

TO: School Committee

FROM: School Committee Finance Working Group - Paul Levy and Emily Prenner

DATE: September 19, 2022

RE: Proposed Changes to NPS Budget Process

The School Committee Finance Working Group is recommending the following changes to the yearly budget process. We look forward to discussing them with you on Monday night.

Restart School Committee Budget Guidelines

Budget Guidelines is a document created by the School Committee, to help the Superintendent and the district understand what the School Committee's high-level priorities are when creating the budget.

Every year in October, a new three-School-Committee-member ad hoc committee is formed. The ad hoc committee is less visionary, and more administrative, as the ad-hoc members need to get input from all School Committee members and then create a unified document that reflects the priorities of the entire Committee. The unified document contains broad statements as opposed to directives. The document is then voted on by the full School Committee in November and given to the Superintendent in time for the beginning of the district's budget process in December. The Budget Guidelines are especially important when we have budget gaps. In a separate attachment, we have included a sample of draft budget guidelines from 2012.

Restart a Five-Year Financial Forecast as Part of the Annual Budget Book

While preparation of each year's budget for submission to the City is a statutory task for the Superintendent and the School Committee, we recognize that a single budget is part of a continuum comprising several years of financial planning. A key reason for that is that the district's programmatic plans span several years. For example, a new initiative might have development and start-up costs in year one; testing and evaluation in year two; and steady-state implementation in subsequent years. Each stage might require different financial commitments. Likewise, compensation of our staff, comprising nearly 90% of our budget, has built-in cost escalators like steps and lanes and cost of living patterns. Our investments in IT resources also create their own life-cycle of cost patterns. And, of course, our buildings and other physical equipment present patterns of upgrades and maintenance that are multi-year in nature.

It has proven valuable to previous School Committees for the budget to contain a five-year forecast of major categories of expenses and revenues, and we are proposing that the Business, Finance and Planning office will be responsible for creating the assumptions and publishing the 5-year-forecast, which will be in the March budget book. In a separate attachment, we have included a sample 5-year-forecast from the FY18 budget book.

Expand Time for Deliberation During Annual Proposed Budget Review and Vote

Over the past eight years, the number of School Committee meetings during the spring budget process has decreased. Especially given our current budget climate, we are proposing we increase the number of meetings during the budget deliberations. Before the pandemic, we had three meetings with budget deliberations, and one final meeting to take a vote. We propose we add at least two meetings - one more special budget meeting and an extra special meeting if needed.