

NEW CANAAN PUBLIC SCHOOLS 2019-2020 PROPOSED BUDGET

Dear New Canaan Town Boards and New Canaan Community,

It is my great privilege to present to you the Board of Education's Proposed Operating and Capital Budgets for the New Canaan Public Schools 2019-2020 (FY20) fiscal year.

We believe that educating students is the most important work on the planet, and we approach each day with the passion and zeal that this responsibility engenders. We are wholeheartedly committed to providing an exceptional educational experience for every student, and we anchor our efforts in rigorous standards of performance in an engaging, caring and supportive environment. Every day in our schools students are learning, growing, and exploring. Classrooms are no longer didactic places where teachers are the "sage on the stage" and students are the "empty vessels" waiting to be filled. Indeed, throughout the NCPS we agree with Yeats who said, "Education is not the filling of a pail but the lighting of a fire!" To kindle a fire in every student, we provide active, engaging, and inquiry-based educational experiences focused on the acquisition of knowledge and skills relevant in today and tomorrow's world.

Our district-wide efforts have yielded outstanding results through the years, and the New Canaan Public Schools have a well-deserved state and national reputation as a premier school system. This success flows from our classrooms, where world-class faculty and staff engage our students every day in the instructional core (students – teachers – content). Supporting this work, our engaged parent community provides a wide array of outstanding opportunities and support for our students, in and out of the classroom. And at a macro-level, the entire New Canaan community provides ample resources and support as we strive ever forward in our mission to sustain the excellence of the New Canaan Public Schools while continually improving, on behalf of our students, in response to changing times and an uncertain future. This powerful collaborative relationship, between schools, parents, and the community, has yielded impressive results, and has empowered the NCPS to consistently place among the very best in the state and nation. It is our mission, and our commitment, to continue delivering the very highest level of service to each of the students in our care.

The Board of Education, administration, faculty, and staff are committed to maintaining and, where appropriate, increasing the breadth and depth of programs and opportunities available to students; simultaneously, we also recognize our responsibilities as stewards of the district's resources, financial, facilities, and otherwise. Over the past decade, we have expanded our programs to include areas of high interest and relevance for today's learners while continuously reviewing existing programs for effectiveness. Through this process, the district either reduces or eliminates programs that no longer effectively meet our goals in order to maximize the impact of available resources across our schools and district. In all that we do, we are dedicated to meeting and exceeding the high expectations and standards of the New Canaan community as we prepare our students for the complex, dynamic, and exciting future ahead.

The New Canaan Board of Education is a vital partner in this work, and as such, it remains a model for the state and beyond. Our nine (9) member volunteer Board brings a wealth of knowledge and experience to the governance of the school district. As volunteer members of an elected Board, each member actively and thoughtfully serves the school system and community with the highest integrity. Their outstanding efforts contribute to the excellence of our school system, and their ongoing work has a direct impact on the quality of the educational experience for all of our students; as Superintendent, I remain humbled and honored to work alongside such dedicated, professional, compassionate, and insightful community members.

Our district is guided by our District Goals and related indicators, which the administrators, faculty, and staff translate into action at the building and classroom levels. In the spring of each year, the administration reviews, revises, discusses and approves these goals and indicators. Afterwards, the administration presents them to the Board of Education for discussion, and after two readings and careful consideration, the Board revises, approves and accepts the District Goals. Once accepted, the district establishes plans to actualize the high expectations articulated in the document, and to identify meaningful indicators of progress to share publicly. Throughout the course of the year, presentations at Board of Education meetings provide updates and feedback to the Board and the public regarding progress on these goals, and as the year concludes, a process of reflection, refinement, revision, and reaffirmation flows into the revision cycle for the following year. This structure has served the district extremely well through the years. It provides clear and actionable guide for the work of the district while empowering the professionals at the district, building and classroom level to determine best pathways to reach each expressed outcome on behalf of our students.

A school district's budget is much more than a spreadsheet; along with the representations of resource allocations, it also contains within it an expression of the mission, vision, values, and goals of a school system. In essence, it serves as a policy document representing the district's beliefs about students and learning. In recognition of the budget's significance, the administration and Board of Education take a systematic, purposeful approach to budget preparation. Early in the process, Budget Assumptions and Related Priorities are developed, refined, and shared as a guide to budget development. These Budget Assumptions flow directly from the District Goals, which helps ensure that all budget requests align with the district's strategic priorities in the year ahead. By using the Budget Assumptions as a guide, the community's values and beliefs about learning remain forefront throughout the process. As the budget process has unfolded for the 2019 – 2020 school year, we have dedicated our efforts to maintaining the quality of each program, containing operational budget drivers wherever possible, continually adapting and adjusting to changing enrollment and demographic patterns, and identifying high-leverage program areas for enhancement and support.

The process for budget development, approval, and adoption purposefully provides multiple opportunities for stakeholders to provide input and feedback. The Superintendent shares the initial Proposed Budget with the Board of Education on Monday, January 7, 2019. Subsequently, there will be several opportunities for parents to learn about the budget, including joint meetings of the Elementary PTC's on January 8, 2019, at 9:30 at East School and January 16, 2019, for the Saxe PTC and NCHS PFA at 9:30 in the Wagner Room. These and other opportunities lead up to the second reading of the budget by the Board of Education on January 22, 2019.

Upon adoption by the Board of Education on January 22, 2019, the budget transitions from the Superintendent's budget to the Board of Education's budget. The Superintendent will share the Board of Education's budget with the Board of Selectmen at 8:30 A.M. on January 24, with an overview of the operating budget and a closer look at capital project requests.

On February 5, 2019, a joint meeting of the Board of Finance and Town Council provides the forum for us to share the Board of Education's budget with the town bodies, and to begin our discussions about the budget together. Throughout February, the Board of Finance will dialogue with the Board of Education about the budget proposal. On March 5, 2019, the BOF will hold a public hearing for community members to share their feedback, and on March 7, 2019, the BOF will vote on a budget to move forward.

The Town Council will begin its discussion of the budget on March 20, 2019, and hold a public hearing on April 2, 2019. Ultimately, after several months of vetting, dialogue, and consideration, the Town Council will vote on the budget at its meeting on April 4, 2019, which is its last stop in the process. While this process takes patience and perseverance, it successfully provides many informative opportunities for the Board of Education to share its strategic priorities and focus with all members of the community, which, in

turn, informs all stakeholders so they can better understand and support our mission on behalf of the children in our care.

A Board of Education's budget is primarily comprised of two parts, operating and capital. The operating budget is the financing required to run the schools and district each year – in essence, what is required to “operate” the district. Board of Education operating budgets in Connecticut are structured into eight “objects,” which are salary, benefits, contracted services, property services, supplies, purchased services, equipment, and other. The state gives Boards of Education autonomy over the management of their operating budget, which empowers districts to be responsive to changing conditions in the course of a year on behalf of students and the schools. Unlike the operating budget, the capital budget is the financing required to maintain the town and district investments in facilities, technology, and other areas. The town manages the capital budget funding, and the Board of Education submits requisitions to the town to expend the money for these approved purchases and expenditures. Since both budgets are required to successfully operate and sustain a school system, they are both included in the Board of Education's budget proposal, and both are part of our presentations to the boards and community.

The FY20 Board of Education's proposed operating budget is \$91,584,688, a difference of \$1,821,200 from the adopted FY19 budget, representing a 2.03% increase over the current year.

The education of children is a “people business” – as such, the largest items in the operating budget are salary and benefits for over 740 district certified and non-certified employees.

Salary for the district's over 740 employees is the largest account in the budget, comprising 65% of the overall budget. This account is increasing by \$1,608,138 in FY20, an increase of 2.76 year to year from the current projections. When compared to the approved budget for FY19, it represents a 2.31% year over year increase.

We continue to pursue cost containment measures that enable the district to manage the employee benefits costs. This Board of Education's Budget anticipates a 2.68% increase for 2019-20, which equals \$392,256.

If every other budget line were flat, these two accounts alone would equate to a 2.23% increase. The district has identified and realized savings and efficiencies elsewhere in the budget in order to bring in a budget increase of 2.03% year over year.

In the fall of 2018, the Board of Finance issued budgetary guidance to the Board of Education and other town bodies requesting especially tight fiscal prudence this budget year due to a confluence of unpredictable and uncontrollable factors anticipated in the next fiscal year. In particular, the Board of Finance is concerned with the recent revaluation of property, the subsequent recalculation of the town's Grand List, the town's accumulated debt, the possibility of increasing taxes in order to help Connecticut balance its budget, and changes in the real estate market driven by the revaluation. This environment has led the Board of Finance to issue budgetary guidance meant to help ensure sustainability of programming to all town operations, including the Board of Education. This year's target from the Board of Finance was developed with an assumption of a 5% increase in employee benefits and a 2.38% increase in the district's other budget objects, totaling 2.8% overall, or \$2,626,294.

As you will see in the pages that follow, this Board of Education's Budget allocates less than the Board of Finance modeled for insurance; instead of a 5% increase, this budget uses experience to model a 2.68% budget increase. This is \$344,814 below the BOF's modeling. Given the reality of the high cost of employee benefits, especially health insurance, and contractual obligations for salaries, the district has reduced funding in other areas of the operating budget in order to deliver a budget aligned with the BOF's

guidance. Ultimately, and in recognition of the significant stresses and concerns shared in the fall by the BOF, this budget is 0.77% below the BOF guidance.

As is common in school districts, employee costs (salary and benefits) are the largest budget items and most significant drivers of the budget. Education, after all, is people business, and human capital is our most important asset. Combined, employee costs represent 82% of the \$91,584,688 budget (\$74,955,090). The salary budget consists of contracted wages for the NCPS’s six (6) bargaining units, unaffiliated employees, and other positions based upon enrollment and demographic needs. Additionally, salary costs include substitute costs, overtime, and other salary related items. For example, “grid progression” is the change in salary earned by teachers who have received additional degrees related to their service in the NCPS and is included in the so-named budget line. As another example, costs associated with salaries for unaffiliated employees and any non-certified bargaining unit that may be in negotiations when the fiscal year begins are included in the “Salary Adjustments” budget line. The table below identifies notable changes in salary costs for current staff:

Bargaining Group	Salary Increase
Teachers	\$255,143 (GWI)
	\$897,389 (step movement)
Administrators	\$77,456
Custodians	\$57,088
Secretaries	\$32,639
Paraprofessionals	\$74,698

Each year, teachers retire from the school district and we hire new teachers in their places. In the recent past, these numbers have fluctuated from a low of two (2) teachers to a high of fourteen (14). When the district hires new teachers, oftentimes the new teacher will be at a lower salary than the teacher who is retiring, and the district realizes that savings in the salary account of the budget. In reviewing this turnover differential through the years, the district has found that savings average approximately \$34,000 for each retired teacher in the salary account. However, there are some important caveats to this number. First, savings are not always available when a teacher retires. Indeed, in several disciplines, a teacher shortage has made it increasingly difficult to recruit and hire, and often the district is hiring experienced teachers away from other districts who are on the same salary level as the retiree. The pool for qualified teachers in World Languages, the Sciences, Speech Language, and Special Education has always been shallow; in the past few years, the district is also finding other subject areas are experiencing the similar shortages of qualified applicants.

A second caveat to this savings is the other related costs incurred outside of the salary account whenever we onboard a new employee. Just as private employers have onboarding costs associated with training and developing new employees, the New Canaan Public Schools invest in supporting the ongoing training and development of all staff members, and in particular, the newest faculty joining our district. Therefore, while there may be a savings in the salary account, other costs, such as tuition reimbursement and grid progression, can be substantial, and diminishes overall savings. In light of these factors, this budget includes a \$150,000 reduction for turnover savings, which is reduced from the overall budget request.

Enrollment projections in the elementary schools program reflects a decrease of approximately 51 students in 2019-20. Enrollment directly drives of staffing model; with three elementary schools, however, it is important for the district to monitor enrollments continuously at each grade, as an unanticipated variation of only a few students at any grade level can result in a need to add staff in order to stay within Board of Education established class size guidelines. As a result, this budget anticipates flat staffing across the three elementary schools, and includes a reduction of 1.0 FTE for enrollment variability adjustment somewhere across the elementary grades to be determined later. When the enrollment was increasing, the budget included a positive enrollment variability adjustment; given the projected decrease, we believe it is prudent to anticipate a reduction for next year.

At Saxe Middle School, enrollment projections indicate a modest decrease in the overall student body of 22 students. Looking at the distribution of students by grade, this budget anticipates flat staffing at Saxe for 2019-20. Based on enrollment, the district anticipates the need to redistribute staff across grade levels based on enrollment. While reassigning staff is not ideal in the teaming model we are currently using at Saxe, given the Board of Finance guidance we believe it is a prudent decision that will not be detrimental to students. Essentially, the district is not requesting any new classroom staffing this year's budget at Saxe.

There is an anticipated increase in enrollment at New Canaan High School of 24 students next year, with the largest cohort of students in the district moving from 10th grade to 11th grade in the fall. As a result, a need has developed for additional staffing in the science and world languages programs for next year. As a discipline focused on speaking, listening, writing, reading, and viewing, class size is particularly important in the world languages. Similarly, laboratory and other hands-on experiences require close supervision and instruction in science classrooms. Therefore, this budget seeks 0.7 FTE additional staffing in science and world languages at NCHS.

In 2018-19, the district had the good fortune of identifying a location and onboarding staffing to restructure the Afternoon Instructional Program into a daytime alternative program for students, called the "Downtown Campus." This nascent program houses 3.0 FTE certified staffing and 1.0 non-certified, and currently serves 9 students with various needs. The district anticipates that this program will continue to serve many important purposes for the district, first, and foremost, meeting our responsibility to provide a high-quality educational experience for all New Canaan students. This program enables us to educate students with these needs in-district, where they benefit from our expert staff and supportive educational community.

Working together with the town, several years ago the Board full-funded the out-of-district-tuition account at the level of anticipated need. Collaboratively, the town and the Board agreed that the same-year excess costs grant received by the town would be available to the Board of Education if needed, and every year the town would record the remaining funds as a revenue. This year, the Board anticipates accessing approximately \$300,000 of the excess costs grant to fund unanticipated costs that cause the district to go over budget in this account. In recent years, the excess cost grant has exceeded \$1,000,000. The Board of Education's budget proposal again fully-funds this account, which represents approximately a 0.33% overall increase in the budget year to year.

The Board of Education has managed a self-insured health insurance plan with great success for many years. After recent negotiations, every bargaining group has transitioned to a High Deductible Health Plan (HDHP) with a Health Savings Account (HSA). The district's HDHP is, in many regards, a mutually beneficial health insurance plan. Participants can invest tax-free into their HSA accounts, unused balances accrue and are portable, and our carrier, Cigna, has an expansive network of providers. Furthermore, the New Canaan plan is different from most in the state in an important way. In past negotiations with the teachers, an arbitrator awarded the district a design change that added a 90% / 10% coinsurance, up to an established maximum, for health-related services beyond the deductible. This design change is included in all HDHP plans in NCPS, and is a cost containment measure that has helped ensure the sustainability of the

program by reducing overall plan costs. In addition, the level of premium contributions by the various groups is a reflection of the cooperation and partnership that the district has built and nurtured with staff. In 2019-20, premium contributions from employees will be:

	Plan Design	Premium Contributions
Teachers	HDHP	20%
Administrators	HDHP	21%
Custodians	HDHP	19%
Food Service	HDHP	19%
Secretaries	HDHP	19%
Paraprofessionals	HDHP	19%
Non-represented	HDHP	19%

The remaining \$16,629,598 (18%) of the operating budget provides for all other costs of operation.

Within the remaining 18%, there are several substantive costs, which are the bulk of the total. For example, a few of the larger budget items classified in non-salary accounts include those listed below. These 10 line items account for approximately 70% of this remaining funding to operate the New Canaan Public Schools.

Tuition Out of District	\$4,025,513
General Transportation	3,293,198
Electricity	1,178,271
Outsourced Services	1,010,683
Maintenance / Service Contracts	582,261
Software Licensing	475,523
Rental Central Office, Launch & Alternative School	326,625
Heating Fuel	300,000
Liability, Auto, Property Insurance	264,512
Wide Area Network Fees	172,356

School districts are complex operations that require expertise in myriad areas. In New Canaan, we are extremely fortunate to have experts at both the building and the district level. Together, we work to contain cost drivers wherever possible; in so doing, we constantly focus on doing all that we can for the students and families of New Canaan while serving as successful stewards of the community's resources.

In our efforts to find efficiencies, there are several notable decreases in this year's budget request. With the insourcing of printing instead of contracting through a vendor, the district is saving over \$150,000 year over year. Additionally, the district has been insourcing expertise in facilities repair and maintenance, which has resulted in corresponding savings in service and maintenance contracts. Furthermore, with the installation of natural gas this year, the district is anticipating significant savings in the heating fuel budget line in 2019-20.

Capital Budget

The capital budget request, comprised of ICT, facilities and transportation vehicles, totals \$4,058,930. Of this, \$3,289,788 is for the maintenance, repair and upkeep of the district's five (5) school buildings, \$150,000 is to replace three special education vehicles, and \$619,142 is for leasing technology.

In putting this budget request together, the district carefully reviewed and prioritized facility needs, and identified projects for deferral to future budgets. At the same time, the FY 2020 capital request must address a previously deferred project, the South Elementary School Roof Replacement Project, as it has exceeded its useful life. The estimated cost for this project is \$2,183,500, and must occur over the summer when school is not in session. Over the course of the next three years, we need to schedule the replacement of the roofs at South, East, and then West Elementary schools. Town officials deferred these roofs in the past; however, existing conditions require these projects to occur as presented in this document.

Another item of importance in the facilities capital request relates to air quality at each of the three elementary schools, especially in warmer weather. Currently, the district's classrooms are air-conditioned; however, the systems typically use a unit-ventilator system, which is neither efficient nor sufficient during hot and humid weather. Compounding the issue, the gymnasiums and adjacent corridors at each of the elementary schools do not have conditioned air, which draws humidity into the buildings and can overload the unit ventilators. Therefore, this capital budget requests installing air conditioning at each of the three elementary school gymnasiums in order to maintain a balance of conditioned, low-humidity air building-wide at each school.

The requests for replacement vans for the in-house transportation department are consistent with the long-term replacement schedule disseminated during past budget cycles. Due to their age and the significant daily use required, these vans accumulate significant miles, and repair costs on these vehicles continue to increase. Therefore, in this budget we are proposing funding to replace three of the oldest and least reliable vehicles in the fleet. This request keeps the district aligned with the previously disseminated and agreed-upon replacement schedule with a 7-year lifecycle for each vehicle, and continues to support the district's responsibilities to provide a consistent and safe transportation system for our special education students in need. One additional benefit of this replacement cycle is that it enables the district to repurpose a van into a maintenance vehicle, thereby eliminating the need for another capital expense.

The third element of the capital request is for technology purchases, through a four-year lease arrangement with the town. This year's request totals \$150,000, which equates to approximately \$600,000 in spending power for the 2019-20 school year. In the proposed budget, we must account for the previous three years of lease spending as well, which brings the total cost to \$619,142 for next year.

The Board of Education's 2019-20 Proposed Budget meets our contractual obligations, state and federal mandates, and our commitment to the community to continue providing a high-quality program on behalf of every child in our care. I encourage you to learn more about this budget proposal online at our website (<http://ncps-k12.org>), and to participate throughout the process by attending meetings and communicating with town representatives. As you learn about the Board of Education's 2019-20 budget, I hope that you will keep in mind that education, at its core, is not an expense but an investment. An investment in our children, in our community, and in the future of our world.

Respectfully,

Bryan D. Luizzi, Ed. D.
Superintendent of Schools

