

Hello Nicole,

Doubtless you are receiving mail about the budget at Nashoba.

One consequence of the recent teacher's contract, is that for a three year period, effectively the cost of teachers will rise about 4% a year, with the contract calling for approximately a 2% Cost of living increase, and a 2% step increase, an increase for being in the district one more year as an employee.

Referring to the Budget

<http://www.nrsd.net/assets/files/FY16%20Budget%20Docs/FY%2016%20Budget%20School%20Committee%20Recommended%203-9-15.r3-16-15.pdf>

The entire proposed budget is more or less \$53,067,878.
The FY 2015 approved budget was \$50,516,022.

According to page 10 of the draft budget, staff costs for existing personnel is about 60% of the increase in the budget, at a proposed \$33,029,660, for an increase of \$1,503,521.

\$1,503,521 is an increase of 2.97 % of the previous year's total expenditure.

This rising cost of existing staff, without hiring new staff, is not so far from the annual rise of taxes each town can levy upon its citizens without causing a proposition 2-1/2 over-ride to fund a town and school's budget.

So, whatever the outcome of this year's budget approval process, the rising cost of existing teachers, without increasing the number on staff, will be a significant aspect of the rise of the each town's taxes for the next two years, toward its maximum levy capacity, which increases 2-1/2 percent a year, plus increases to allow for newly built property.

This is the crux of the sustainability discussion at the Selectmen and Town Administrator level. The schools are on track, one way or another to meet up with proposition 2-1/2 ballot questions in all three towns, as George King describes in his memorandum, which he discussed in February.

White Paper on FY16 Budget by George King <http://www.nrsd.net/assets/files/FY16%20Budget%20Docs/White%20Paper%20on%20FY%2016%20Budget.pdf>

George's argument is that "this year", the towns can pay for the budget, but George studiously ignores how to pay for "next year", and the year after that. Next year, and the year after that is all about sustainability.

I can predict that this year's discussion about the budget will be an easy year, compared to next year, and the following year, when all three town's levy capacity has been consumed, and all three towns must consider a proposition 2-1/2 over-ride to pay for the school budget.

This is where expanding the staff has very significant consequences. It not only increases the base-cost of the schools, it causes the towns to more quickly run out of levy capacity, with a quicker pace to a proposition 2-1/2 ballot.

A proposition 2-1/2 over-ride ballot is not necessarily a bad thing, and it ultimately expresses the will of voters, and a general over-ride proposition (not connected to a bond), when couched in terms that many understand, and approve. Stow has had general over-rides in the mid-2000s, and now more recently, three non-general over-rides for debt: two over-rides for schools: the HS athletic field, Center School, and after two tries, for the Stow Fire House.

Given the two tries for the fire house, the cautious administrator makes every effort to approach a 2-1/2 over-ride with an electorate that is well informed, and in support of the both the expenditure, and the reasons for the expenditure.

I have to ask if the School Committee, and the School Administration has taken the steps to see that the likely 2-1/2 over-rides, whether this year in one or more NRSD towns, or next year, or a following year in (perhaps) all of the towns, will pass.

I find it interesting that George King, in his memo to Michael Wood defends avoiding using up one-time funds (Excess & Deficiency Fund) in possession of the NRSD, while at the same time arguing in his previous memo, for using one-time funds in the hands of the towns (Free Cash and Stabilization Funds). George King in his recent memo is making exactly the same argument that the several NRSD Towns' Selectmen and their administrators have made, in regard to one-time funds: the NRSD budget is not sustainable, and will run aground in the future, based on the trend represented in the present budget, and the proposal of 3/16/15 to revise the budget, which proposed to draw the E&D

funds down by 1.5 million.

Excess and Deficiency Analysis, by George King (3/19/15)

<http://www.nrsd.net/assets/files/FY16%20Budget%20Docs/Excess%20and%20Deficiencyanalysis.pdf>

Proposed Budget amendment of 3/16/15

<https://docs.google.com/spreadsheets/d/1T-UnlmfEsRUXOm7b1aKRdJ5ctIpyXWAC9JpVzdGr3NU/edit?usp=sharing>

I think you should ask,

"How soon should NRSD have all three towns to have a proposition 2-1/2 over-ride ballot, that is not connected to a new or renovated school?", and see how all parties answer that question.

Best regards,

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**FY 2016 Draft Budget Adjustments
NRSD Administration Proposed Options to the School Committee, and SC Responses**

		NRSD Administration Proposed Options	Proposed Change to NRSD Admin Options by SC on 3/16/15	Failed NRSD School Committee Motion of 3/16/15	Administration Comment	Comment on SC motion of 3/16/15
Revenue Increases (Decreases)						
Kindergarten	State Funding	75,000	0	75,000	Revolving Fund: Confirmed income in FY 2015 allows a budget increase	
Regional Transportation	State Funding	65,000	0	65,000	Based on Gov House Budget	
Chapter 70	State Funding	67,620	0	67,620	Based on Gov House Budget	
Excess & Deficiency Fund	Revolving Fund	200,000	300,000	500,000	Not expecting a net surplus balance this year, so this starts reducing E&D balance Source: Parking Lot Fee Revolving Fund	Increasing the Admin option to increase +\$200,000 to +\$500,000 totalling \$1.5 million E&D drawdown. Originally \$1.0 Million drawdown from E&D.
Parking	Revolving Fund	10,000	0	10,000	Based on Gov House Budget: No more grants for all schools.	
Kindergarten Grant	State Funding	(72,000)	0	(72,000)		
Subtotal Revenue Increase (Reduction)		\$ 345,620	\$ 300,000	\$ 645,620		
Expenditure Increases (Reductions)						Admin Rating
System Wide	Insurance	(125,000)	0	(125,000)	Review of Insurance Costs Reduces flexibility in hiring; reduce offering salary from \$58,000 to \$53,067	1
New Salaries		(39,464)	0	(39,464)	(6 positions?)	2
Existing Salaries	Florence Sawyer School	(21,227)	0	(21,227)	Related Arts Teachers / reduction of sections (2)	3
Facilities	HS Scheduled Maintenance	(180,000)	100,000	(80,000)	Districtwide, eliminate modular move, minor reconstruction at high school	4
Teaching and Learning		(85,000)	0	(85,000)	Reduces curriculum purchasings	5
New Salaries	New Positions	(212,268)	212,268	0	Eliminate new 2 Special Ed, 1 Math Specialist, 1 Related Services	6
Expenditure Increase (Reduction)		\$ (662,959)	\$ 312,268	\$ (350,691)		
Net Assessment Reduction (Increase)						
	(compared to original Feb 2015 Draft Budget)	\$ 1,008,579	\$ (12,268)	\$ 996,311		

Source Document:
FY16 Budget Adjustments
<http://www.nrsd.net/assets/files/FY16%20Budget%20Docs/FY16BudgetAdjustments.pdf>