Fiscal Year 2025 Budget Update

Dear SPS Community:

On Thursday evening, December 14th, I brought forward to the School Committee my recommended budget for FY2025 in the amount of $37,246,979 – which is an increase of $2,950,500, or 8.61% over the Fiscal 24 budget. The budget plan provides the resources we require to continue to meet ongoing student needs resulting from disrupted learning and to address achievement gaps, social emotional needs and interventions. For those interested in watching the budget presentation, please click here and "fast forward" to minute 40:00. This request provides the resources required to address existing staff contractual obligations, enrollment growth, special education needs, and the District's opening of the new High School and stand-alone Preschool Program.

Making budget reductions is one of the hardest things to do as Superintendent, because we all want more services for students and families, not less. At the same time, the fiscal solvency of the District is one of my most important responsibilities, and as financial conditions change, it is important to be proactive and plan ahead. I have to make sure that we keep our expenses within our means and take the necessary steps to protect the future of our public schools and the students we serve.

Anticipated Budget Challenges

Many of the decisions we make in developing a budget are impacted by external factors beyond our control. This is true in ordinary times and will be even more true this year. This budget proposal assumes that education funding in Stoneham will be funded by the Town at a 3% increase to the FY24 budget, and will be dependent on having a fully funded Chapter 70 aid increase that the Student Opportunity Act would provide.

This budget proposal includes ongoing allocations for strategic investments to support the district's priorities while recognizing the financial challenges that we face with adequately funding all priorities. In laying out potential budget scenarios, I have assumed a municipal increase of 3% on top of the FY24 operating budget. This municipal increase would allocate an additional $1,028,894. To put this into perspective, the cost associated with the district's obligations just to fund STEP, COLA, lane increases, and modest non-union salary increases for FY25 will be $1,600,000, or an additional 4.67% more than the current FY24 budget. In addition, costs associated with increasing utilities ($130,000), increases in tuition for students who are placed outside of the school district ($500,000), and the new cost to rent district office space ($200,000) along with other must have obligations, add up to $2,950,500, or 8.61% over the FY24 budget. Even in a best-case scenario where Chapter 70 aid increases again by another $1,500,000 for FY25, we will still need to cut $421,000 from the FY25 operating budget. In a worst-case scenario where Chapter 70 aid does not increase at all from the FY24 aid, we will need to cut $1,921,606 from the FY25 operating budget. These reductions would be in addition to the $1,030,348 that I already cut before bringing the 8.61% increase to the school committee.

Community Input

In weighing the trade-offs and impacts of budget reductions on our schools, having parent and community involvement in the discussions is very helpful to me and the School Committee. I appreciate

all those who have reached out to me directly, or who watch the school committee meetings, and I thank you for your commitment to maintaining strong site-based staffing and programs for our students. On January 11th, 2024 the Stoneham School Committee will hold the public hearing meeting on the proposed FY25 school budget, followed by an anticipated vote of the School Committee on January 25th, 2024 to move forward the budget allocation it supports.

Please continue reading below for highlights of the FY25 budget proposal.

At the **Preschool level**, we include funding to support the new Director of Preschool position, the new administrative assistant, and an additional custodian to support the new stand-alone Preschool program, which is part of the new high school building project.

At the **elementary level**, the proposal includes the addition of a first-grade classroom at Colonial Park School and two additional Special Education RISE classrooms.

At the **District level**, resources and staffing are proposed to staff a new Building Systems Manager Position at the high school, whose role will be to ensure the safe and efficient operation of the HVAC, electrical, phone, solar, and geothermal systems.

At a **district level**, we include additional funding for increasing utility costs, funding to rent space for district offices, funding to meet all contractual obligations for salaries, and additional funds for special education out of district tuition increases (set by the state) of 4.6% increase for FY25.

Significant Assumptions Incorporated into the FY 2024/25 Budget:

- ***Enrollment*.**
    - The budget is based on a preliminary projected PreK-12 enrollment of 2,305 students, an increase of 25 students over the current year enrollment of 2,280.
    - As noted in the budget presentation, Stoneham experienced an increase of $1,000,000 in out of district tuitions from FY23 to FY24.
    - Since 2019, Stoneham has seen an increase of 38% of students who are qualified as low income.
    - Since 2019, Stoneham has seen an increase of 23% of students who are Multilingual Learners.
- ***Cost of Living Adjustments.*** A cost-of-living adjustment is provided for school staff, including teachers, administrators, instructional assistants, and administrative support personnel. The following increases have been set by collective bargaining contracts for FY 24/25: a 2.00% increase for custodians (laborer's union), a 2.00% increase for STA (teachers), a 2.00% increase

for (administrators), a 3.0% increase for ESP's (instructional assistants), and a 4.00% increase for Secretaries (administrative assistants). The ESP and Secretarial contracts also restructure salaries in such a way as to increase Stoneham's competitiveness with our comparison districts, and promote the recruitment and retention of staff, given general economic conditions. A modest cost of living adjustment is included for other, non-union employees. Level funding is proposed for all non-salary accounts.

- ***Out-of-District Tuitions.*** Out of District tuition and transportation expenses increase by $500,000 in FY25.

    - Total tuition costs increase by $1,500,000 over the prior year, reflecting the effect of OSD's 4.69% cost of living adjustment for FY25. These additional expenses are offset by $1,000,000 in new Circuit Breaker revenue for FY25, an amount which is much less than the projected expenditure increase. The net required increase of $500,000 is included within the recommended FY25 operating budget request.

Budget Development Process

The FY 2024/25 budget development process began earlier in the school year, when 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 directors to review and discuss budget requests in light of the School District's identified priorities and district goals. Finally, the Superintendent consulted with the Town Administrator and the School Committee budget liaisons to understand Town and School needs as they relate to the overall budget planning process.

What are the Capital Project Priorities for FY 2024/25?

The requested capital budget for FY25 includes funds for several "one time" expenses and projects. These additional requests include:

- $500,000.00 South School-Site Rehab – Park Lot / Traffic Flow, Play Area/Basketball Courts (3 years on list)
- $789,000 South School Roof*
- $200,000.00 Playground Upgrade – Robin Hood (4 years on list)
- $45,000 HVAC Facilities Van – New request
- **$1,534,000.00 Total Request**

*Assuming Robin Hood can be replaced using federal grant in partnership with SOLECT – several years on list

While there is a lot we do not know yet about the year ahead, what I do know is that our dedicated staff are here for our students and families; working hard and finding solutions for the many challenges we

face now and into the future. As we anticipate the Chapter 70 allocation for FY25, we are working to develop contingency plans that can be implemented in the event of a substantial decrease from what Stoneham received last year in Chapter 70 aid. The Chapter 70 program is the major program of state aid to public elementary and secondary schools. In addition to providing state aid to support school operations, it also establishes minimum spending requirements for each school district and minimum requirements for each municipality's share of school costs.

I am giving my full attention toward working with the School Committee, Select Board, Stoneham Schools faculty, staff, and administration, and our community to deliver a balanced school budget that reflects our District's mission and core values.

In closing, I believe passionately in the mission of SPS. I will support the learning of our students and the work of our educators within our financial constraints. I know the leadership at SPS is wholly committed to creating a sustainable budget, not just for this coming Fiscal Year 2025 but for the ensuing years. I encourage you to participate in the budget process through your participation and feedback over the next several months.

Respectfully,

David Ljungberg, Superintendent

Stoneham Public Schools