on the current net assessed valuation, it is estimated that it will take \$1,884,140 in increased appropriations to raise the tax rate \$1.00 per \$1,000 of property valuation or \$18,841 in increased appropriations to raise the tax rate \$0.01 per \$1,000 of property valuation.

The tax rate, before any increases for any warrant article(s), is projected to increase by \$0.55 per \$1,000 of property valuation. Primarily, the main reason for the tax rate increase is that the 2017-2018 gross operating budget is more than the prior year's (2016-2017) gross operating budget.

For comparison purposes, the tax rate associated with the school for 2016-2017 when compared with the

2015-2016 tax rate decreased \$0.29 with the State increasing \$0.03. The following chart illustrates the tax rates for the last five (5) years in the Town of Rye:

	<u>Town</u>	<u>School/State</u>	<u>County</u>	<u>Total</u>
2016-2017	\$3.00	\$6.57	\$1.11	\$10.68
2015-2016	2.96	6.83	1.11	10.90
2014-2015	3.68	6.73	1.14	11.55
2013-2014	3.12	6.73	1.12	10.97
2012-2013	3.44	6.71	1.07	11.22

### Revenue

There are three (3) main sources of revenue that are received by the District; these sources are federal, state and local which includes the district assessment. Federal sources generally provide on average less than 1%. State sources, excluding the adequacy education grant, again will equal approximately 1% with the remaining 98% being derived from local sources.

The primary local revenue source is the district assessment, also commonly referred to as the property tax. For 2017-2018, approximately 95.64% of the projected total revenue to offset the proposed appropriations will come from the tax levy. This compares to 94.3% for 2016-2017. Before warrant articles are considered, it is estimated that the district assessment for 2017-2018 will increase approximately \$1,041,114. The local revenues and credits, excluding the district assessment, will decrease for 2017-2018 by \$517,454.

A major revenue decrease of approximately \$63,000 is estimated to occur from the tuition revenue of seventh and eighth grade students from the New Castle School District due to fewer students being tuitioned for 2017-2018. On a positive note, revenues from federal grants are expected to increase approximately \$20,000 for 2017-2018.

The unassigned fund balance used to reduce taxes, which is the amount of funding that remains unspent from the prior fiscal year and any unanticipated excess revenues, is estimated to decrease from \$510,168 to \$131,400. This decrease in unassigned fund balance of \$378,768 has the same effect as increasing appropriations by \$378,768 when you consider the property tax implications. The decrease in unassigned fund balance is significant on the property valuation needing to be raised.

### Overview – Elementary

The proposed portion of the 2017-2018 Rye School District budget for the Rye Elementary School is \$3,479,146 or 24.82% of the total proposed budget. When the proposed budget is compared with the prior years' actual budget there is an increase of \$205,346 or approximately 6.27%. When the proposed budget appropriations are compared with the appropriations of two (2) years ago (2015-2016) there is an increase of \$130,626 or 3.9%. The account that is increasing the most is the appropriations for special education, while the science textbook account has the largest decrease at \$22,463, which is attributable to the purchasing of textbook in 2016-2017.

The special education appropriations for the elementary school have increased from \$392,791 to \$456,551 or \$63,760. Primarily the increases for special education are in special education teachers' salaries, preschool, and special education transportation.

The reviewer is encouraged to read the vision statement as written by the Rye Elementary School Principal for an overview of the educational direction that is contemplated. Also included is a synopsis of a three (3) year plan for appropriations for curriculum, technology and facilities.

#### Overview – Middle

Similar to the section of the Rye Elementary School, the proposed budget for the Rye Junior High School is \$2,507,493 or 17.89% of the total proposed budget. When the proposed budget is compared with the prior years' actual budget there is a decrease of \$27,589 or approximately 1.09%. When the proposed budget is compared with the budget of two (2) years ago (2015-2016) there is a decrease of \$17,415 or 0.69%. The proposed appropriations with the largest increases are the tuitions to Portsmouth High School. Teaching salaries had the largest decrease of \$46,925.

The special education appropriation for the junior high school has decreased \$13,742 from \$332,020 to \$318,278. Primarily the decrease in special education is in special education aides' salaries at \$16,690.

The junior high principal, similar to the elementary school principal, has written a vision statement as an overview of the educational direction that is contemplated. Also included is a synopsis of a three (3) year plan for appropriations for curriculum, technology and facilities.

#### Overview – Special Education

The total anticipated special education appropriations represent approximately 12.63% or \$1,770,970 of the entire proposed budget. The total proposed 2017-2018 special education appropriations have increased from the 2016-2017 appropriations by \$338,944 or 23.67%. After several years in which the proposed special education appropriations were lower than the prior year, this is the fifth consecutive year in which the proposed appropriations have exceeded the prior year's appropriations.

At the elementary level, an increase in appropriations of \$131,273 or 29.32% is recognized. Primarily these increases in appropriations are accounted for in special education teachers' salaries, preschool and special education transportation.

At the middle school level, a decrease in appropriations of \$13,742 or 4.14% is recognized. The decrease in appropriations can be accounted for in special education aides' salaries and special education contracted services.

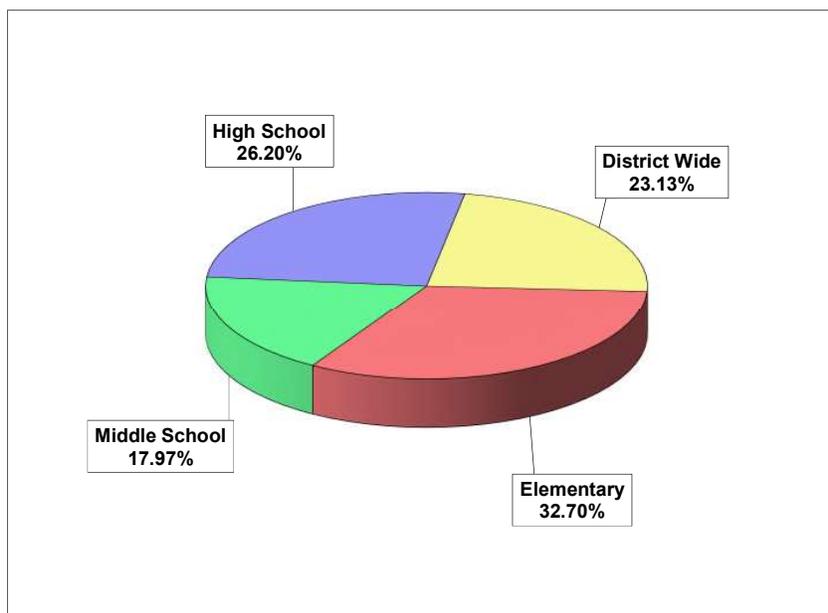
At the high school level, an increase in appropriations of \$150,305 or 47.9% is recognized. This increase in appropriations can be accounted for in tuition to private schools, extended school year and special education transportation.

At the District wide level, an increase in appropriations of \$71,108 or 21.0% is recognized. The increase in appropriations is primarily attributable to the hiring of a Board Certified Behavioral Analyst, speech therapists' salaries, and occupational therapy contracted services.

The following chart compares special education tuition appropriations:

<u>Special Education Tuition:</u>	<u>2015-2016</u> <u>Appropriation</u>	<u>2016-2017</u> <u>Appropriation</u>	<u>2017-2018</u> <u>Appropriation</u>
District Wide	\$ 4,600	\$ 0	\$ 0
Elementary School	23,000	3,000	3,000
Middle School	0	0	22,000
High School	<u>87,995</u>	<u>188,917</u>	<u>340,428</u>
Total	\$115,595	\$191,917	\$365,428
Relation of Special Education Tuition to Total Budget Appropriations	0.85%	1.42%	2.61%

Comparison of Special Education Appropriations



	<u>2015-2016</u> <u>Appropriation</u>	<u>2016-2017</u> <u>Appropriation</u>	<u>2017-2018</u> <u>Appropriation</u>
District Wide	\$ 325,169	\$ 338,586	\$409,694
Elementary School	486,535	447,753	579,026
Middle School	256,584	332,020	318,278
High School	<u>158,883</u>	<u>313,667</u>	<u>463,972</u>
Total	1,227,171	1,432,026	1,770,970
Special Ed. to Total Budget	9.07%	10.61%	12.63%

## Enrollment

From reviewing the enrollment data, as expressed in prior year executive summaries, it is apparent that the total student enrollment for 2017-2018 will continue to decline at the Rye Elementary School. It is anticipated that student enrollment at the elementary school for 2017-2018 will decrease by 18 students in 2017-2018 when compared to the student population of 2016-2017. Based on the enrollment projections, the decrease in total student population, at the elementary school, will continue to decline over the next four (4) years.

Since 2011-2012, the student population at the elementary school has declined by 47 students or approximately 14.37% over this time period.

At the middle school, there is expected to be a decrease in the student population for 2017-2018 of approximately four (4) students. The student enrollment at the middle school for 2017-2018 is expected to be in the mid-140s and is projected to continue to decline. However, for 2019-2020 there is a marked decrease of 10 students with a continued decline into the 140s and possibly even lower.

Similar to the elementary school, the middle school has had a student population decrease of 68 students since 2011-2012. This is a decrease of approximately 31.19%. Some of the student population lost can be attributable to fewer students being tuitioned into the District from New Castle.

It is interesting to note that according to the progression ration, only 91% of Rye fifth graders go onto Rye Middle School. This is the largest decrease of all of the progression ratios.

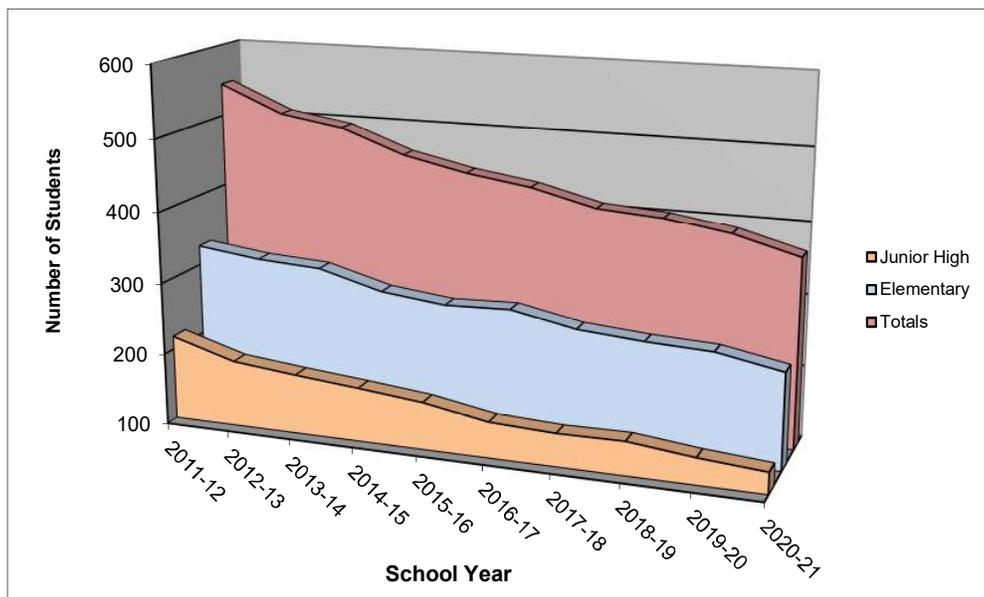
Another potential contributing factor may be the aging of the community itself. It is interesting to note that in 2015, there were only 25 reported resident live births in Rye. This low number of resident live births comes after a low number of 24 births in 2014 and 29 births in 2013.

The student enrollment at the high school is expected to increase for 2017-2018 and then generally will continue to decline for the next several years.



The following chart shows the projected student enrollment trends for the next several years.

Student Enrollment at the Elementary and Middle Schools



### Staffing

There have been several changes to certified (teaching) and support staffing positions for 2017-2018. Please note that as of the printing of this report, exact positions and locations of positions to be eliminated have not been determined.

### Certified

At the elementary school, there is an increase of one (1) 50% special education teacher for 2017-2018. At the middle school, there are no new certified positions being requested, but there are two (2) teaching positions that will be decreasing for 2017-2018. The music teacher will be decreasing from 100% to 80%. The media/generalist will be decreasing from 100% to 80%.

At the District wide level, there is one (1) new position, a 45% Board Certified Behavioral Analyst. One (1) of the speech therapists will be increasing from 60% to 100% for 2017-2018.

No certified positions will be discontinued for 2017-2018.

### Support

There are several changes in support staff positions at both schools. At the elementary school, two (2) new positions, one (1) para educator working 6.5 hours/day and one (1) preschool aide working three (3) hours/day. Two (2) support positions will change for 2017-2018; a special education aide will go from part time to full time; and a preschool aide will go from 4.5 hours/day to 6.0 hours/day for 72 days. One (1) part time para educator position will be discontinued for 2017-2018.

At the middle school, there are no new positions; however two (2) positions will have a change in hours worked. One (1) para educator will be increasing from 30 hours/week to 32.5 hours/week and the assistant secretary will be going from part time to full time for 2017-2018.

There are no support position changes at the District wide level.

### Tuition

Since the Rye School District does not maintain a senior high school, students of this age group are tuitioned to Portsmouth High School.

Students, who receive special education services, may need to attend alternative educational programs at either a LEA (Local Education Agency) school, or may need more expensive out-of-district private school placement. A private school placement can be residential for a special education student which can be at a very high cost to the District.

Approximately 25.71% or \$3,604,047 of the entire Rye School District budget is devoted to out-of-district tuition. The entire tuition grouping has an increase of \$516,170 or approximately 3.82% when compared to the 2016-2017 appropriations.

Total appropriations for special education tuition, as a group, have increased for 2017-2018 by \$151,511. It should be noted that eight (8) times in the last twelve years the appropriations for special education have decreased when compared with the prior year. The projected 2017-2018 special education tuitions to private schools are \$191,574 more than the appropriations of 2016-2017.

It is important to realize that in all instances before a high school age student received an out of district special education placement, Portsmouth's program is utilized, or is extensively considered.

	<u>2015-2016</u> <u>Appropriation</u>	<u>2016-2017</u> <u>Appropriation</u>	<u>2017-2018</u> <u>Appropriation</u>
Regular Tuition	\$ 3,083,641	\$ 2,889,444	\$ 3,211,040
Special Education Tuition	<u>115,595</u>	<u>198,433</u>	<u>393,007</u>
Total Tuition	3,199,236	3,087,877	3,604,047
 Tuition to Total Budget Appropriation	 23.66%	 22.88%	 25.71%

### Portsmouth High School

The overall tuition appropriation for Portsmouth High School for 2017-2018 is \$3,211,040 and is projected to increase by \$321,596 or 11.13% when compared to 2016-2017. The 2017-2018 proposed budget reflects 188 students attending Portsmouth High School with each student budgeted at a tuition rate of \$17,080. This is a tuition per student increase of approximately 6.12% or \$986. It should be noted that the 2016-2017 tuition rate from Portsmouth increased by \$339 per student or approximately 2.15%. The average tuition percent increase to Portsmouth High School over the last five (5) years is 3.47%.

For 2016-2017, 174 students were budgeted to attend the high school. As of the first semester, there were actually 176 students attending. A tuition rate of \$16,606 per student was budgeted, as compared to the actual 2016-2017 tuition rate of \$16,094. This results in an over budgeting of each student by \$512. When the actual tuition rate per student of \$16,094 is multiplied by the actual number of students attending (176) and compared to the actual amount appropriated for tuition in 2016-2017 there is an anticipated budgetary surplus of \$56,900.

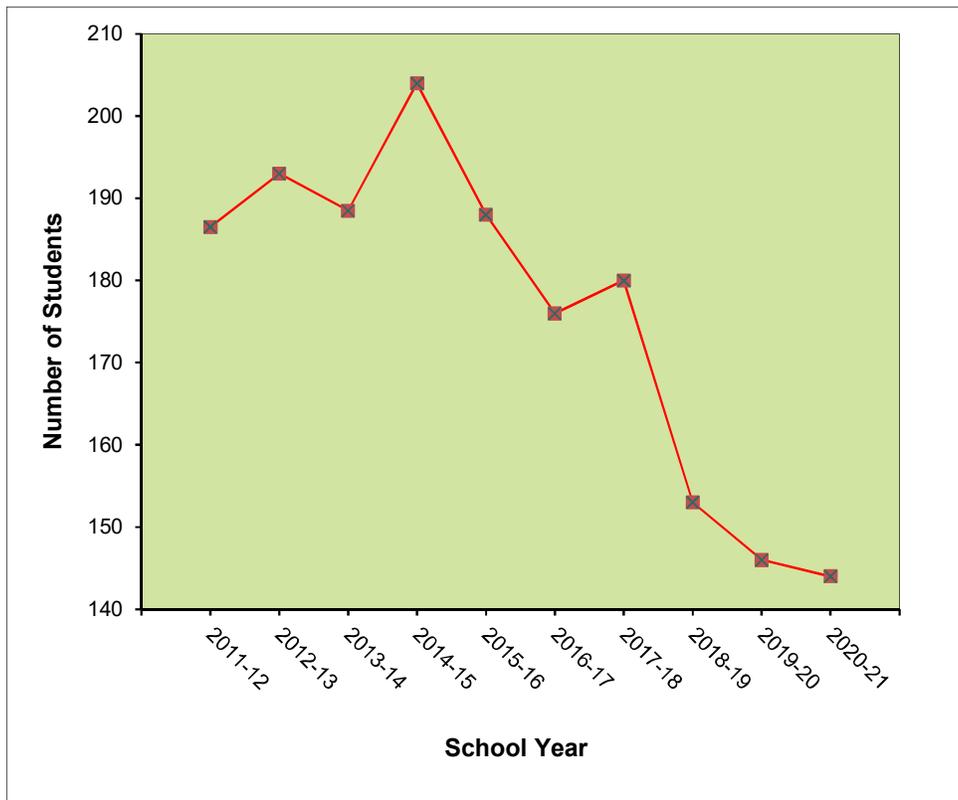
For the 2017-2018 budget, it is estimated that 4 eighth grade Rye students would be attending a different high school other than Portsmouth. This is approximately 7% of the total current Rye eighth grade class, less any New Castle students.

The overall 2017-2018 tuition appropriation for Portsmouth High School tuition is increasing by \$321,596. The projected per student tuition increase of 6.13% for 2017-2018 is higher than the average annual increase for tuition for the last five (5) years.

Budget Committee members should review Section 9 for student enrollment trends at the high school. It is anticipated that over the next three (3) years, the number of high school students attending Portsmouth High School will decrease.

	<u>2015-2016</u>	<u>2016-2017</u>	<u>2017-2018</u>
Number of Students Budgeted	197	174	188
Number of Students Attending	188	176	
Tuition Rate Budgeted	\$15,653	\$16,606	\$17,080
Tuition Actual Rate	\$15,755	\$16,094	

Actual and Projected High School Enrollment



Maintenance

In the 2016-2017 fiscal year, the Board appropriated \$25,000 for maintenance objectives funding. Prior to 2010-2011, it had been common budgeting procedure for the Board to appropriate \$30,000, at each

building for maintenance objectives.

For 2017-2018, the Board is requesting an appropriation of \$35,000 which is the same as what is currently appropriated. There is an updated maintenance objective listing for the elementary school, which would include the installation of a more modern and comprehensive security system, replacement of exterior doors, installation of strobe lights in the hallway, increase in number of electrical circuits and upgrading the HVAC control system.

At the middle school, maintenance objectives are continued, replacement of the heating system, updating of security system, replacement of exterior doors, waterproof foundation below grade level, increase the capacity of the electrical system, replacement of exterior doors, installation of strobe lights in the hallway, and replacement of shingled roof.

Please review the budgetary section on maintenance objectives for a more complete analysis of what maintenance projects are planned for 2017-2018.

### Conclusion

On behalf of the administrative team, it is hoped that this budgetary document will better enable you to understand where the funding derives from and how the funding is being spent to provide powerful teaching for the staff and learning opportunities, as well as, other important support activities for the students in the Rye School District.

If the administration can be of any further service in providing additional information, answering questions or clarifying any of the enclosed material, please contact Salvatore Petralia, Superintendent of Schools, Kelli Killen, Assistant Superintendent of Schools, Sarah Reinhardt, Special Education Director or James Katkin, Business Administrator at 422-9572. Or you may contact Ms. Suzanne Lull, Principal Rye Elementary School at 436-4731, or Ms. Marie Soucy, Principal Rye Junior High School at 964-5591.



## SECTION 2 PROPOSED BUDGET OVERVIEW

This section contains a compilation of reports and charts that quickly give an overview of the proposed 2017-2018 Rye School District proposed budget. These reports and charts will summarize, in an easily readable format, the major changes to the appropriations in the proposed budget. The supporting documentation in the various sections will offer a more comprehensive and detailed explanation of the proposed budget.

The following reports and charts are included in this section:

Warrant Articles –All known proposed warrant article(s), as of the printing of this budget, have been included in a format similar to what will appear on the March voting ballot.

Operating Budget Overview - This report summarizes the projected budget increase, the District assessment increase and the estimated increase to the tax rate. This report does not include any funding appropriations for any proposed 2017-2018 warrant article(s).

Budgetary Impact on Average Median Home/Condo - This chart illustrates the tax impact on the average median home/condo as a result of the proposed 2017-2018 budget.

Comparative Budgetary Analysis – This report quickly summarizes and analyzes a number of different areas of the proposed budget.

Major Increases – This report lists all the major increases in appropriations for any single account, which has an increase greater than \$26,700.

Major Decreases – This report lists all the major decreases in appropriations for any single account, which has a decrease greater than \$14,200.

Per Pupil Cost – This chart represents the per pupil cost for students who attend the Rye School District based upon expenditures as of the end of the fiscal year, June 30, 2016. Data is taken from the DOE-25 State report.

