SECTION 4 – Budget Overview–School

School Budget Overview – Fiscal Year 2008
Superintendent's Introduction Summary

Dr. Lawrence Callahan, Ed. D.
Superintendent of Schools

The fiscal year 2008 budget in the amount of $43,040,189 represents a 2.07% increase over the fiscal year 2007 budget. The proposed budget plan for FY 2008 is one that is both fiscally responsible and aligned with the district's mission to provide quality education services to the children of Salem.

The process used in the development of this budget plan has been extensive and has included input from school personnel at several levels. Meetings involving central office administration and principals were held; school improvement plans were reviewed; program leaders identified areas of concern; and constant revisions were made throughout the process in order to identify the most essential needs of the system.

Maintaining consistency in our instructional programs continues to be our highest priority. The school budget is an accounting of educational dollars, as well as a document that defines the educational focus of the Salem Public Schools. Among the most significant highlights of the FY 2008 budget are the following:

- Saltonstall – Implementation of year one of the transition to a K-8 model.
- Curricular Improvements – Re-establishment of the K-6 Math Coordinator.
- Special Education – Development of in-district programs to meet the varied needs of our special education students.

The Leadership Team has worked diligently in attempting to develop a budget that meets the current needs of our district – while at the same time acknowledging a fiscal responsibility to the taxpayers of Salem.

School Financing

Chapter 70 and Net School Spending

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.

FY08 Preliminary Chapter 70 Aid and Net School Spending Requirements

The following information is from the DOE website. You can view this information by going to http://finance1.doe.mass.edu/chapter70/chapter_08p.html .

February 28, 2007

Pursuant to section 6 of chapter 70 of the General Laws, the Commissioner of Education is issuing the preliminary estimates of Chapter 70 school aid and net school spending requirements for FY08. These estimates are based on House 1, Governor Patrick's proposed state budget for the coming fiscal year. House 1 provides $3.705 billion in Chapter 70 school aid for FY08, an increase of $200 million (5.7%) over FY07. The FY08 program continues the major reforms enacted in FY07, although the state budget situation does not permit full funding of all of those changes.

The Governor has also indicated his intent to take a fresh look at all aspects of the state's school financing system, including the foundation budget itself. This review will be carried out during the coming year, in consultation with local officials, teachers' organizations, research groups, and other interested stakeholders, and the results will help inform the Governor's budget proposals for FY09 and succeeding years. It would obviously have been impossible to complete such a comprehensive review in the short time frame allotted for the preparation of the FY08 budget.

Here are highlights of the FY08 program:

The foundation budget calculation is based on the same model used in FY07. All foundation budget factors have been increased by 4.66%, using the federal government's price deflator index for state and local government expenditures.

The required local contributions are based on the aggregate wealth model first used in FY07. Each municipality's target contribution has been updated using 2006 property values and 2004 personal income data. For municipalities with required contributions above their target, the requirement is reduced by 30% of the gap (compared to 20% last year). This continues the progress, albeit at a slightly slower pace, toward the taxpayer equity goals that were established last year.
Foundation aid is fully funded.

- Down-payment aid and growth aid, first introduced in FY07, are continued, but calculated allotments are prorated at 47% because of the state's budget situation.
- Minimum aid is fully funded, guaranteeing every district a minimum increase of at least $50 per pupil.

These are preliminary estimates subject to change as the House and Senate deliberate on the budget. Our purpose in providing these estimates at this time is to assist cities and towns in their own budget preparation for FY08. We advise you to construct your local budgets with sufficient flexibility to accommodate the changes that typically occur in the state budget process. The Commissioner will issue the final, official school spending requirements as soon as the Governor and Legislature approve either the FY08 state budget or an earlier local aid resolution. Those final numbers will then match the FY08 cherry sheets to be issued by the Department of Revenue.
The Department of Education has prepared the following materials to assist local officials in understanding the state aid calculations and local contribution requirements in this year's Chapter 70 program:
In order to get the links to this information, please go to:
http://finance1.doe.mass.edu/chapter70/chapter_08p.html

- Summary chart showing foundation enrollment, foundation budget, Chapter 70 aid, and required local contributions for each school district.
- Summary chart for regional school districts, showing foundation enrollment and required local contribution for each member of the district.
- White paper describing the major components of the formula.
- Complete formula spreadsheet showing the detailed calculations for each municipality and district.

The following pages show the FY07 actual and FY08 Preliminary Chapter 70 and Net School Spending.

Massachusetts Department of Education
FY07 Chapter 70

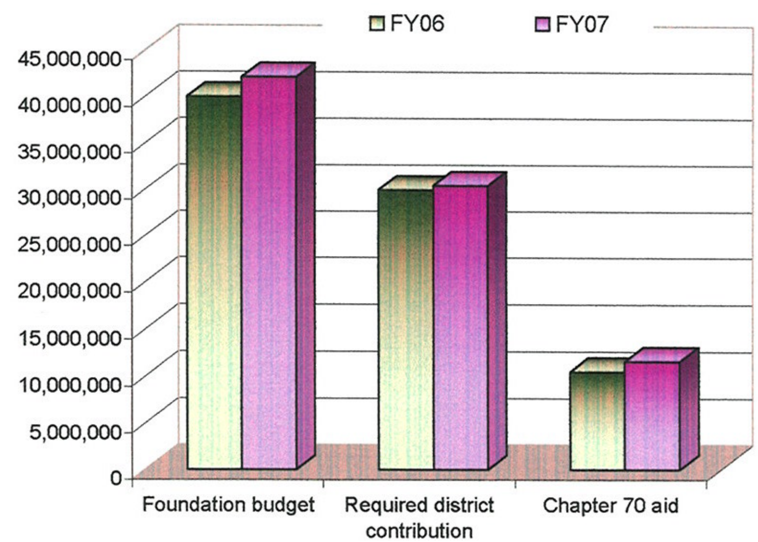
258 SALEM

Aid Calculation FY07

Prior Year Aid	
1 Chapter 70 aid FY06	**10,536,330**
Foundation Aid	
2 Foundation budget FY07	42,136,155
3 Required district contribution FY07	30,487,993
4 Foundation aid (2 -3)	11,648,162
5 Increase over FY06 (4 - 1)	**1,111,832**
Down Payment of Fully-Phased In Foundation Aid	
6 Target Aid Percentage	36.09%
7 Foundation aid at full phase-in (6 x 2)	15,206,938
8 20 % of increase over FY06 (20 % x (7-1))	934,122
9 Full phase-in "down payment" (8 - 5)	**0**
Growth aid	
10 Foundation budget FY06	39,985,833
11 Change in foundation FY06 to FY07 (2 - 10)	2,150,322
12 Target percentage times chg in foundation (6 x 11)	776,051
13 Growth aid (12 - 9- 5)	**0**
$50 Per Pupil Minimum Increase	
14 Foundation enrollment FY07	4,932
15 Minimum increase ($50 x row 14)	246,600
16 Additional aid to reach per pupil guarantee (15-13-9-5)	**0**
Non-Operating District Reduction to Foundation	
17 Non-operating district reduction to foundation	**0**
Chapter 70 Aid FY07	
sum of line 1,5,9,13,16 minus line 17	**11,648,162**

Comparison to FY06

	FY06	FY07	Change	Pct Chg
Enrollment	4,912	4,932	20	0.41%
Foundation budget	39,985,833	42,136,155	2,150,322	5.38%
Required district contribution	29,992,288	30,487,993	495,705	1.65%
Chapter 70 aid	**10,536,330**	**11,648,162**	1,111,832	10.55%
Required net school spending	40,528,618	42,136,155	1,607,537	3.97%
Chapter 70 pct of foundation	26.35%	27.64%		
NSS as pct of foundation	101.36%	100.00%		



Massachusetts Department of Education

Determination of City and Town Total Required Contribution FY07

258 SALEM

Effort Goal

1) 2004 equalized valuation	4,223,735,800
2) Property percentage	0.3383%
3) Local effort from property wealth	14,288,659
4) 2003 income	848,397,000
5) Income percentage	1.6306%
6) Local effort from income	13,834,065
7) Combined effort yield (row 3+ row 6)	28,122,724
8) Foundation budget FY07	44,005,592
9) Maximum local contribution (max pct * row 8)	36,304,613
10) Target local contribution (lesser of row 7 or row 9)	28,122,724
11) Target **local** share (row 10 as % of row 8)	63.91%
12) Target **aid** share (100% minus row 11)	36.09%

See a listing of all 351 communities

FY07 Increments Toward Goal

13) Required local contribution FY06	31,115,021
14) Municipal revenue growth factor	5.36%
15) FY07 preliminary contribution (13 x 14)	32,782,786
16) Excess local effort (15 - 10 if >0)	4,660,062
17) Reduction toward target (row 16 x 20%)	932,012
18) FY07 required local contribution (15 - 17)*	31,850,774
19) Contribution as % of foundation (18 / 8)	72.4%

* Outside budget language in the House 1 proposed FY07 state budget caps the contribution at 150% of foundation budget. This provision affects five communities.

Massachusetts Department of Education
FY07 Chapter 70

Apportionment of Local Contribution Across School Districts

258 SALEM	SALEM	NORTH SHORE	ESSEX AGRICULTURAL	COMBINED TOTAL ALL DISTRICTS
Determination of total FY07 contribution				
1 FY06 required contribution	29,992,288	815,617	307,116	31,115,021
2 FY07 Municipal revenue growth factor				5.36%
3 FY07 Preliminary contribution (line 1 total raised by line 2)				32,782,786
4 Target local contribution (see municipal contribution sheet row 10)				28,122,724
5 Difference from target local contributionl (3 - 4)				4,660,062
6 Reduction toward effort goal (20 percent of line 5 if line 5 >0)				932,012
7 FY07 required local contribution (3 - 6)				31,850,774
Apportionment of FY07 contribution among community's districts				
8 Each district's share of FY06 required contribution in line 1	96.39%	2.62%	0.99%	100.00%
9 FY07 foundation budget (including member share at regional)	42,136,155	1,595,646	273,791	44,005,592
10 Each district's share of FY07 foundation budget in line 9	95.75%	3.63%	0.62%	100.00%
11 Disparity between FY07 foundation and FY06 contribution shares (10 - 8	-0.64%	1.00%	-0.36%	
12 Phased-in disparity reduction (75 percent of line 11)	-0.48%	0.75%	-0.27%	
13 Allocation percentage for FY07 (8 + 12)	95.91%	3.37%	0.71%	100.00%
14 FY07 required local contribution allocated to each district (13 x 7)	30,548,645	1,074,909	227,220	31,850,774
15 Essex Agricultural adjustment	-60,652	-2,297	62,949	0
16 Required district contribution FY07 (14 +15)	30,487,993	1,072,612	290,169	31,850,774

The goal of this regional allocation method is to equalize a community's local effort at the districts to which it belongs so that contributions better reflect shifts in enrollment. This new approach is being phased in over a four year period; in FY05 the disparity reduction was 25 percent; in FY06 it was 50 percent; and in FY07 it is 75 percent. In FY08, the local contribution as a percentage of foundation budget will be the same at all of the districts to which a city or town belongs.

Massachusetts Department of Education

Office of School Finance

FY07 Chapter 70 Foundation Budget

258 SALEM

	Base Foundation Components										Incremental Costs Above The Base				
	(1) Pre-School	(2) Kindergarten Half-Day	(3) Kindergarten Full-Day	(4) Elementary	(5) Jr High/ Middle	(6) High School	(7) ELL PK	(8) ELL K Half	(9) ELL KF - 12	(10) Voca-tional	(11) Special Ed In District	(12) Special Ed Out of Dist	(13) Low Income Elem	(14) Low Income Other	TOTAL*
Foundation Enrollment	174	1	331	1,627	1,098	1,274	0	0	366	148	183	47	1,326	672	4,932
1 Administration	26,086	150	99,250	487,856	329,235	382,009	0	0	109,745	44,378	378,717	97,266	0	0	1,954,692
2 Instructional Leadership	47,116	271	179,256	881,118	594,633	689,947	0	0	198,211	80,151	0	0	0	0	2,670,703
3 Classroom and Specialist Teachers	216,042	1,242	821,952	4,040,183	2,399,383	4,094,088	0	0	1,351,290	808,537	1,249,680	0	2,930,778	1,118,161	19,031,336
4 Other Teaching Services	55,409	318	210,811	1,036,220	503,400	486,260	0	0	186,389	56,489	1,166,806	1,487	0	0	3,703,589
5 Professional Development	8,547	49	32,521	159,885	116,970	131,591	0	0	48,685	25,274	60,284	0	65,199	33,042	682,048
6 Instructional Equipment & Tech	31,270	180	118,965	584,760	394,632	732,626	0	0	131,544	148,940	52,618	0	0	0	2,195,535
7 Guidance and Pschological	15,719	90	59,805	293,966	264,102	384,124	0	0	88,034	44,623	0	0	0	0	1,150,464
8 Pupil Services	6,254	36	23,796	175,439	193,380	517,410	0	0	39,466	60,107	0	0	0	0	1,015,887
9 Operations and Maintenance	59,992	345	228,244	1,121,914	820,843	923,459	0	0	341,672	200,772	423,048	0	457,523	231,867	4,809,679
10 Employee Benefits/Fixed Charges	54,076	311	205,733	1,011,294	648,907	723,377	0	0	286,183	136,478	479,261	0	300,710	152,396	3,998,726
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	0	923,496	0	0	923,496
12 Total	520,509	2,991	1,980,333	9,792,636	6,265,484	9,064,892	0	0	2,781,219	1,605,750	3,810,413	1,022,249	3,754,211	1,535,466	42,136,155
13 Wage Adjustment Factor	100.0%														

Foundation Budget Per Pupil 8,543

* Total foundation enrollment does not include columns 11 through 14, because those columns represent increments above the base. The pupils are already counted in columns 1 to 10.

Total foundation enrollment assigns pupils in pre-kindergarten and half-time kindergarten an enrollment count of .5.

Special education in-district headcount is an assumed percentage, representing 3.75 percent of K to 12 non-vocational enrollment and 4.75 percent of vocational enrollment.

Special education out-of-district headcount is also an assumed percentage, representing 1 percent of non-vocational K-12 enrollment.

Low income headcounts are the number of pupils in columns 1 through 10 who are eligible for free or reduced lunch.

Each component of the foundation budget represents the enrollment on line 1 multiplied by the appropriate state-wide foundation allotment.

The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.

Massachusetts Department of Education
FY08 Chapter 70, Preliminary

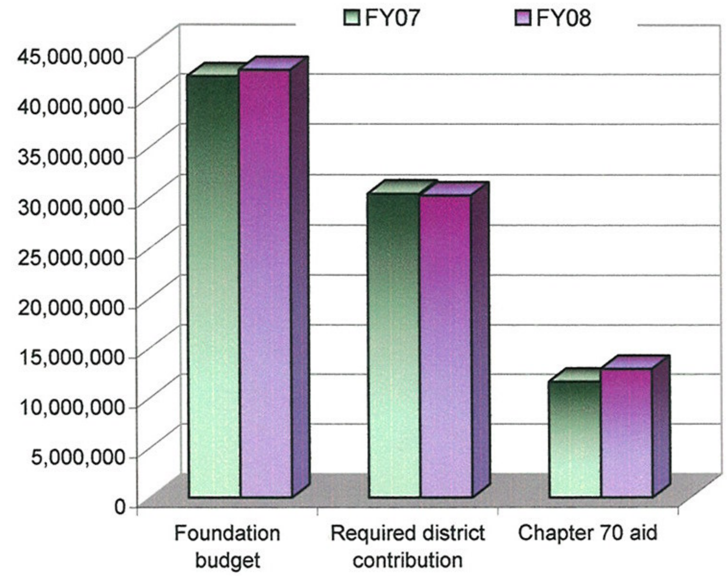
258 SALEM

Aid Calculation FY08

Prior Year Aid		
1	Chapter 70 aid FY07	**11,648,162**
Foundation Aid		
2	Foundation budget FY08	42,786,004
3	Required district contribution FY08	30,302,897
4	Foundation aid (2 - 3)	**12,483,107**
5	Target Aid Percentage	36.72%
6	Foundation aid at full phase-in (5 x 2)	15,711,021
7	Full foundation down payment increment (30% x 47% x (6 - 4)	**455,136**
Growth aid		
8	Foundation budget FY07	42,136,155
9	Increase in foundation budget (2 - 8)	649,849
10	Growth aid target (1 + (5 x 9))	11,886,787
11	Growth aid increment ((10 - 4 - (7/.47)) x 47%)	**0**
$50 Per Pupil Minimum Increase		
12	Foundation enrollment FY08	4,767
13	Minimum guarantee (1 + ($50 x 12))	11,886,512
14	Minimum aid increment (13 - 4 - 7 - 11)	**0**
Non-Operating District Reduction to Foundation		
15	Non-operating district reduction to foundation	**0**
Chapter 70 Aid FY08 (4 + 7 + 11 +14 - 15)		**12,938,243**

Comparison to FY07

	FY07	FY08	Change	Pct Chg
Enrollment	4,932	4,767	-165	-3.35%
Foundation budget	42,136,155	42,786,004	649,849	1.54%
Required district contribution	30,487,993	30,302,897	-185,096	-0.61%
Chapter 70 aid	**11,648,162**	**12,938,243**	1,290,081	11.08%
Required net school spending	42,136,155	43,241,140	1,104,985	2.62%
Chapter 70 pct of foundation	27.64%	30.24%		
NSS as pct of foundation	100.00%	101.06%		



Massachusetts Department of Education

Determination of City and Town Total Required Contribution FY08, Preliminary

258 SALEM

Effort Goal

1) 2006 equalized valuation	4,923,330,400
2) Property percentage	0.2939%
3) Local effort from property wealth	14,469,097
4) 2004 income	875,668,000
5) Income percentage	1.5758%
6) Local effort from income	13,799,081
7) Combined effort yield (row 3+ row 6)	28,268,179
8) Foundation budget FY08	44,674,094
9) Maximum local contribution (82.5% * row 8)	36,856,127
10) Target local contribution (lesser of row 7 or row 9)	28,268,179
11) Target **local** share (row 10 as % of row 8)	63.28%
12) Target **aid** share (100% minus row 11)	36.72%

FY08 Increments Toward Goal

13) Required local contribution FY07	31,850,774
14) Municipal revenue growth factor	4.13%
15) FY08 preliminary contribution (13 x 14)	33,166,211
16) Excess local effort (15 - 10 if >0)	4,898,032
17) Reduction toward target (row 16 x 30%)	1,469,410
18) FY08 required local contribution (15 - 17)	31,696,801
19) Contribution as % of foundation (18 / 8)	71.0%

Massachusetts Department of Education
FY08 Chapter 70, Preliminary

Apportionment of Local Contribution Across School Districts

258 SALEM	SALEM	NORTH SHORE	ESSEX AGRICULTURAL	COMBINED TOTA ALL DISTRICTS
Determination of total FY08 contribution				
1 FY07 required contribution	30,487,993	1,072,612	290,169	31,850,774
2 FY08 Municipal revenue growth factor				4.13%
3 FY08 Preliminary contribution (line 1 total raised by line 2)				33,166,211
4 Target local contribution (see municipal contribution sheet row 10)				28,268,179
5 Difference from target local contribution (3 - 4)				4,898,032
6 Reduction toward effort goal (30 percent of line 5 if line 5 >0)				1,469,410
7 FY08 required local contribution (3 - 6)				31,696,801
Apportionment of FY08 contribution among community's districts				
8 Each district's share of FY07 required contribution in line 1	95.72%	3.37%	0.91%	100.00%
9 FY08 foundation budget (including member share at regiona	42,786,004	1,668,253	219,837	44,674,094
10 Each district's share of FY08 foundation budget in line 9	95.77%	3.73%	0.49%	100.00%
11 Disparity between FY08 foundation and FY07 contribu	0.05%	0.37%	-0.42%	
12 Phased-in disparity reduction (100 percent of line 11)	0.05%	0.37%	-0.42%	
13 Allocation percentage for FY08 (8 + 12)	95.77%	3.73%	0.49%	100.00%
14 FY08 required local contribution allocated to each district (13	30,357,179	1,183,645	155,977	31,696,801
15 Essex Agricultural adjustment	-54,282	-2,117	56,399	0
16 Required district contribution FY08 (14 +15)	30,302,897	1,181,528	212,376	31,696,801

The goal of this regional allocation method is to equalize a community's local effort at the districts to which it belongs so that contributions bet
This approach has been phased in over a four year period; in FY05 the disparity reduction was 25 percent; in FY06 it was 50 percent; and in
FY08, the phase-in of the disparity reduction is complete. A city or town's contribution will be 100 percent proportional to its foundation budg

Massachusetts Department of Education

Office of School Finance

FY08 Chapter 70 Foundation Budget, Preliminary

258 SALEM

	Base Foundation Components										Incremental Costs Above The Base				
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)	
	Pre-	Kindergarten			Jr High/	High	ELL	ELL	ELL	Voca-	Special Ed	Special Ed	Low Income		
	School	Half-Day	Full-Day	Elementary	Middle	School	PK	K Half	KF - 12	tional	In District	Out of Dist	Elem	Other	TOTAL*
Foundation Enrollment	136	1	319	1,513	1,063	1,210	0	0	394	199	178	45	1,222	649	4,767
1 Administration	21,340	157	100,109	474,810	333,591	379,722	0	0	123,645	62,450	385,536	97,467	0	0	1,978,825
2 Instructional Leadership	38,542	283	180,809	857,568	602,508	685,828	0	0	223,319	112,793	0	0	0	0	2,701,652
3 Classroom and Specialist Teachers	176,729	1,299	829,068	3,932,181	2,431,145	4,069,617	0	0	1,522,455	1,137,816	1,272,178	0	2,826,779	1,130,214	19,329,484
4 Other Teaching Services	45,326	333	212,636	1,008,520	510,059	483,359	0	0	209,998	79,495	1,187,814	1,490	0	0	3,739,029
5 Professional Development	6,992	51	32,803	155,612	118,514	130,801	0	0	54,853	35,567	61,369	0	62,884	33,398	692,844
6 Instructional Equipment & Tech	25,579	188	119,995	569,130	399,858	728,251	0	0	148,207	209,597	53,566	0	0	0	2,254,370
7 Guidance and Psychological	12,859	95	60,323	286,108	267,600	381,828	0	0	99,186	62,796	0	0	0	0	1,170,794
8 Pupil Services	5,115	38	24,002	170,742	195,943	514,323	0	0	44,463	84,587	0	0	0	0	1,039,211
9 Operations and Maintenance	49,076	361	230,219	1,091,917	831,712	917,942	0	0	384,950	282,538	430,666	0	441,289	234,367	4,895,037
10 Employee Benefits/Fixed Charges	44,235	325	207,513	984,267	657,497	719,055	0	0	322,434	192,059	487,889	0	290,042	154,040	4,059,356
11 Special Ed Tuition	0	0	0	0	0	0	0	0	0	0	0	925,402	0	0	925,402
12 Total	**425,793**	**3,131**	**1,997,476**	**9,530,856**	**6,348,427**	**9,010,725**	**0**	**0**	**3,133,510**	**2,259,699**	**3,879,017**	**1,024,358**	**3,620,994**	**1,552,019**	**42,786,004**
13 Wage Adjustment Factor	100.0%														

Foundation Budget Per Pupil 8,975

* Total foundation enrollment does not include columns 11 through 14, because those columns represent increments above the base. The pupils are already counted in columns 1 to 10.

Total foundation enrollment assigns pupils in pre-kindergarten and half-time kindergarten an enrollment count of .5.

Special education in-district headcount is an assumed percentage, representing 3.75 percent of K to 12 non-vocational enrollment and 4.75 percent of vocational enrollment.

Special education out-of-district headcount is also an assumed percentage, representing 1 percent of non-vocational K-12 enrollment.

Low income headcounts are the number of pupils in columns 1 through 10 who are eligible for free or reduced lunch.

Each component of the foundation budget represents the enrollment on line 1 multiplied by the appropriate state-wide foundation allotment.

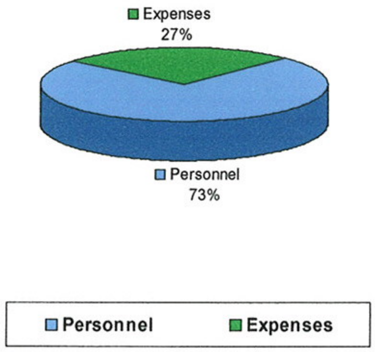
The wage adjustment factor is applied to underlying rates in all functions except instructional equipment, benefits and special education tuition.

ADOPTED BUDGET
GENERAL FUND- SCHOOLS

FY 2008

GENERAL FUND

• Personnel	$31,577,910
• Expenses	11,462,279
• **TOTAL**	**$43,040,189**



ADOPTED BUDGET
GENERAL FUND - SCHOOLS

FY 2007

GENERAL FUND

• Personnel	$29,792,326
• Expenses	12,371,024
• **TOTAL**	**$42,163,350**