

FY11 School Budget Keeps Mil Rate Flat Despite Declining State Revenue

The Falmouth School Board has approved and submitted a budget for taxpayer approval for FY2010-2011 of \$24,605,875. This equates to an expenditure **decrease** of (\$341,330) or -1.37% as compared to the FY2009-2010 budget, which was also a **decrease** compared to FY2008-2009 of (\$184,309). Although State revenues for the Falmouth schools have been reduced by \$566,902 since last year, the FY2010-2011 school budget will deliver no change (0%) to the property tax mil rate.

Revenue challenges and the economy

Similar to last year, the State revenue picture for school funding continues to decline. Final State revenues for FY2010-2011 show a reduction of \$861,190 compared to the FY10 budget. An increase in Federal ARRA stimulus funds is being used by the State (\$294,288) to offset a portion of this loss, resulting in a net reduction of \$566,902. ARRA funding will end at the end of the FY2010-2011 year, creating a significant funding hole for us (loss of \$1,084,560) as we look towards planning for the FY11-12 budget year. In addition to the projected State revenue losses for next year, the school system is also managing a FY10 mid-year State revenue curtailment of approximately \$702,000.

In these difficult financial times, the Leadership Council and the School Board have worked diligently to prepare a budget that balances student need with fiscal constraints. Current programs and staff are being evaluated with a multi-year focus, with the understanding that we will need to be strategic moving forward, making planful changes to the delivery of services to meet the needs of our students as State revenues decline.

Budget development process

The Leadership Council's budget development process continues to provide group input and review of all budget needs and requests, insuring that any new proposal is justified and defensible in the context of District goals and existing commitments. We have also continued the practice of program review, which has become a staple of how we begin each year's budget process. Targeted program evaluations of prior budget additions as well as ongoing curriculum and demographic data reviews are inherent in our budget development process. The Leadership Council provides critical peer review using available reflective data to determine the effectiveness and efficacy of these programs. We believe the format provides a level of consistency in presentation that the School Board, Town Council and the public find helpful. Effectively implemented last year, we have expanded the review process to include "position evaluations" of all vacated positions that may occur during the year or be planned for the coming year. Through a team review process, we utilize the opportunity to evaluate the cost/benefit of the position and related program as it relates to our educational goals to determine if the position and/or program should be refilled, modified, or the resources reallocated to a greater District need or focus. Given the deep reductions that were needed in the budget to produce a no mil-rate impact, the Leadership Council did not propose any new requests for FY2011-2012.

Budget reductions and new revenue sources

To offset State revenue losses and the impact of any cost increases in the budget (utilities, heat, insurance premiums, personnel contracts), the Leadership Council is proposing a significant list of reductions that include staff (9.5 FTE positions) and services (nearly \$698,000) as well as the introduction of new fee structures for participation in athletic programs and co-curricular activities that is expected to offset expenditures for those programs by \$167,000.

Budget validation referendum (BVR)

The budget, as presented, has been approved by both the School Board and the Town Council. Citizens will have the opportunity to vote on the budget at the June municipal elections on Tuesday, June 8th. We believe the budget manages to meet the continuing educational needs of

students while being sensitive to the financial hardships many of us are facing. We're hopeful that a budget that will hold the mil rate to no increase will be worthy of your vote on June 8th.

Voters will also be asked in a separate ballot question if they desire to continue to have the option of voting by referendum on the school budget (budget validation referendum). The BVR is in addition to the standard practice of school budget approvals in Falmouth, which includes public hearings on the budget and approvals at both the School Board and Town Council level. The State put this law into effect three years ago, which also allows citizens, at this time, the opportunity to either continue this additional approval practice or return to the standard budget approval format.