

BUDGET IMBALANCE (\$2,666,833)

Salaries and benefits represent about 80% of our school budget. Fixed costs such as utilities, transportation, and special education tuitions make up much of the remaining 20% of the budget. There are also necessary costs of supplies, equipment, and maintenance as well as professional development. Any significant reduction of the budget must affect salaries and benefits.

Preserving program is our highest priority. Upon review, it became apparent that the feasibility of increasing class size was quite limited under the current model of how we provide education. Over the past six years, the idea of reconfiguring our six elementary schools has been explored as an area where greater efficiency could be achieved in providing the same program at a reduced cost. At times the concept of an Early Childhood Center was part of that examination, however, none of the reconfiguration models was found to be acceptable.

Knowing that having the six small elementary schools continued to require an inefficient use of staff, the administration again looked at this problem for a better solution. By "inefficient" we mean that class sizes cannot be balanced and maximized for each teacher and that support services are duplicated in order to provide timely support at each school. The School Committee established new class size maximums several years ago as guidelines for staff planning. At various grades in different schools, teachers have actually taught classrooms with the maximum number of students.

Grades	Class Size Maximums	
	Current	Previous
Kindergarten	20	20
Grades 1-2	25	22
Grades 3-12	30	25

The chart below shows the class sizes projected in the FY09 budget proposal for each of our six elementary schools. The imbalance of class sizes is evident, and any further cut in staff would cause the class size to exceed the maximum guidelines. The number of teachers for each grade is in parentheses. The second chart shows the proposed Early Childhood Program, identical to the program that exists today.

Schools	Projected Class Sizes in FY09 Budget Proposal (prior to proposed cuts)				
	1	2	3	4	5
Ayers	22 (3)	23 (3)	22 (3)	22 (3)	24 (3)
Centerville	18 (3)	20 (3)	30 (2)	28 (2)	22 (3)
Cove	21 (4)	17 (3)	24 (3)	22 (3)	27 (3)
Hannah	20 (3)	22 (3)	30 (2)	30 (2)	24 (2)
McKeown	25 (2)	24 (2)	25 (2)	25 (2)	18 (2)
North Beverly	18 (3)	22 (3)	22 (3)	25 (2)	20 (2)

Early Childhood Program in the FY09 Budget Proposal (same program as current program)			
Program	Sections	Rooms	Comment
Preschool, half-day	9	5	Required for special education students beginning at age 3; varies by disability
Preschool, full-day	3	3	
Kindergarten, half-day	4	2	Required by state law
Kindergarten, full-day	12	12	Option for parents who would pay \$4,000 tuition; also revenue from Full Day K grant; 4 rooms necessary to meet IEP's
DD (Developmental Disabilities)	1	1	Special education programs for similarly aged students; integration and transitions within ECC a plus
AIM (Autistic)	1	1	
Total Classrooms Required		24	

Establishing an Early Childhood Center not only would lead to reduced costs, but it has long been held as having great educational benefit. A PreK – Kindergarten program that includes appropriate district special education programs and services provides for a comprehensive, consistent and collaborative environment which addresses the unique learning needs of young children. Research according to the National Association for the Education of Young Children (NAEYC) indicates that crucial learning takes place from the ages of zero to eight. Consistent programming at this age results in fewer referrals to special education, less grade retention, fewer failing classes, greater social and emotional maturity, and greater academic success throughout their education (Bercutte/clement 1985 and Featherstone, 1986). By consolidating schools there is greater ability to provide flexible grouping and to utilize staff to capacity.

The curriculum for preschool and kindergarten includes age-appropriate activities in art, music, and physical education, and computer technology is integrated into learning activities. Thus, the ideal facility would have specialized spaces other than the regular classroom for such learning to take place. It may seem natural that because the children are physically smaller than older students they would need less space and could use the small group rooms (at least half the size of a regular classroom) in some schools. The opposite is actually the truth. Preschool and kindergarten classrooms require more space than grade 1-5 classrooms, because of the curriculum (variety of learning centers). The Massachusetts School Building Authority (MSBA), the state agency that oversees school construction, recommends that PreK-K classrooms be 1,200 square feet, compared to 950 square feet for classrooms in the upper grades. The small group rooms in some of our schools may be used for some special education programs, depending upon the number of students and staff in the program. The capacities of our six elementary schools are shown below.

School	Available Space to Support an Early Childhood Program						
	Regular	Sm Grp	Science	Art	Music	Computer	Gym
Ayers	22	2	1	1	1	1	1
Centerville	19	2	1	1	1	1	1
Cove	23	1	1	1	1	1	1
Hannah	17	2	1	1	1	1	1
McKeown	14	1	None	1	1	1	1
North Beverly	19	1	1	1	1	1	1

Reconfiguration of the Elementary Schools

As previously stated, we have examined reconfiguration of the elementary schools in recent years. This time, however, administrators took a different approach, i.e., dividing the six schools into two groups of three, combining grade 1-5 students in each group into two schools, and establishing one school as an Early Childhood Center. The groups of three schools were based on location in the City. The goal was to fit students into the four schools, not exceeding maximum class size guidelines and to still have a school with space for the desired Early Childhood Program. Moving McKeown students into Ayers and North Beverly, Cove students into Centerville and Hannah, and moving the full Early Childhood Program into Cove met the goal as follows:

Reconfiguration (with Cove as the Early Childhood Center)					
School	1	2	3	4	5
Ayers	24 (4)	23 (4)	30 (3)	26 (3)	30 (3)
North Beverly	24 (3)	23 (3)	30 (3)	26 (3)	30 (2)
McKeown	Available for another purpose				
Centerville	25 (4)	24 (4)	27 (3)	30 (3)	30 (3)
Hannah	25 (4)	24 (3)	27 (3)	30 (3)	30 (3)
Cove	Available as an Early Childhood Center				

An analysis of the staffing required for this scenario produced savings beyond expectations. The data below describes the positions that would be cut along with the total savings including salary and health insurance.

Cove was the administration’s choice for an Early Childhood Center location for four reasons:

- the entire program could be accommodated
- there would be room to add new classes, if necessary
- no renovation of the building would be necessary
- additional transportation costs would be the least of all possible sites

Elementary Reconfiguration Savings

Positions	FTE	Amount	Positions	FTE	Amount
Principal	1.0	104,516	Speech Therapist	0.4	21,262
Classroom teachers	13.0	754,972	Paraprofessionals	13.5	304,033
Reading teachers	3.0	215,059	Adjustment Counselor	1.0	56,056
Art teachers	2.0	126,105	Clerk	1.0	24,509
Music teachers	2.0	142,757	Nurse	1.0	70,534
Physical Education teachers	2.0	132,351	Lunch / Breakfast Monitors	3.0	8,649
Library Media Specialist	0.5	40,572	Custodian	1.0	39,276
Special Education teacher	1.0	54,236	Crossing Guards	2.0	8,640
			Total Savings	47.4	2,103,527

Elementary Reconfiguration One-Time Costs

Mayor Scanlon has generously offered to pay for the one-time costs associated with this reconfiguration. We project these costs to be as follows:

Item	Amount	Comments
Unemployment	293,280	Estimated that 30% of staff will actually require benefit
Moving expenses	42,000	Estimate to move furniture, supplies, & equipment
Teacher pack, unpack, & setup	19,600	Teachers are compensated for this extra work
Total One-time Costs	354,880	

Early Childhood Center Site Alternatives

Interest has been expressed that Hannah also be considered as a site for the Early Childhood Center, and the administration has been asked to present what it would mean to choose that option. When the administration reviewed the feasibility of making Hannah the Early Childhood Center, it became clear that Hannah would need two new classrooms, at a minimum, to house the program. Mayor Scanlon expressed a willingness to possibly fund the construction of such space at an estimated cost of \$600,000 to \$750,000. We should expect that completion of such classrooms would take a year.

One consideration of the two proposed sites, Cove and Hannah, is an assessment of how well the Early Childhood Program fits into the space. The full Program requires 24 rooms. Plans should also include an ability to grow, expecting the recent trend of increased preschool classes to continue. Shaded cells below indicate the spaces that would be necessary to fit the current program (again, Hannah (*) alone has only 22 spaces). At Hannah, there is no capacity to grow and no “special space availability” important to the curriculum.

School	Regular	Sm Grp	Science	Art	Music	Computer
Cove	23	Open	1	Open	Open	Open
Hannah (*)	17	1	1	1	1	1
Hannah plus two new rooms	19	1	1	1	1	1

The savings of \$2,103,527 from an elementary reconfiguration is countered by the transportation costs associated with each site. Transportation to and from an Early Childhood Center is very much the responsibility of the parents. The only students bused by the school district are half-day kindergarten students who live outside 1.5 miles from the school and special education students. Since we already conduct such busing, there is little additional transportation expense for half-day K. Once a school is

identified as an ECC, however, there would be some additional transportation expense for the grade 1-5 students who previously walked to school and who would then be bused in the new arrangement. The following chart shows the transportation expense and net savings projected for Cove and Hannah (most likely scenario).

Additional Transportation	#	Cove	#	Hannah	Difference
Additional mid-size buses	2	100,000	3	150,000	
Bus monitors	2	20,000	3	30,000	
Large buses	3	150,000	5	250,000	
Net Expense		270,000		430,000	160,000

Hannah as the Early Childhood Center

There are several important considerations. The presentation made on March 26th showed a new FY09 budget shortfall of \$46,373. That figure was based on an Early Childhood Center at Cove. With an Early Childhood Center at Hannah, an additional \$160,000 in cuts beyond those already proposed would have to be made. The School Committee could choose from a number of cost-cutting measures described later in this report. These would not be one-time cuts; the additional \$160,000 expense will be a recurring cost in future budgets.

Hannah would be an active school site under construction. The process of designing, going out to bid, and constructing two 1,000 square foot classrooms is estimated to take a year. We would need to take all necessary precautions to assure student and staff safety and minimize the impact of noise and dust on the learning environment.

We would need to determine what to do with the two classes that can not be accommodated at Hannah for at least the first construction year. The administration would not be able to relocate the two special education programs (DD and AIM) out of Hannah because it is required by law that these children be integrated into the regular kindergarten classrooms; consequently, two full day kindergarten classes will need to be eliminated from the ECC building.

We are required to provide the preschool and half-day kindergarten classes; full-day Kindergarten is optional. The loss of a full-day kindergarten section means the loss of tuition revenue (full tuition is proposed to be \$4,000) as well as grant revenue from the Full-Day Kindergarten grant. There are, therefore, three potential directions.

1. Offer the two full-day classes in one or two other buildings, if space allows. This results in no loss of revenue or additional transportation expense.
2. Drop the two full-day classes, create two half-day classes, and locate that in a classroom, if available, in another building. Should two full-day K classes be lost, the loss in revenue, estimated to be \$287,000, would have to be covered by further cuts to the budget, partially offset by the salary and benefits of one teacher. Since we provide transportation for half-day K, there may be an additional transportation expense. It was this scenario which generated an estimate of \$430,000 for additional transportation.
3. Drop four full-day classes, leaving two classrooms open at Hannah to house four half-day classrooms. There would double the loss of revenue estimated above, partially offset by the salary and benefits of two teachers.

Moving any kindergarten program to another building would delay the NAEYC accreditation process, which is necessary to receiving grant funding, until all programs are in the same building.

Adjusting to Changes in Elementary Enrollment

The distribution of McKeown and Cove students to the other four schools will require redistricting. The resulting class sizes in those schools may vary slightly from the projected class sizes. We see three options in addressing such possibilities: utilize the open classrooms available; move district programs to a different school to make a room available, and implement a "student assignment protocol" which would

allow the administration to reassign students from one school to the other paired school in order to balance class size.

School	Available Rooms		Scheduled Classes		Full size Open
	Regular	Sm Grp	Regular	District	
Ayers	22	2	17	4	1
North Beverly	19	1	14	4	1
Centerville	19	2	17	0	2
Hannah	17	2	17	1	1
Hannah plus two new rooms	19	2	17	1	3

The previous chart shows the number of classrooms planned for use and the number available to make adjustments. Again the number of “open” rooms in a particular school can be adjusted by moving district programs to another school. The possibility of adding two classrooms at Hannah would give even more flexibility to either move district programs or add classes in that pairing if necessary.

The Hannah Early Childhood scenario provides additional open classrooms.

School	Available Rooms		Scheduled Classes		Full size Open
	Regular	Sm Grp	Regular	District	
Ayers	22	2	17	2	3
North Beverly	19	1	14	3	2
Centerville	19	2	17	2	1
Cove	23	1	17	4	3

A Student Assignment Protocol would need to be developed by the School Committee. It would give the administration the authority to reassign students to a different school in a pairing based on criteria which would include balancing of class size and free and reduced lunch percentages.

Future of Early Childhood Education

Of most immediate concern is the dramatic rise that Beverly has seen in its special education preschool program. The need for preschool classroom space has increased from 4 to 8 classrooms in just five years. Research says that we should expect this trend to continue, resulting in additional demands for classroom space. As dictated by the IDEA 2004, students who have disabilities are required to receive preschool education and/or related services to address their specific deficits on or before their third birthday. Consistent with Department of Education guidelines, the integrated preschool must have seven peer models to each six special students. For the first time, this year we have a waiting list of typical peer models.

School Year	Preschool Enrollment		
	Classrooms (Students; Sections)		
	Integrated	Intensive	Integrated / Intensive
2008-09	5 (75; 9)	2 (25; 2)	1 (11; 1)
2007-08	5 (75; 9)	2 (25; 2)	1 (11; 1)
2006-07	4 (56; 8)	2 (19; 2)	
2005-06	4 (44; 6)	1 (7; 1)	
2004-05	3 (42; 6)	1 (9; 1)	
2003-04	3 (40; 6)	1 (9; 1)	

McKeown as an Alternative School

The availability of McKeown allows us to establish an In-District Alternative School at McKeown that would serve the needs of three groups. This new initiative will serve middle and high school self-contained students and life skills students who are transitioning to the work world, ages 19 – 22. Additionally, this model provides the capacity to build the infrastructure necessary to accommodate students who require interim and forty-five day assessment placements, currently served outside of the district. We are in the process of exploring opportunities to partner with the Northshore Education Consortium to provide services and additional programming at McKeown. Any costs associated with this partnership will be offset by a reduction in the out-of-district tuition account.

The Alternative School will be staffed by one special education teacher from the middle school, one special education teacher and a vocational specialist from the high school. The Special Education Administrator Team Chair will be housed on site, supported by a clerk from the Special Education office. A new social worker position will be funded by an offset to the out-of-district tuition account. Additional staff would be contingent on students returning from out of district placements. Thus, there is no additional cost in our FY09 budget for this program. The North Shore Education Consortium has expressed an interest in renting addition classroom space which would add to the rental income of the district.

Proposed Cuts at Briscoe Middle School

The cut of a four person team is the most troubling of all the cuts proposed. Having done everything possible to create savings at the elementary level, the remainder of the cuts had to come from the secondary and district levels. The model of having a team that teaches students from both grades 7 and 8 is a good one. The projected class sizes of 33 in grade 7 and 32 in grade 8 are extremely difficult to accept. If we could restore \$313,000 in cuts, this should be our top priority.

Positions	FTE	Amount
Math, Science, Social Studies, & English teachers	4.0	267,888
Reading teacher – part-time	.5	44,732
Total Savings	4.5	312,620

To take cuts out of the Middle School in any other way would mean changing our schedule to less instructional minutes per class, putting students into study halls because there is no course for them to take, and/or losing the “teaming” concept, making us more and more like a “junior high”. Educationally, these are steps backwards bigger than the class size challenge. For a school in “restructuring” when it comes to meeting AYP, this is a step in the wrong direction. The School will be examining these other options in more depth in the coming weeks.

Proposed Cuts at Beverly High School

The cuts at BHS result in loss of program and increases in class size. Until students select classes and a schedule for next year is built, we cannot entirely predict what the picture will look like. We can anticipate there will be no Latin taught, that courses in English and Social studies will see larger class sizes, and that fewer students will be able to take Art. In the PE/Wellness area, class sizes will increase and some courses will not be taught, possibly moved to an every-other-year sequence of offerings.

Positions	FTE	Amount
Social Studies teacher	1.0	66,013
Latin teacher	1.0	55,792
English teacher	.5	35,553
Special Education teacher	.5	24,159
PE / Wellness teachers	1.4	84,663
Art teacher	.3	21,990
Paraprofessionals	2.5	48,837
Total Savings	7.2	337,007

Proposed District Cuts

The Elementary Instrumental Music program has been viewed as central to our successful music programs in the district. To offset costs over the past several years, we have charged a user fee. Participation in the program has declined as the fee has been increased, and we believe those trends are related. Once this cut is approved, the district will begin taking steps to develop an after-school program which can meet this need at each of our schools.

Positions	FTE	Amount
Elementary Instrumental Music	2.0	132,642
Elementary Instrumental Music lost revenue		(31,570)
Revised estimate for electricity		36,234
Outsource custodial functions – all buildings		0
McKeown Alternative School		0
Total Savings	2.0	137,306

Estimates in the FY09 budget for utilities are based on the FY08 experience. We show a slight adjustment in our projected costs for electricity. Additional utility costs may be adjusted once the bills for the heating season have been processed.

Outsourcing the cleaning of all our school buildings is something we believe can save the district money and still provide us with clean buildings. An RFP is being prepared to secure such services. Those school systems who have taken this route advise us that we should not project any savings in the first year – that we can expect the savings to come in subsequent years. This is one strategy that we hope to benefit from when we again face inadequate funding in FY10. Likewise, we believe that the McKeown Alternative School and rental of other McKeown space will be a help in balancing the FY10 budget. Other strategies that we believe will help us in balancing future budgets include: lower expenses in health care if the City is able to switch to the state’s GIC plan; savings through renewable energy (solar & wind) associated with the HS construction project, if the Mayor is successful in upgrading; and in utilities, if the energy audit currently being conducted produces tangible steps for cost reduction.

Alternatives

Reconfiguration of our elementary schools results in significant savings while preserving the program that we provide today. For those who object to that approach to cost-cutting, there are not many other places to turn. The proposal to reconfigure our elementary schools produced a net savings of \$1,833,527. To avoid that change from happening, as some members of the community have urged, items totaling that amount would need to be taken out of the FY09 proposed budget. That effort would result in cuts to programming that we believe the community would find even more distasteful.

- Our High School is scheduled for another NEASC accreditation review in 2010, and major cuts at that level would jeopardize our accreditation.
- Our Middle School’s performance in meeting AYP has put it in a category called “restructuring”, which means the district as to take significant steps to improve achievement or further expectations will be required by the Department of Education both on the school and the district.
- Cuts to administrative staff within the district over the past six years have left us with a skeleton crew that works way over-and-above to make the system work to its best advantage for our children. We are a \$50 million dollar operation with 4,600 students and over 700 employees. We need to manage its financial, personnel, special education, and support functions to the best advantage of students and to ensure that the district meets all obligations and complies in a timely fashion with all the laws and regulations placed upon us.
- We pursue every grant that can help us meet our goals. We use nearly \$5 million in grants to provide essential services throughout our district programs.

It is difficult for people to conceive of what it would take to cut \$1.8 million dollars from our budget. Below are some examples to give perspective to this daunting task. Each item is briefly clarified with a note.

Item FY09 Budget	Amount	Notes
Entire Hannah School Budget	2,059,021	A
36 Teachers / Specialists at estimated salary/benefits of \$50,000	1,800,000	B
All district administrative salaries	1,194,841	D
All elementary art, music, PE, library specialists	1,170,668	C
All guidance & adjustment counselors	1,163,318	E
Entire Athletic Program	485,613	F

- A. This breaks down into salaries (\$1,891,012) and operating expenses (\$168,009).
- B. It would be near impossible to avoid increasing class size as well as cutting program.
- C. Includes all central office administrative and clerical support personnel for the following functions: administration, finance & operations, personnel, payroll, special education, child welfare & attendance, and buildings & grounds.
- D. This represents salaries for all art, music, and PE teachers and all library media specialists at the elementary level.
- E. This represents all guidance and adjustment counselors throughout the district.
- F. If the district cut all its share of the athletic program it would amount to less than \$500,000. The full cost of the athletic program is actually \$569,697. The district projects \$202,666 in user fee revenue and another \$40,000 in gate receipts.

Conclusion

Faced with an FY09 budget shortfall of nearly \$2.67 million, I and other district administrators worked to find a way to achieve a balanced budget while still preserving a quality education for all Beverly's children. Since FY02 when the district suffered a 20% reduction in state aid, we have faced this same challenge. Over these years, revenues have not kept pace with rising expenses, many of which are beyond our control. Each year we have chipped away at the resources necessary to support the spectrum of opportunities we would want for all our students. Despite these changes, the district has made significant progress in developing a strong core curriculum and in improving student achievement. Today, we continue to offer to all our students a quality education.

The growing gap between expenses and revenues in combination with the shrinkage of resources over the years has now brought us to a point where we must fundamentally change the way we provide education if we are to have any hope of preserving quality programs for our students. The plan I have proposed will do that.

This is your community, however, and through the elected School Committee you get to determine the school system you want and deserve. I can only make proposals as to which directions hold the most promise for our future. Approving the budget is the role of the School Committee, and they can certainly debate and ultimately disagree with what I recommend. I am sure they will make their decisions based in doing what is best for all our children, for now and in the future, and my administration will do our very best to make it a success. All our children are counting on us.

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