



ABBY KELLEY FOSTER CHARTER PUBLIC SCHOOL

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Following is a summary of the key items reflected in the attached FY2017 Budget.

Tuition, Transportation and Grant Funding- Tuition Funding is comprised of 3 components, the Foundation Budget Base Rate, Above Foundation Spending Rate and Facilities Aid. The foundation budget is a dollar amount used in the Chapter 70 education aid formula to represent an "adequate" spending level. Inflation-adjusted rates in each of 11 functional areas, such as administration, teaching, guidance services, and maintenance, are further differentiated by a pupil's grade level, program, and low-income status. The functional areas pertaining to salaries are adjusted by a wage factor that seeks to compensate for cost of living differences across the state. The underlying assumptions used in projecting the Foundation Base rate are not expected to change.

The preliminary state budget includes a proposed decrease to Chapter 70 Aid of .22%. Additionally, the calculation measure used to determine incremental funding that schools receive in addition to the foundation base rate to compensate for low income students has changed. Free and reduced price lunch data is no longer available for all districts as a result of the USDA's Community Eligibility Program. Under CEP, all students in the participating schools are entitled to receive free meals under the school nutrition program. As a result, the foundation budget will now be calculated using economically disadvantaged enrollment in place of formerly available low income enrollment to report data from all schools and districts, not just those participating in CEP. The new measure will be based on a student's participation in one or more of the following state-administered programs: the Supplemental Nutrition Assistance Program (SNAP); the Transitional Assistance for Families with Dependent Children (TAFDC); the Department of Children and Families' (DCF) foster care program; and MassHealth (Medicaid). Most districts have fewer economically disadvantaged students than they had low income students. In FY2016, Abby Kelley Foster's enrollment included 960 low income students compared to 602 economically disadvantaged students for FY2017 resulting in a funding decrease of over \$500,000. The Facilities Aid rate is anticipated to be level funded at \$893 per student, the same rate that has been in effect since 2009. At this time, the most variable factor is the 3rd component, the Above Foundation Spending Rate. The proposed budget includes Above Foundation projected revenue of \$159,000., which is level with the anticipated 2016 Above Foundation revenue. Overall, the FY17 budget reflects a 3.4% decrease in tuition funding and a per-student reimbursement rate of \$11,388.83. Total tuition funding is projected to be \$16,240,467.

Charter schools receive reimbursement for student transportation. Students who reside in Worcester (in-district) are reimbursed at a rate which is the lesser of the district or charter school's average transportation cost per student for the prior school year. This rate is multiplied by the FTE of riders from within the district. Abby Kelley's rate per student is typically lower than Worcester's. For FY2017, we are projecting a reimbursement rate of \$872.00 per student. Approximately 1,000 Worcester students are transported by bus. Students who reside outside of the district, but within the region, are reimbursed, on average, at approximately 60% of cost. This reimbursement is a line item in the state budget and as such, is subject to appropriation. The FY17 budget reflects \$996,511. in combined transportation reimbursement.

Entitlement grants for FY17 are projected to be \$71,000 below actual FY2016 entitlements. The reduction is primarily the result of reduction in Title 1 Funding. Title 1 funding is determined utilizing

the same low income/economically disadvantaged student population. The new measurement will result in an anticipated reduction of 10%.

Meal Program Revenues- As part of the Healthy, Hunger-Free Act of 2010, School Lunch Program regulations require school food authorities (SFAs) participating in the National School Lunch Program to ensure sufficient funds are provided to the school food service account for meals served to students not eligible for free or reduced price meals.

Lunch prices for the 2015-2016 school year will increase from \$2.50 to \$2.60 at the Elementary School, from \$2.75 to \$2.85 at the Middle School and from \$3.00 to \$3.10 at the High School. Breakfast pricing will increase from \$1.55 to \$1.65.

We will continue to serve meals prepared in the High School kitchen to 7th and 8th graders Monday through Thursday. Preferred Meals will continue to provide prepared meals for the Elementary School as well as grades 5 and 6 at the Middle School.

It is anticipated that our Free and Reduced eligibility counts will remain consistent with this year at 57% Free and 8% Reduced.

Staffing – Approximately 57% of the school’s operating revenue will be spent on salaries. Budgeted salaries and wages (excluding stipends) total \$10,733,532. The 194 full time equivalent positions are in the following departments:

	<u>FTE Positions</u>	<u>Total Salaries</u>	<u>% of Total \$</u>
Teachers	115.2	\$6,332,017.	60.53%
Academic Leadership & Support	13.9	\$1,089,403.	10.41%
Instructional Support (incl. Speech, Librarians, Counseling & Nursing)	11.9	\$ 822,321.	7.86%
Administrative Leadership & Support	10.2	\$ 775,431.	7.41%
Instructional Assistants	22.0	\$ 620,710.	5.93%
Facilities Staff	12.0	\$ 507,654.	4.85%
Food Services Staff	6.6	\$ 190,264.	1.82%
Elementary Lunch Monitors	2.3	\$ 54,000.	.52%

Additional expenses reflected in the staffing budget line items include substitute teachers (\$70,000), and stipends (\$125,310). Coaching stipends total \$61,750 and are included in the Athletic Program line item.

Instructional Staff Salary Scale-

No modifications are proposed for the instructional staff salary scale for FY17, however, to address the anticipated decline in funding resulting from the new measure of low income students, the school will limit salary increases to 50% of the scheduled increase. (*For example, if a teacher was scheduled for an increase of \$1,478 based on their placement on the salary scale, they will receive an increase of \$739.00.*)

In fiscal year 2014, the school implemented a salary scale that would reward those teachers who exhibited a dedication to the school and a commitment to their own educational advancement. 16 teachers will be advancing on the salary scale for their increased educational level. FY2014 and FY2015 each had 14 teachers advancing due to increased educational level. 48% of our instructional staff have a Masters Degree or greater plus 5 or more years of teaching experience. In FY2017, the school will implement a salary freeze for those teachers who have been with the school for 5 or more years and who have not yet attained their master's degree. Teachers licensed prior to 12/1/1999 are exempt from this freeze.

Effective with Fiscal Year 2017, the school will discontinue the cash payout of unused sick and personal time. This benefit was only available to instructional staff.

Most staff who are not on the Teacher or Instructional Assistant Salary Scales (44 positions) will receive a 1.5% increase.

Elementary School- Because of anticipated Title 1 funding reductions, we have restructured one full-time and two part-time teachers to two part time positions. Two additional part-time reading teachers will also be added. Each teacher will provide guided reading instruction in grades 1-4 for 20 hours per week. In Addition, one ELL teaching position will be eliminated resulting in increased ELL group sizes. Character Education will no longer be offered as a "special" class but will be integrated into the library class. Books will be used to introduce a theme and the virtue that will be discussed throughout the month and the topics and objectives will be reflected into the lesson plans.

Middle School- One class will be eliminated in each 5th and 6th grade, resulting in an increase in average class size from 21 to 25 in grade 5 and 17 to 21 in grade 6. Both staff members impacted will be transferring to other open positions within the school that are open due to retirements. The middle school will also restructure their Title 1 department resulting in a reduction of .93 FTE. During the 2015-16 school year, an existing instructional assistant (library support) transitioned into a newly formed Behavioral Support Instructional Assistant and a long term sub was hired to cover the library support. The FY2017 budget continues the Behavioral Support IA position. Character Education will also no longer be offered as a "special" class but will be incorporated into the regular education classroom curriculum. The Grade 7 Science Tech and Engineering class will become a special for all students in grades 5-8. The Middle School will reduce 2 FTE music teachers to part time resulting in 1.13 FTE. The schedule will change to allow for all band/string classes to be scheduled in the afternoon.

High School- The High School will suspend plans to add additional teachers to ELA and Science. One 10 hour per week reading specialist will be transferred (currently a Middle School Title 1 teacher) to service high-need students who are transitioning from the middle school to the high school. The Special Education/Life Skills teaching position is being eliminated due to restructuring.

Administration- The Fiscal 2016 Budget proposal reflected the addition of a full time Director of Advancement position. This position was filled on a short-term basis but is currently not filled. The school's administration will continue to explore options for pursuing philanthropic support. As a result of increased technological demands surrounding the implementation of PARCC testing as well as other technology advancements, we have increased an IT Support position from 30 hours per week to 40 hours per week.

After School Clubs/Activities- After school clubs, activities and athletics programs will be limited to those with a minimum participation requirement resulting in stipend savings.

Instructional Materials- After a two year pilot process, the *Envisions 2.0* math program has been selected to be implemented as the core math program in grades K-5. This program promotes higher order thinking and problem solving strategies through rich, engaging digital and print learning tools for teachers and students. The program is Common Core aligned, and is organized to promote focus and coherence both horizontally and vertically. The program is designed to develop in-depth understanding of concepts and connects the math content and math practice standards. The total cost for the four year program including professional development is \$63,734.04 with \$22,046 reflected in the FY2017 budget.

Professional Development- The *SOLVE* (Strategies of Limiting Violent Episodes) Certification Training will be provided to a group of staff from Grades K-12 at a cost of \$4,200. SOLVE is a 20 hour program designed to teach staff various methods to prevent aggression from occurring through verbal and environmental options or to control aggression safely through physical options within a treatment context. The FY2017 Professional Development budget also includes \$2,850 for guided reading and Level Literacy Instruction (LLI) training from Lesley University to support reading instruction and assessment at the elementary grades, as well as \$2,950 for an *Effective Literacy Coach* training for the elementary school reading specialist/coach in order to continue to support literacy instruction K-4. *Empowering Writers* training for grades K-4 is also included at a cost of \$3,300 which will assist veteran and new teachers in implementing new components and methodologies of the program which align with the

writing expectations of the Common Core and next generation testing. The *Keys to Content Area Writing* is a 2-day professional development which will be divided into four half days. The focus is on teaching students how to write in all subject areas, grades 4-12. Participants learn best practices to address the writing requirements of Common Core standards, including frequent writing in all content areas that includes short and longer writing tasks. The training presents an overview of the three types of writing (argument, informational, narrative) and then focuses on informational and argument content writing. Keys to Literacy is a Massachusetts-based program focusing on Massachusetts state standards. The cost of the professional development is \$6500 with an additional \$1200 budgeted for books. Roughly 35 middle school teachers of ELA, Science, History and Special Education will participate. Professional Development will be limited to school-wide/school sponsored trainings.

Employee Benefits- Employees are currently offered 3 Harvard Pilgrim plans, including a Focus Network HMO, a Full Network HMO and a PPO each with a \$500/\$1,000 plan deductible. The school contributes a fixed dollar amount towards the employee's chosen plan which allows the school to better plan for insurance costs, and allows the employee to benefit from the savings of selecting a less expensive plan. The Fiscal 2017 Budget allows for up to a 5% increase to the school's health insurance contribution. The plan renews in September 2016. Delta Dental will continue to provide dental benefits, however, the school's contribution will reduce from 75% to 50%. No changes are anticipated in the Life and Disability benefits that are currently provided.

Currently, for eligible employees (one year and 1250 hours of service, 21 yrs of age), the school matches 1/3 of the employee's 401K plan contribution up to 6% of their salary (school portion maximum 2%). The cost of this benefit is approximately \$116,000 per year. The school will be suspending this benefit effective 7/1/2016.

Student Transportation- FY2017 will begin the first year of a five year contract with AA Transportation. Our student transportation cost will increase from \$295.00 to \$342.00 per bus per day. Currently we utilize 20 buses, however, beginning with the 2016-17 school year, a change to school times will allow for the "looping/tiering" of buses, reducing the number of buses to 14 and resulting in savings of \$200,000. The high and middle schools will start and end 15 minutes earlier. Elementary school will start and end 1 hour later.

Additionally, we are budgeting for continued private transportation for special needs students who are presently being transported in a private vehicle. The cost of this service is projected to be \$47,000.

Facilities Department- In response to the FY17 budget struggle, the staff of the facilities department will be assuming some preventative maintenance tasks that have previously been outsourced. Also, during the summer break, we typically have the schools' floors professionally stripped and refinished (2 buildings per year). This year, the custodial staff will burnish all classroom floors, and only the corridors will be professionally refinished. The contract will also include rug cleaning. New bids are being solicited for several goods and services vendors.

Financial Covenants- The FY17 budget reflects a 1.21x Debt Service Coverage ratio which is in compliance with the required ratio of 1.20x as outlined in the Bond Purchase Agreement between the school and Middlesex Savings Bank. Total Debt Service cost in Fiscal 2017 will be \$2,032,203. of which \$1,118,480. is principal. Outstanding debt at the end of Fiscal 2017 will be \$25,232,272.

Capital Improvements/Purchases- The FY2017 capital budget includes \$140,000 for technology upgrades and replacements. Computer replacements continue to follow the 4-5 year replacement plan. Also included in the technology upgrades are 100 Chromebooks that will be purchased to accommodate PARCC testing. It is also anticipated that up to 20 LCD Projectors will require replacement in FY17. The Special Education department will also be adding assistive technology devices for those students in need of equipment.

Capital improvements to the facilities will consist of replacement of equipment and continued security upgrades (\$66,000), repair of the middle school fire sprinkler backflow (\$15,000), repairs to ramps and stairwell drains at the middle school (\$11,000), addition of backup power to the main entrance of the elementary school (\$3,000) and the purchase of a storage container for use at the activity center (\$3,000).

Assorted Text and Library books will cost \$15,000.

Total capital expenditures will be \$253,000.

**Abby Kelley Foster Charter Public School
Fiscal Year 2017 Operating Budget**

		FY16 Annual Budget		FY17 Annual Budget	Change from Prior Year Budget		
Revenues:							
Revenue from State Sources	\$	17,834,335	\$	17,236,978	-3%		
State Grants	\$	29,275	\$	28,042	-4%		
Revenue from Federal Sources	\$	901,251	\$	787,769	-13%		
Meal Program Revenues	\$	687,646	\$	674,268	-2%		
Private Grants AKF Ed Foundation	\$	100,000			-100%		
Other Revenues	\$	45,500	\$	57,500	26%		
		<u>Total Revenue</u>	\$	<u>19,598,007</u>	\$	<u>18,784,557</u>	<u>-4%</u>
Operating Expenses:							
<u>Administration:</u>							
Salaries- Leadership & Administration (non-instructional)	\$	742,352	\$	775,431	4%		
Development Department - Salaries & Expenses	\$	100,000	\$	-	-100%		
Contracted Services- Business & Finance	\$	134,110	\$	123,438	-8%		
Contracted Services- Legal	\$	29,500	\$	34,500	17%		
Information Management & Technology	\$	60,147	\$	64,989	8%		
Recruitment & Advertising	\$	3,500	\$	3,500	0%		
Other Administrative Expenses	\$	107,001	\$	81,976	-23%		
Depreciation	\$	5,058	\$	5,058	0%		
		<u>Total Administration</u>	\$	<u>1,181,668</u>	\$	<u>1,088,892</u>	<u>-8%</u>
<u>Instructional Services:</u>							
Salaries- Instructional	\$	9,426,213	\$	8,962,244	-5%		
Contracted Services- Instructional	\$	242,000	\$	237,500	-2%		
Professional Development	\$	78,175	\$	43,549	-44%		
Supplies & Materials	\$	183,427	\$	175,664	-4%		
International Baccalaureate Program	\$	50,542	\$	53,136	5%		
Depreciation	\$	122,186	\$	122,186	0%		
		<u>Total Instructional Services</u>	\$	<u>10,102,543</u>	\$	<u>9,594,279</u>	<u>-5%</u>
<u>Pupil Services-Other</u>							
Salaries- Other Student Services	\$	373,561	\$	342,782	-8%		
Student Transportation	\$	1,107,610	\$	1,085,100	-2%		
Food Services	\$	573,055	\$	534,245	-7%		
Nursing Supplies	\$	2,095	\$	2,989	43%		
Athletic Programs	\$	126,602	\$	140,274	11%		
Other Student Services	\$	62,164	\$	62,287	0%		
		<u>Total Pupil Services</u>	\$	<u>2,245,087</u>	\$	<u>2,167,677</u>	<u>-3%</u>
<u>Operation and Maintenance of Plant:</u>							
Salaries	\$	491,256	\$	507,654	3%		
Maintenance of Buildings, Grounds & Equipment	\$	510,437	\$	493,838	-3%		
Security of Buildings	\$	14,297	\$	5,000	-65%		
Utilities	\$	644,314	\$	651,969	1%		
Depreciation	\$	1,256,441	\$	1,256,441	0%		
		<u>Total Operation & Maintenance of Plant</u>	\$	<u>2,916,745</u>	\$	<u>2,914,902</u>	<u>0%</u>
<u>Benefits and Other Fixed Charges</u>							
Retirement & Fringe Benefits	\$	1,786,717	\$	1,791,785	0%		
Rental/Lease of Buildings, Grounds & Equipment	\$	53,000	\$	53,000	0%		
Insurance (non-employee)	\$	135,528	\$	128,520	-5%		
		<u>Total Benefits and Other Fixed Charges</u>	\$	<u>1,975,245</u>	\$	<u>1,973,305</u>	<u>0%</u>
		<u>Total Operating Expenses</u>	\$	<u>18,421,288</u>	\$	<u>17,739,054</u>	<u>-4%</u>
Non-Operating Expenses (Revenue):							
Interest Income	\$	(20,000)	\$	(30,000)	50%		
Interest Expense- Long Term Debt	\$	940,000	\$	898,723	-4%		
MDFA Guaranty Fee/Letter of Credit Fee	\$	15,000	\$	15,000	0%		
		<u>Total Non-Operating Expenses</u>	\$	<u>935,000</u>	\$	<u>883,723</u>	<u>-5%</u>
		<u>Total Expenses</u>	\$	<u>19,356,288</u>	\$	<u>18,622,777</u>	<u>-4%</u>
		<u>Change in Net Position</u>	\$	<u>241,719</u>	\$	<u>161,779</u>	<u>-33%</u>

COVENANT COMPLIANCE:

Cash Available for Debt Service (NOI + Interest + Depreciation)	\$	2,459,187.55
Debt Service (Principal & Interest & LoC Fees)	\$	2,032,202.64
Debt Service Coverage Ratio		1.21
Net Operating Income Shortfall (cushion) for Covenant Compliance	\$	(20,544.38)