

Citizen's Guide to the Rockport School Budget – FY08

Introduction

The School Committee is holding a budget public hearing in the High School Library on Wednesday, December 6, 2006 at 8:00p.m. This paper was written as a primer for the hearing and is intended to present a high-level view of the annual school budget process. We are facing a potential shortfall in FY08 and it is our intention to provide the citizens of Rockport the information they need to form sensible opinions regarding the development of the school budget for the next fiscal year.

Deriving the School Budget is a very complex process and it has been a challenge to provide sufficient content for this paper without getting too bogged down into detail. Parts 1 through 5 provide a background on the various money flows in the school department while part 6 addresses the issues facing us in FY08. Part 7 highlights the school and town-wide financial situation in general. The remainder of this paper contains appendices to provide further details about specific school funding programs. The last page contains the various budget recommendations that will be discussed at the public hearing.

The School Committee wishes to say that it is premature to propose any solutions to our budget concerns for FY08, so it is not the intent of this paper to be making specific recommendations at this time.

We are looking for all citizens, not just the parents of school children, to attend and voice their opinions at this important meeting. Please contact Superintendent DiTullio (546-1200) or a member of the School Committee if you have any questions regarding the school budget in general. We thank you for taking the time to read this paper and we hope to see you on December 6th.

Sincerely,

The Rockport School Committee

Mike Caffi, Chairman

Brian Sullivan, Vice-Chairman

Debbie Bloomingdale

Carl Engel

Melissa Tingley

Citizen's Guide to the Rockport School Budget – FY08

Part 1 –School Budget Basics

The school system is the largest department in the town of Rockport, and subsequently has the largest number of employees as well as the largest budget. The construction of the annual budget¹ is a complex process with many variable factors such as contractual obligations, compliance with state and federal laws, and fluctuating aid and grant money.

The budget is divided into two components: The Capital Improvement Budget and the Operating Budget.

The **Capital Improvement Budget** includes large expense items that occur infrequently, such as the replacement of buses, student lockers, roofs, etc. In October, the Superintendent presents the school's Capital Improvement Budget request to the town's Capital Improvement Planning Committee (CIPC). The CIPC will then determine, on a town-wide basis, which Capital Improvement items are approved or rejected. If an item is rejected, then the school committee will forgo it unless there is some way to find funding for the item in the operating budget. The final list of town-wide Capital Improvement requests is placed on the warrant to be voted on at Spring Town Meeting.

The **Operating Budget** is the estimated amount of money that is needed to run the school system for the next fiscal year. This budget includes staff salaries and expenses such as books, technology, and special education tuitions, to name a few. The important thing to understand is that there is a difference between the amount that is appropriated at Town Meeting and the amount of money that the school actually needs to operate. The difference is made up by a number of revenue sources (other than property taxes) that provide some income directly to the schools. These sources include user fees, grants, special education reimbursements ("Circuit Breaker"²) and School Choice³ money. This estimated income is subtracted from the proposed school budget before being submitted to the town for approval and appropriation. This estimated income represents about 7 to 8% of the total operating budget (over \$600,000). In other words, the town does not have to fund 7 to 8% of the overall school budget. Deductions made for grants, Circuit Breaker, and School Choice, are only estimates and can be incorrect once the actual fiscal year begins. If the estimates are too high (meaning more money was deducted from the appropriation amount), then it can cause a serious budget problem for the school system in funding the total operating budget.

There are other areas of school finance that do not appear directly in the school budget, the most prominent of which is Chapter 70 Aid⁴. Chapter 70 is a law (from Massachusetts General Law Chapter 70) that defines levels of state-funded aid for each public school district in the Commonwealth of Massachusetts. Chapter 70 Aid is disbursed directly to the Town of Rockport, but not directly to the school system. Rockport uses Chapter 70 Aid to reduce the tax burden of the schools with respect to overall town expenses. This amount currently represents 14% of the appropriated school budget, or about \$1.2 million. In combination with the aforementioned offsets, the town of Rockport funds approximately 78-80% of the overall school budget.

In addition to these reimbursement programs, charitable organizations such as the Rockport PTO, Friends of Rockport Athletics, the Rockport Education Foundation, and the Rotary contribute to help fund special pilot programs, sports uniforms, and many other activities that would otherwise not be possible without their support. Finally, there are legions of volunteers who donate their time, goods, and services to help keep the public school system vibrant, and to whom we are deeply indebted.

The Offsets detailed above (except Chapter 70) can be found on the budget scenarios attached at the end of this document.

¹ School Budget cycle is described in Appendix A

² Circuit Breaker is described in Appendix D

³ School Choice is described in Appendix C

⁴ Chapter 70 Aid is described in Appendix B

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Part 2 –Illustrated School Budget History

The charts below illustrate a ten-year history of Rockport School Finances. Chart 1 shows the appropriated budget for the past ten years. In FY01 (school year 2000-2001), there was a substantial Prop 2½ override for the schools to boost salaries and to bring much needed improvements to the curriculum. But shortly after that, the country experienced a series of negative financial events (Internet meltdown, Enron, Worldcom), followed by the devastating effects of 9/11, which drove the country into a recession. Massachusetts and local economies suffered, as illustrated by the level-funded budgets of FY03 and FY04. The Town of Rockport has been operating on a tight-money policy since that time.

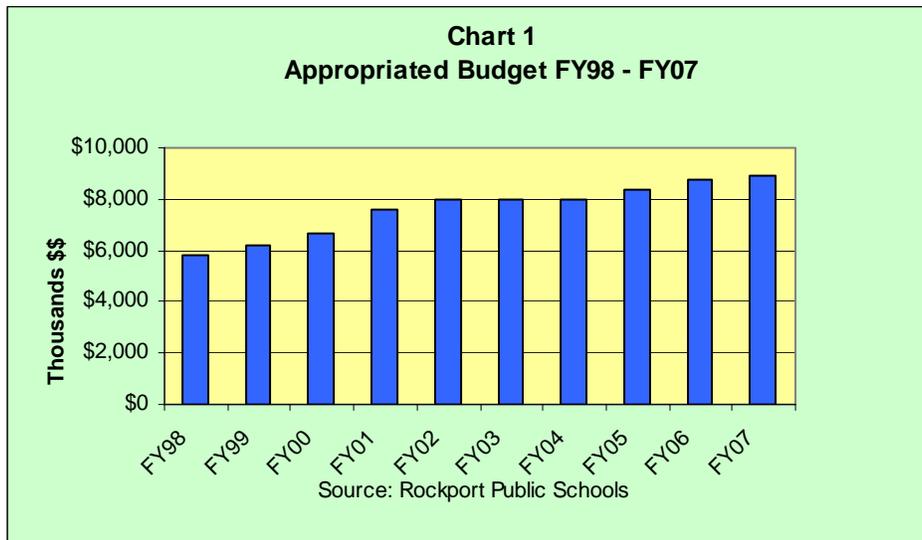
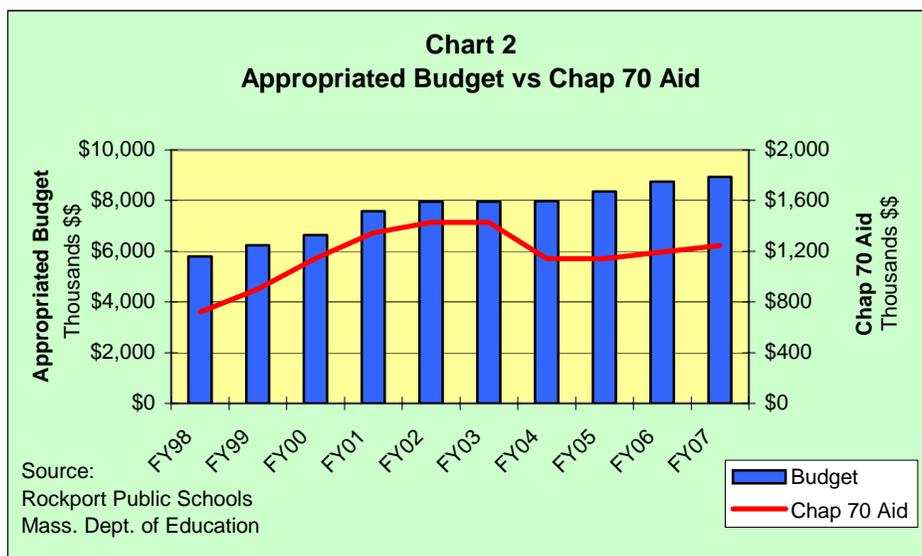


Chart 2⁵ shows another view of the stress that Rockport has suffered since FY02. Our Chap 70 Aid money was frozen in FY03 then cut 20% in FY04 and remained unchanged in FY05. We have started to see a rise in Chap 70 Aid again in the last two years, averaging about 4% increase per year. We are still nearly \$200,000 below our peak Chap 70 Aid received in FY03.



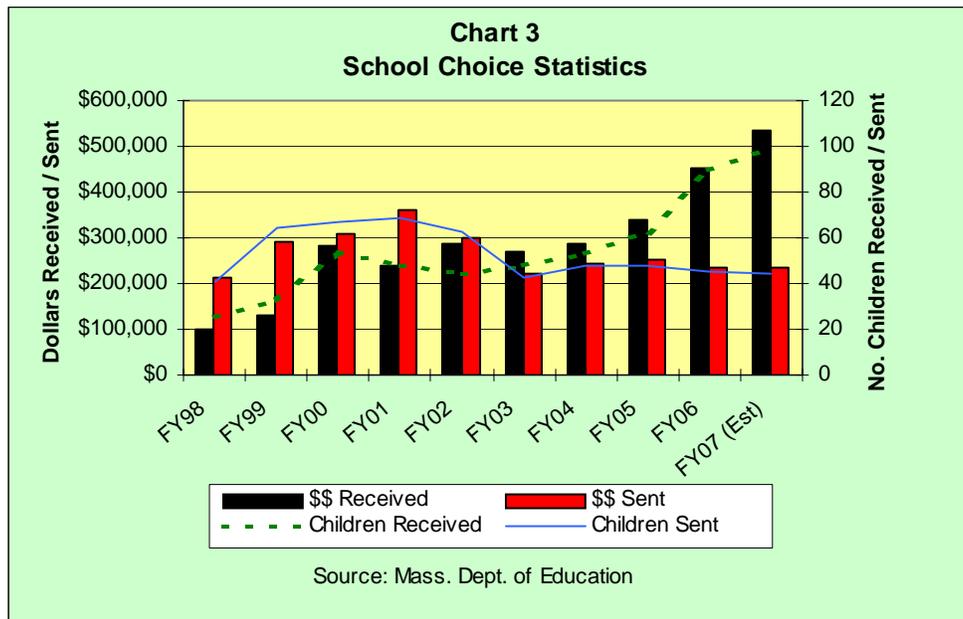
⁵ Please see Appendix E for help in understanding how to read a double-sided chart

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Part 3 – The School Choice Program

School Choice funds present another perspective of the financial view of the Rockport School Budget. It is recommended to review Appendix C to better understand the ramifications of this chart.

Prior to FY02, Rockport Public Schools sent more children out to other public school districts than were received into the system. From that point forward, the trend reversed. Chart 3 below shows both the number of children and School Choice funds that flowed into and out of the district. From a pure School Choice perspective, Rockport lost money through FY02 but has been profiting from School Choice since that time. The number of students choosing to attend Rockport Public Schools has been steadily increasing over the past four years, while the number of students leaving the district has leveled off.



As described in Appendix C, the impact of School Choice funds distribution is more than just taking the difference of the receiving and sending funds. The sending funds (funds leaving the district) are subtracted from Chapter 70 Aid money prior to receiving the distribution. Since Chapter 70 Aid is applied to the town budget (and not the school budget), the outgoing School Choice money is not directly reflected in the school budget. The School Choice receiving funds are deposited into a municipal account that is designated for the school system, so receiving funds become part of the school system budget.

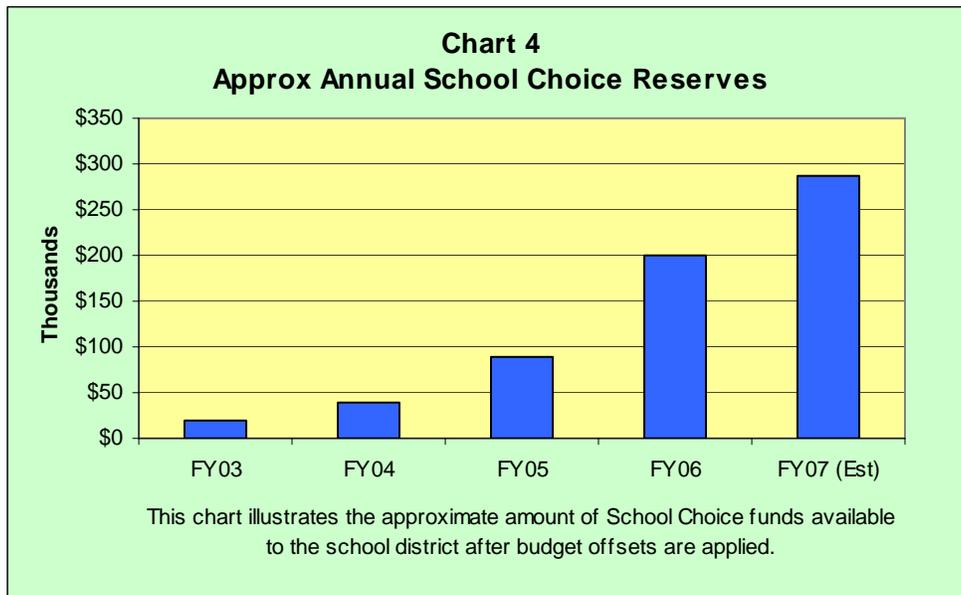
The School Committee uses a portion of the School Choice money as a budget offset to compensate for the money lost to School Choice sending, which in turn reduces the amount that the town needs to appropriate for the schools. The school department is left with the difference between the offset and the total dollars received from School Choice, which can be used at the discretion (within certain guidelines) of the Superintendent and School Committee. This extra money is used primarily as a cushion to help pay for unexpected and under-funded expenses for the coming school year, but has recently been used to restore some portion of services. Please refer to **Part 4** for further details.

As given by the name, the School Choice program is entirely dependent on the decisions made by students and parents on a year-by-year basis, as well as the number of openings the Rockport Public Schools will offer in any given year. There is no guarantee that the current trends will continue. In addition, we may wish to consider capping the total number of students who can be admitted into the school district in the School Choice program.

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Part 4 – Use of School Choice Funds and School System Restoration since FY05

As described in Part 3, Rockport has experienced a turnaround in net School Choice funds since FY03. After applying the budget offsets, the school district has been fortunate to see a steady increase in the net funds available to the school system since that time. Chart 4 illustrates the approximate additional revenue that has been made available to the district. The numbers are approximate since we are mixing numbers from Rockport Public Schools which bases data on whole numbers of students, with data from the state, which reports numbers on a Full-Time-Equivalent (FTE) basis. As you can see, the extra funds available for school district spending have increased dramatically over the past 3 years.



While we are very pleased with the trends, there is no guarantee from one year to the next as to what will happen with the actual enrollments. The School Committee cannot count on these excess funds as recurring income, thus they are not made as part of our regular budget. Over the past three years, we have voted on a level-services budget while staying as close as possible to the annual town budget guidelines. In addition, each year the School Committee creates a prioritized list of items that should be considered if more funds are made available to the school system.

School Choice guidelines dictate that we must spend these funds on direct student services. By applying these excess funds in appropriate places, we have been able to transfer money from other budget areas to compensate for under-funded expense items such as heating and electricity, as well as special education tuitions. The funds have also helped with making up the difference between the 2.5% salary increase cap and our contracted obligations in teacher salaries.

School Choice reserves have enabled us to restore elementary school teachers at the fourth and fifth grades in order to bring class sizes to more reasonable levels. We have been able to restore the reading specialist position in the elementary school in FY06, which has proven to be one of the best investments in student support. Additional funds have also helped with the on-going expansion of the music department and the purchase of new classroom computers.

The School Committee and Superintendent could have chosen to apply these funds to further reduce our operating expenses without making improvements in the system. But as advocates of education, our number one obligation is to the children of Rockport. We have been given an opportunity to reverse the trends from earlier in the decade and we have chosen to make restorations and improvements in the system. Public support of this approach has been favorable, plus the indication from School Choice statistics that Rockport Public Schools has now become a destination of choice.

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Part 5 – Special Education, Grants, and User Fees

The previous sections have addressed many of the issues that have affected school finances over the past five to ten years with particular emphasis on School Choice. One area of the budget that has not been mentioned is Special Education (SPED), which we are obligated by law to fund for our children who need these services. Tuition costs are considered part of our expenses (and not salaries), so when a town guideline states that expenses can increase only 1%, any actual increase in tuition still has to be paid. For FY07, our budget for SPED expenses using the town 1% guideline has appropriated \$1,199,530. Our actual costs for FY07 are currently projected at \$1,413,525, a difference of \$214,000, or 18%. Additionally, SPED costs are difficult to forecast from year to year as the unexpected arrival of a new child who requires these services may add tens of thousands of dollars to our expenses.

SPED costs have a state reimbursement program known as Circuit Breaker, which reimburses school districts for costs beyond a certain threshold (please see Appendix D for details) spent on Special Needs children. Unlike other aid programs, Circuit Breaker reimbursements are paid in the next fiscal year, e.g., expenses incurred in FY07 will be reimbursed in FY08. Timing of the payment can either work for or against us, depending on the SPED enrollments from year to year.

There are occasions where the school system will pay for SPED services that are covered by Medicaid. The Federal Government has a fairly complicated program of reimbursements for these cases. In Rockport, the school system will pay an expert to complete and file the paperwork to insure success in receiving the reimbursement. In recent years reimbursement has totaled as much as \$100,000. However, the reimbursement does not automatically come back to the school system, and will often be kept by the town for other purposes. This is a common practice in many communities but is a hotly debated issue on who receives the reimbursement.

Rockport schools are also dependent on recurring grants from both the State and Federal Governments. The process to apply for and receive grant money is time-consuming. Rockport does not employ grant writers and relies on faculty and staff to provide the paper work to ensure the annual influx of grant money. We are also seeing a reduction in the number of grant programs that are available as both the State and Federal governments offload the cost of education onto local communities. One example is the Essential Health Services Grant, which infuses over \$50,000 per year into our budget for specific Nursing and Health related programs in the school district. This grant will end after FY08 and we will need to find other ways to continue these services.

Rockport Public Schools, like most school districts, also rely on supporting specific services with User Fees. These fees are generated in two areas: Transportation (students who ride the bus are assessed a yearly fee as defined by state guidelines) and Athletics. Students who participate in varsity and junior varsity sports are assessed a user fee depending on the sports program. Both the Transportation and Athletic User Fees can only be used to offset expenses in their respective programs. Gate receipts at specific school sporting events are also part of the fees collected towards the Athletic Program. Gate receipts are not a dependable source of income as the amounts vary from year to year for a number of reasons.

In summary, we use *anticipated* Circuit Breaker reimbursements, Grants, and User Fees as offsets in the School Budget. The Offsets reduce the amount that is requested for appropriation, which in turn creates a greater dependence on funds aside from town revenues. Please refer to the proposed budgets at the end of this paper to see how these offsets are applied.

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Part 6 – Why Rockport Schools are facing a possible deficit in FY08

Over the past five years, the school system has been faced with the same monetary constraints as all other town departments. The saving grace has been the fortunate increase in School Choice money that has enabled the schools to maintain services while providing areas of restoration and growth. These funds, which should be considered discretionary, are now becoming a required part of the non-appropriated portion of our budget to make up for the lack of growth in the appropriated budget.

The proposed town budget guidelines for FY08 have been set for this year as follows:

- Salaries are limited to 2.5% increase
- Expenses other than energy are level-funded
- Energy expenses are limited to a 7% increase.

This is still not representative of the true needs of the school system (or any department for that matter) and it is apparent that even with a rise in School Choice reserves, it will not be enough to cover our future needs.

Appendix G contains several versions of the proposed school budget for FY08. The first pass of the budget, as proposed by department heads, was presented to the School Committee on November 1st with a request of nearly 21% increase over FY07. In the past, we have found requests at this point in the budget cycle come in around 10%. The second pass, as pared down by the Superintendent on November 15th, was presented to the School Committee with a 14% requested increase over FY07. Historically, this point in the budget has been closer to 7%.

What also needs to be considered is that the Teachers' Contract expires at the end of August 2007 and is currently under negotiation. By law, the School Committee cannot vote on a budget that includes any assumptions about raises while the contract is being negotiated. The budget forecasts include current teacher salaries that are adjusted for Step and Track increases only as defined by the existing contract (see Appendix F for an explanation of Step and Track).

There is no one specific item causing the budget dilemma as numerous forces are compounding the problem. Some of these forces affect all departments while others just affect the schools. The list below is not exhaustive. Please consider the following:

1. Budgets have not been realistic for years since we are basing increases on the prior year's appropriated amounts, not the actual cost of running the system.
2. Salaries from added staff (as described in Part 4) funded by School Choice reserves are not included in the appropriated budget and will continue to rely on School Choice reserves for funding.
3. The current Teachers' Contract has stipulated raises of 3% for FY06 and FY07. Step and track raises, as outlined in the contract, can additionally increase a qualifying teacher's salary. This combination exceeds the town-wide 2.5% requested limit on salaries, but they are in-line with most school districts in Massachusetts.
4. Transportation costs for athletic events have surged in recent years. This requires the schools to hire outside services when multiple events are taking place on the same day. We also recently lost our athletic-events bus driver, which forces us to use higher cost services.
5. Our school technology department has been severely under-funded for years and we have no choice but to make major investments in FY08. Some areas of technology funding have been submitted for Capital Improvement money but it is uncertain if requests will be approved.
6. Long-term illnesses have added to the cost of salaries in the past four years.
7. We are realizing an increase in the number of retirements simply due to the demographics of a larger number of people in that age group. Consequently this increases our reimbursement costs for unused vacation and sick time.

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Part 7 – Overall perspective of the school and town finances.

As we all know, the recent years of Rockport's tight-money policy have been fiscally prudent but unrealistic in terms of actual growth. For several years now, the Finance Committee has announced that the town is running a structural deficit, meaning that we are spending more money than we are taking in. The Finance Committee proposed an Override for FY06 at the Spring Town meeting in 2005 that would have solved short-term budget issues. The Override was approved at Town Meeting but was later defeated as a referendum question in the town-wide elections. As predicted, we ended FY06 in deficit and needed to balance the budget using free cash and transfers from various departments. The School Committee voted to reduce our current FY07 budget by \$63,000 to assist in this process.

One topic not mentioned in this paper is the dramatic surge in the cost of health insurance over the past years. The Town of Rockport provides this coverage for all employees, including school employees, so it has not been a direct issue for the schools. But indirectly it affects everyone. This includes employees who must pay higher premiums, and town departments whose appropriations are slashed because the premiums take up most of the increase allowed by Prop 2½.

The Finance Committee has been working diligently to consider options for the financial future of Rockport. Frank Hassler presented a long-range financial planning document at the School Committee's November 15th meeting. The document presents historical views of Rockport's financial picture as far back as 30 years, and then makes projections out five years under various scenarios. The following three scenarios are considered and forecasted:

- Current tight-money policy (continue deferred maintenance, no growth)
- Partial Financial Health (financial goals achieved over a longer time frame)
- Full Financial Health (financial goals achieved quickly and more sustainable)

The School Committee found the presentation extremely refreshing and informative, especially to see considerable thought given to ways to restore financial health of the town. It clearly gives a big picture view of how the town needs to consider its options for future growth. Rockport is a limited growth community with abundant natural resources but no industrial tax base. It becomes clear that requirements must be defined at the department-level, but solutions should be developed at the town level.

As Mr. Hassler stated at our meeting, the school system has enjoyed a few years of growth due to the reserves created by School Choice funds, but the reality of a deficit was only being postponed. We have now caught up with other town departments and need to make difficult decisions over the coming months on how we are to deal with the situation. We are looking to the citizens of Rockport to express their opinions at our budget hearing so we may gauge the climate of the community on how we best plot course of the school system for the future.

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Appendix A

How the does the Rockport Public School District determine its annual budget?

The budget cycle is a process that repeats year-after-year for all town departments. In the late summer, the Board of Selectmen sets a timetable that all departments must follow in order to have their finalized budgets submitted for consideration and appropriation by Spring Town Meeting. The school department follows this schedule and traditionally we have been asked to present our budget at the Selectmen's meeting on the Tuesday just before Christmas.

The school budget schedule:

1. **September and October – Formulate the Capital Improvement Budget**

This includes large expense items that occur infrequently, such as the replacement of buses, lockers, roofs, etc. We provide a five-year outlook to enable the Capital Improvement Planning Committee (CIPC) to foresee and plan for long-term potential expenses. This money is funded primarily by the town's free cash reserves, so projects are dependent on the status of this account.

2. **October through December – Formulate the Operating Budget for the next School Year**

This is achieved in a bottom-up manner and presented at multiple school committee meetings:

- **First Pass:** Individual school departments determine their needs for the next year and translate that to a proposed budget. This budget is presented to the School Committee for consideration.
- **Second Pass:** The Superintendent reviews and adjusts the department-level budget based on numerous factors. This budget is presented to the School Committee for consideration.
- **Third Pass:** The Superintendent constructs a budget based on the School Committee feedback from the prior two meetings. By this time, the Superintendent will have received budget guidelines from the Board of Selectmen. If neither the Superintendent's nor School Committee budgets fall within the recommended guidelines, then a fourth budget will be constructed to meet the guidelines.
- **Public Hearing:** These final three budgets are presented at a school budget public hearing, which is held during a regular school committee meeting, usually the first meeting in December. The School Committee will review all budgets and will listen to public comment for consideration. The School Committee will then vote to approve one of the three budgets as the recommended budget for the next school year. The vote can be taken either at the public hearing or at a meeting held anytime before presentation to the Board of Selectmen.
- **Presentation:** The final approved budget is formally submitted and presented to the Board of Selectmen. The budget will eventually be placed on the warrant for approval and appropriation at Spring Town Meeting. If the budget is over the guidelines by which the town can appropriate funds, then both school budgets (School Committee budget and Town Guidelines Budget) are placed on the warrant for consideration at Town Meeting.
- **Town Meeting:** Along with other town departments, the school committee budget is voted on at the annual Spring Town Meeting. Town Meeting can only vote on the total appropriation for the school system and has no authority to change line-item requests, as it can with other departments.

If multiple school budgets are present on the warrant, then the Town Guidelines school budget is considered the default budget and voted on, unless a motion is made to consider the School Committee recommended budget. The issues are debated and final budget is voted on at that time. Under a multiple budget scenario, the School Committee will be forced to make cuts if the Town Guidelines budget is approved.

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Appendix B

What is Chapter 70 Aid?

Chapter 70 is a law (from Massachusetts General Law Chapter 70) containing 15 sections that define the levels of state-funded aid for each public school district in the Commonwealth of Massachusetts. The law is very complex and the subject of ongoing controversy, as practically every city and town in the Commonwealth claims they are being denied proper funding due to discrimination by the way "formula" allocates the funds.

Section 2 of Chapter 70 contains 65 definitions of the various terms that define the law and the allocation formula. Some of the notable definitions include "Foundation Budget", "Net School Spending" (NSS), "Local Contribution", "Assumed tuitioned-out special education enrollment", and "Overburden aid", to name a few of the gems.

Chapter 70 Aid is determined as part of the annual State Budget and funding is subject to debate by the Massachusetts legislature. There is great anticipation each year over the funding amount that will be provided by the state. Once determined, the Aid is disbursed to cities and towns at the beginning of the new fiscal year (July 1).

Some of the controversy regarding the law is due to the heavy use of real-estate valuations in the allocation formula. Towns like Rockport, which have high property valuations but lower, disproportionate personal incomes, appear to be penalized as the formula assumes the local population can afford to carry more of the tax burden, thus warranting less aid. There has been talk in recent years of changing the formula but it is so controversial that it is difficult to make any changes at all. There is also talk that in FY08 there will be a one-time change in the formula to compensate for the income levels, but that remains to be seen.

Appendix C

What is School Choice?

School Choice is defined by MGL Chapter 76, Section 12, which states that a school district may participate in a plan to allow students from other districts to attend classes in their district, and vice versa. School Committees vote as to whether or not they wish their district to participate in the School Choice program. The law defines guidelines on various criteria of the program, such as how the program is funded, how students are accepted into the receiving district, how the funds can be spent, etc. Rockport has been participating in School Choice since FY96.

There are financial ramifications for school districts participating in a School Choice program. MGL stipulates that a sending school district must fund departing children at a cost of 75% of the actual cost per pupil in the receiving district, which is capped at \$5000 per child. Monies from the sending school are deducted from their Chapter 70 Aid distribution and deposited into the School Choice Tuition Trust Fund (SCTTF), both of which are managed by the state. The receiving school will have School Choice funds deposited from the SCTTF into a town account that is controlled by the school district. Unlike Chapter 70 Aid, School Choice money is received and managed directly by the School Department.

The number of seats available each year for accepting School Choice children is determined by the principal of each school, working with the superintendent. New openings are advertised well before the start of the new school year to allow sufficient time for parents and students to apply for openings. Applying students must be accepted into the receiving district unless there are more applicants than there are seats. In that case, students must be selected via a lottery on a purely random basis with no intent or ability for discriminating between specific students. Once an applicant is selected into the receiving school, the selection is permanent unless the student voluntarily opts out.

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Appendix D

What is "Circuit Breaker?"

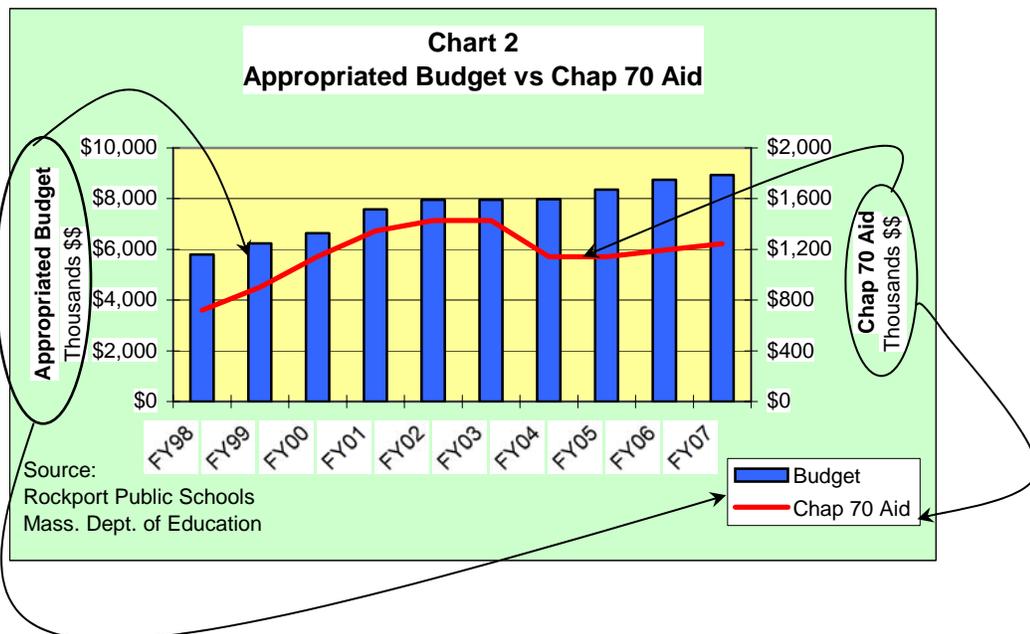
"Circuit Breaker" is a law reimbursing Special Education costs that became effective in FY03 and is designed to reimburse districts for high cost students. The law reimburses instructional and tuition costs for In-District and Out-of-District students. For In-District students, the law stipulates that districts will be reimbursed 80% of instructional costs that exceed three times the Statewide Foundation Budget (but the actual reimbursement rate has ranged from 30% to 75%). Out-of-District costs will be reimbursed at 65% of tuition costs that exceed four times the Statewide Foundation Budget. The Statewide Foundation Budget is approximately \$7,500/pupil, which means we get reimbursed for amounts spent over \$30,000. Transportation costs are not included in this law and are supposed to be reimbursed under Chap 71B sec 14, but no funds have been available for years.

Appendix E

How to interpret double-sided charts

A double-sided chart is a chart that has different scales on the left and right sides (vertical axes). The intent is to illustrate two related items that may have different scales or values but share the same values on the horizontal axis. All of the double-sided charts in this document share a common time scale along the bottom horizontal axis. Chart 2 is an excellent example of a double-sided chart and is used for our example.

The labeling on the left side of the chart shows the amount for the Appropriated Budget, which scales from a minimum amount of \$0 up to a maximum of \$10,000,000. The labeling on the right shows the amount of State Aid received, which scales from a minimum amount of \$0 to \$2,000,000. The key on the bottom left shows that the dark blue bars represents the Budget, while the red line represents the Chap 70 Aid amount. As you look at each bar, you will compare them with the scale on the left. As you follow the red line, you will compare it with the scale on the right. These are two different numbers, but have the time component in common, which is the X-axis or the dates across the bottom.



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Appendix F

Step and Track Raises

Step and Track raises are salary increases provided in the Rockport Teacher's Association (RTA) contract and are commonly found in teacher contracts in general. This scale provides for pay increases in two ways. Step Raises, which award salary increases on length of service, and Track Raises, which award salary increases based on professional development and additional training credits earned.

Appendix A of the RTA contract contains the salary scale in the form of a two-dimensional grid of salaries. There are nine rows, each of which equates to one year of service, and six columns, each of which equates to the college degree and/or number of credits received in professional training. The top left corner contains the lowest salary, while the bottom right corner contains the highest salary. As teachers gain service years they will move down the chart. As teachers gain training credits, they will move across chart to the right.

It will take an employee nine years, starting at the lowest pay scale, to move to the highest pay scale based on length of service. Track movements are dependent on the degree attained (bachelors or masters) and the number of development credits earned. Teachers who reach the top pay scale (in Step, Track, or both) will only receive cost-of-living increases that are provided for in the contract.

Salaries in the Step and Track matrix are adjusted for each year that a cost-of-living increase is defined in the contract. For example, if a starting salary is \$10,000, then the next year's starting salary with a 3% increase will rise to \$10,300, and so on.

A teacher who has not reached the Step or Track maximum can still receive a salary increase if the current cost-of-living raise is 0%. The Step and Track salary grid will reflect the same salaries as the previous year, but a teacher can still advance based on length of service or training credit received. **This is an important point when understanding the overall impact of teacher salaries with respect to the school budget and the town-wide salary limit of 2.5%.**

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Appendix G

Rockport Public Schools

<u>Department</u>	<u>FY06 Approved Budget</u>	<u>FY07 Approved Budget</u>	<u>FY07 Actual Need to Operate</u>	<u>FY08 Manager Budget</u>	<u>Superintendent FY08 Budget</u>	<u>Town Hall FY08 School Budget</u>
Administration	\$ 508,209.00	\$ 519,377.00	\$ 556,210.00	\$ 694,817.00	\$ 608,296.00	\$ 530,316.00
Elementary	\$ 1,911,046.00	\$ 1,958,002.00	\$ 2,153,174.00	\$ 2,381,222.00	\$ 2,195,106.00	\$ 2,005,569.00
Middle School	\$ 1,338,151.00	\$ 1,370,811.00	\$ 1,390,682.00	\$ 1,550,307.00	\$ 1,416,781.00	\$ 1,403,830.00
High School	\$ 1,723,960.00	\$ 1,766,037.00	\$ 1,937,262.00	\$ 2,117,225.00	\$ 1,996,110.00	\$ 1,808,466.00
Technology	\$ 93,486.00	\$ 95,475.00	\$ 155,552.00	\$ 180,313.00	\$ 180,313.00	\$ 97,276.00
Athletics	\$ 156,808.00	\$ 160,059.00	\$ 196,988.00	\$ 264,048.00	\$ 203,363.00	\$ 162,936.00
Special Education	\$ 2,927,844.00	\$ 2,978,182.00	\$ 3,284,536.00	\$ 3,540,966.00	\$ 3,468,819.00	\$ 3,022,648.00
Operations/Maintenance	\$ 454,149.00	\$ 463,343.00	\$ 469,037.00	\$ 527,109.00	\$ 473,701.00	\$ 471,460.00
Fuel, Power & Water	\$ 230,703.00	\$ 233,010.00	\$ 277,880.00	\$ 304,227.00	\$ 304,227.00	\$ 233,008.00
Transportation	\$ 70,790.00	\$ 70,966.00	\$ 70,141.00	\$ 74,484.00	\$ 73,119.00	\$ 72,287.00
Total to Operate	\$ 9,415,146.00	\$ 9,615,262.00	\$ 10,491,462.00	\$ 11,634,718.00	\$ 10,919,835.00	\$ 9,807,796.00
Offsets:						
Transportation Fees	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 14,000.00	\$ 16,000.00	\$ 14,000.00
Athletic Fees	\$ 29,000.00	\$ 29,000.00	\$ 29,000.00	\$ 29,000.00	\$ 32,000.00	\$ 29,000.00
Anticipated Federal Grants	\$ 262,588.00	\$ 262,588.00	\$ 258,852.00	\$ 254,913.00	\$ 254,913.00	\$ 262,588.00
Anticipated Circuit Breaker	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00	\$ 120,000.00
School Choice	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 250,000.00	\$ 300,000.00	\$ 250,000.00
Total Budget Needed	\$ 8,739,558.00	\$ 8,939,674.00	\$ 9,819,610.00	\$ 10,966,805.00	\$ 10,196,922.00	\$ 9,132,208.00