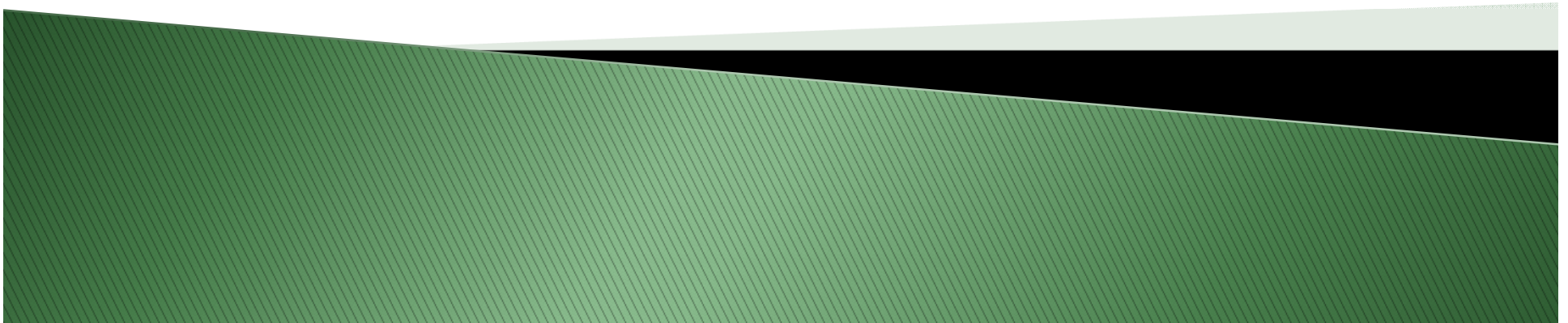


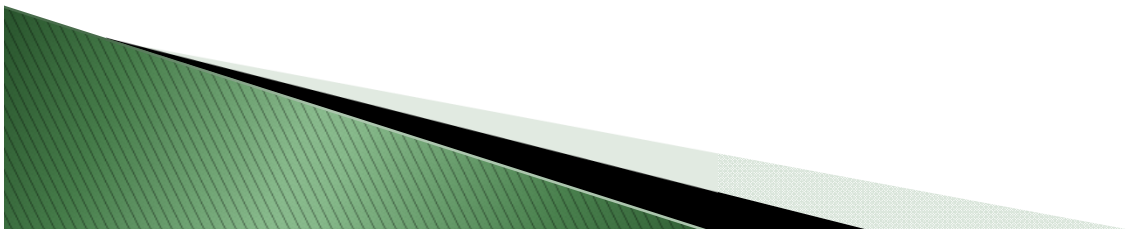
FY-17 Tentative Budget Public Hearing

MERSD School Committee
December 9, 2015



Budget Goals

- ▶ Develop and deliver a fiscally responsible budget that maintains educational quality, supports District goals, and aligns with our multi-year budget commitment to work within the confines of Proposition 2 ½
- ▶ Manage Enrollment
 - Strive to meet School Committee class size guidelines
 - Serve increasingly diverse student educational needs
- ▶ Exercise fiscal responsibility
 - Seek internal efficiencies to offset growth needs when possible
- ▶ Meet local, state and federal responsibilities while controlling growth



Budget Considerations

- ▶ Maintaining program (level services) and meeting compliance obligations
- ▶ Maintaining strong reserves
 - Strong bond rating
 - Emergency funds for maintenance on aging buildings
- ▶ Funding OPEB Trust Fund - \$352K minimum contribution from FY-15 through FY16
- ▶ Managing the long-term school choice revenue projection
 - Keeping revenue stream steady means replacing exiting students
- ▶ Accounting for the Elementary Facilities Timeline
 - Scenario 1 – MSBA Acceptance Fall 2015
 - Spring 2016 Feasibility Study Request (approx. \$500,000)
 - Spring 2017 Project Vote (approx. \$25million)
 - Scenario 2 - MSBA Acceptance Fall 2016
 - Spring 2017 Feasibility Study Request (approx. \$500,000)
 - Spring 2018 Project Vote (approx. \$25million)



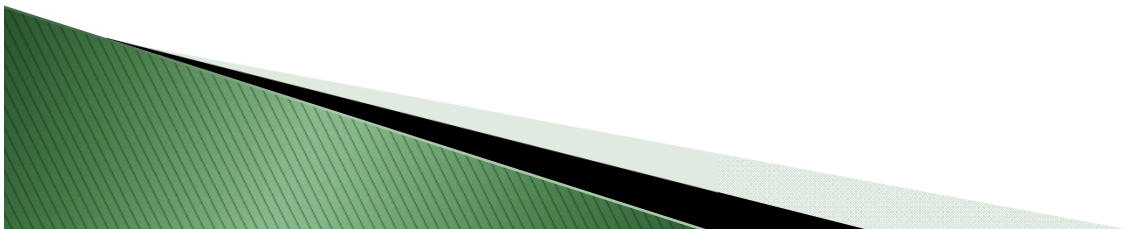
FY-17 Operating Budget Overview

- ▶ Strong foundation set by successful passage of the FY16 Budget
 - Ended Reliance on Reserves to fund operating expenses
 - Establishment / Funding Mechanism for OPEB Trust Fund
- ▶ Level Service Budget = Maintains same level of program currently in place
- ▶ FY17 Level Services Budget = \$23.75 million
 - 3.42% (\$784K) spending increase from FY-16 budget
 - Growth of just 2.4%, excluding insurance/OPEB
 - Just below 3.6-3.8% spending growth assumed w/multi-year budget model
 - No reserves used in operating budget
 - \$60,000 retained for small capital allowance reinstated through override budget
 - Curriculum, Facilities, PD, and/or Technology
- ▶ FY17 Operating Assessment = 3.63%
 - Preliminary Apportionment (estimated)
 - Essex = 2.82%; Manchester = 4.08%

FY-17 Capital Budget Overview

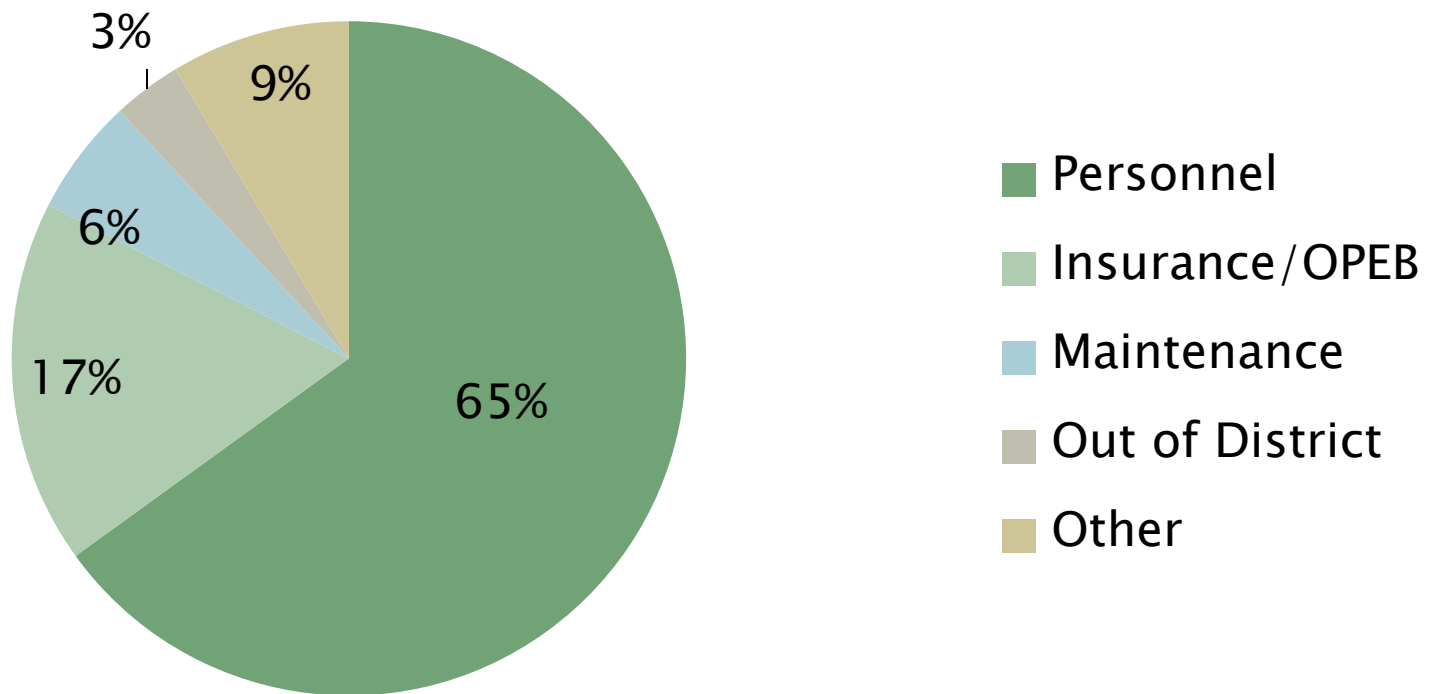
- ▶ FY17 spending on debt payments = \$2,299,100
 - Down \$61K from FY16
 - At time of issuance payments were structured to decline each year resulting in savings to taxpayers

- ▶ FY17 capital assessments down 2.6% for each town
 - Manchester = \$1.525M
 - Essex = \$759K
 - Apportionment split unchanged from FY16 and will not change going forward



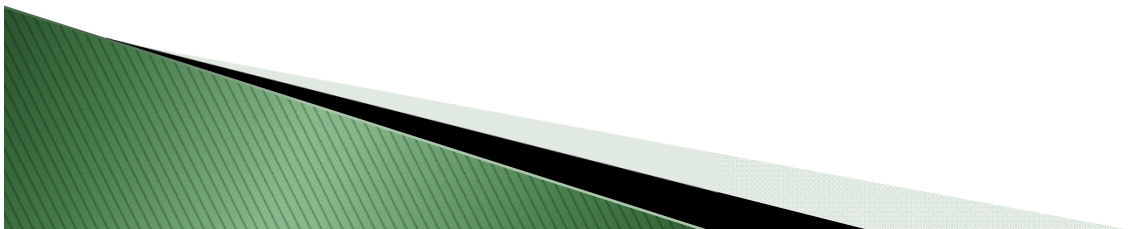
Largest Budget Drivers

Largest Budget Drivers = 91% of District Budget

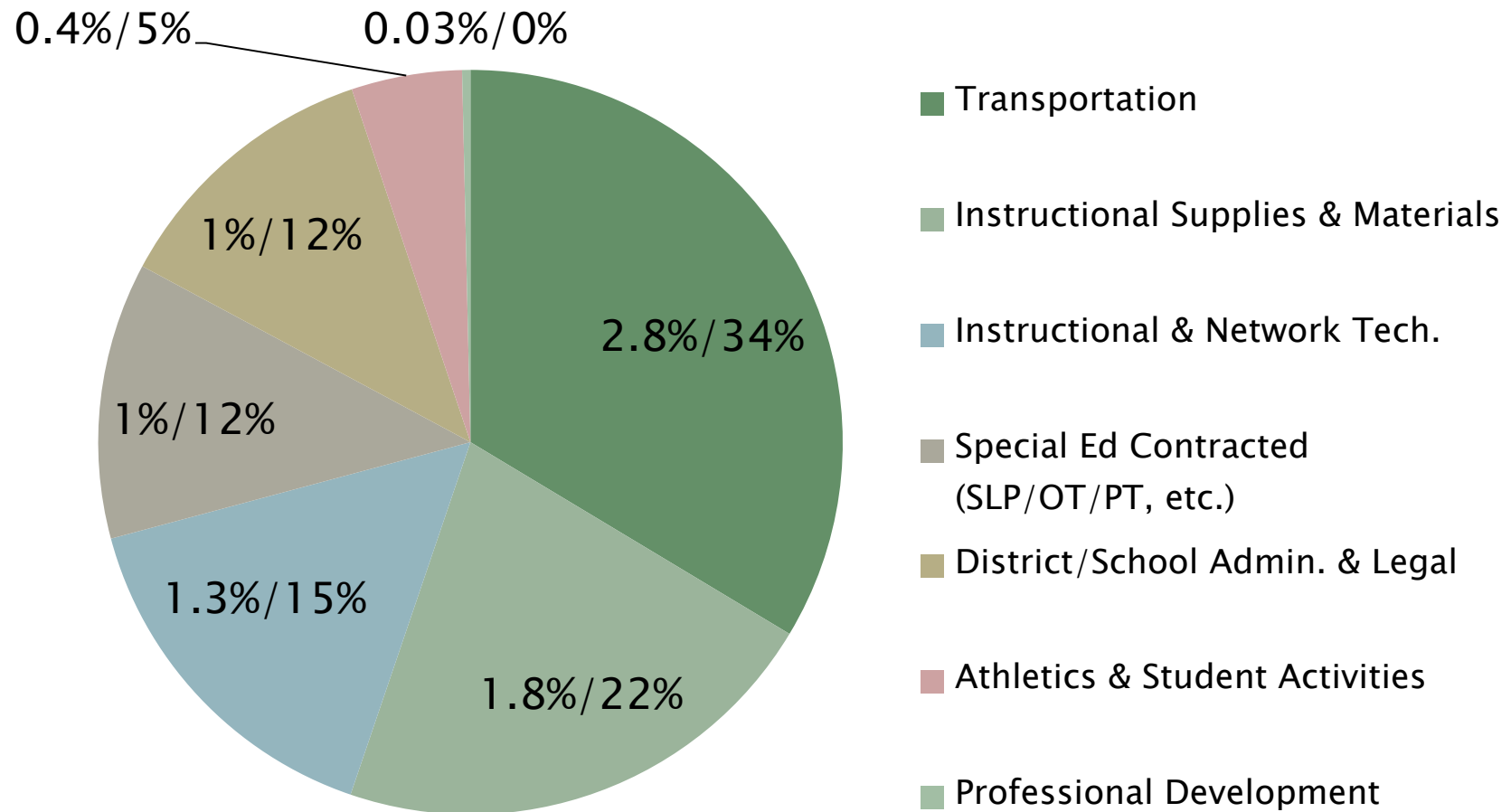


Budget Highlights: Spending Detail

					Inc. vs. FY16	
	FY16	FY17	% of FY17 Spending		\$	%
Personnel	\$14,953,057	\$15,458,234	65.1%		\$505,177	3.38%
Insurance & Pension w/ OPEB	\$3,839,333	\$4,155,567	17.5%		\$316,234	8.24%
Maintenance	\$1,303,840	\$1,319,577	5.6%		\$15,737	1.21%
Out-of-District Tuitions	\$751,329	\$771,983	3.3%		\$20,654	2.75%
Other	\$2,113,646	\$2,040,105	8.6%		(\$73,541)	-3.48%
Total	\$22,961,205	\$23,745,466	100.0%		\$784,261	100%

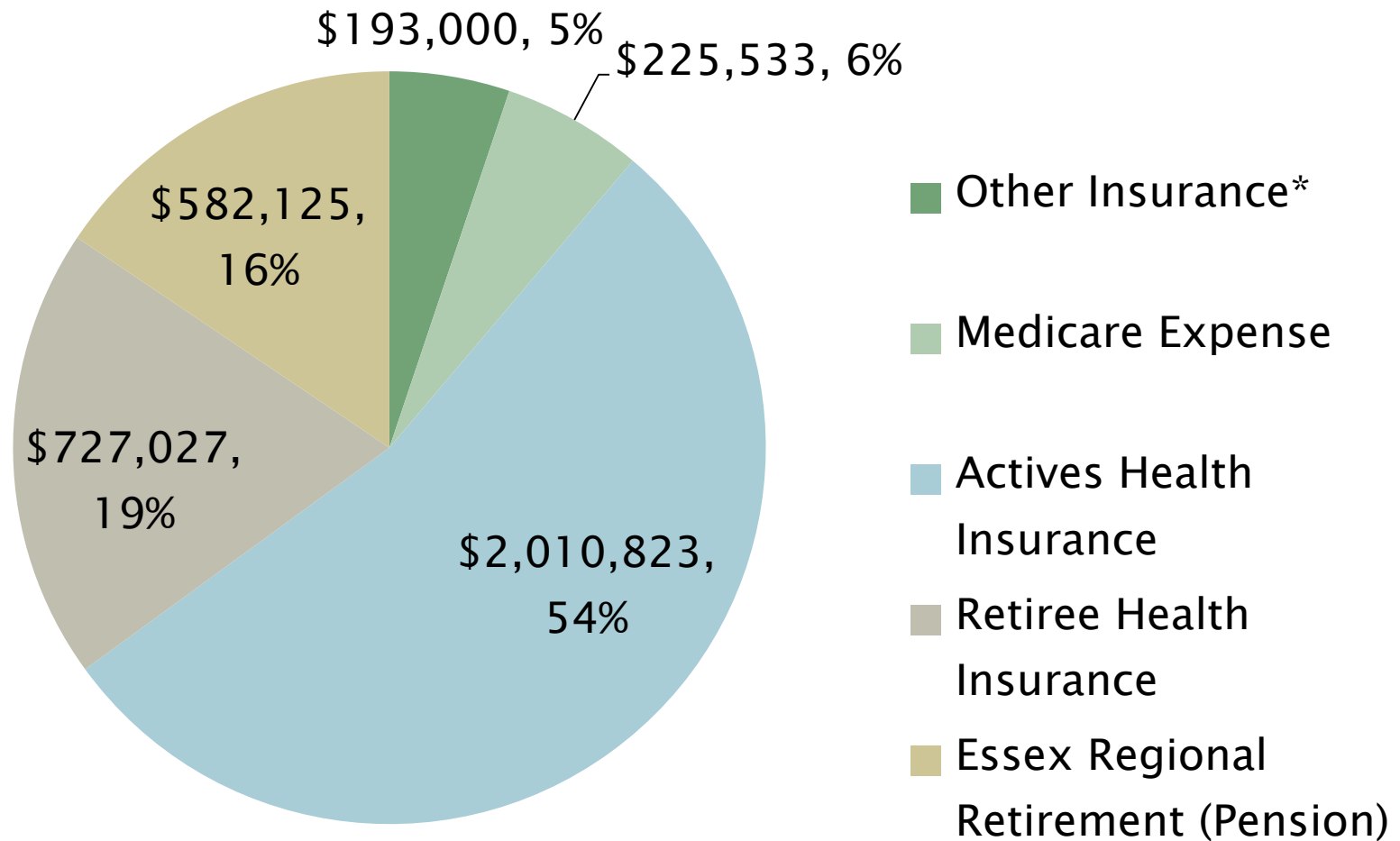


Largest Budget Drivers – Breakdown of “Other”



% of Budget/% of "Other"

Insurance & OPEB Breakdown



**Other insurance consists of
Property/Casualty, Workers' Compensation
& Unemployment insurance*

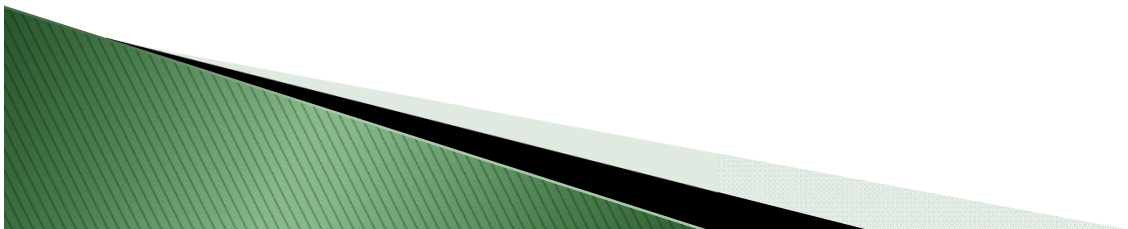
Budget Highlights: Largest Expenditures

- ▶ **91% of the budget is comprised of four key expenditure categories**
- ▶ **Personnel (65.1%)**
 - 2.0% COLA w/new META contract + est. 1.5% steps/columns
 - No new positions included
- ▶ **Insurance & Pension w/ OPEB (17.5%)**
 - 5% budget increase + growth in retiree headcount.
 - Savings from active employee health insurance restructuring continues to fund OPEB trust. On track to close est. 90% of annual OPEB gap as initially projected.
 - 7.5% assumed for pension, plus reserve for settlement of prior contributions from 1st year or regionalization.
- ▶ **Maintenance (5.6%)**
 - Nearly flat (1% growth) but FY16 reinstatement of annual capital reserve allows for targeted investments as needed.
- ▶ **OOD Tuitions (3.3%)**
 - Up 2.7% vs. FY16 – accounting for program price increases



Budget Highlights: Revenue

- ▶ Town assessments continue to face slight upward pressure from slower growth 'other revenues' which are not keeping up w/level services program
 - Assume slight, inflationary increase in FY17 Chapter 70 State Aid,
 - Interest income, Medicaid reimbursement have stabilized
 - Assume no change in School Choice enrollment
- ▶ Initial 3.63% increase to Towns slightly lower than 4.0-4.2% prior estimates in multi-year budget model



Budget: Staffing & Small Capital Requests

Not Included in Level Services Budget Will require efficiencies/reorganization to achieve	
Staffing	Small Capital (exceeds \$60,000 earmark)
<u>Social Emotional Program</u> <ul style="list-style-type: none"> • 1.0 Counselor – Middle School • 1.0 Health-Wellness – High School <u>Academic Program</u> <ul style="list-style-type: none"> • 2.0 Math Specialist – Memorial School & Essex Elementary • 1.0 Reading Specialist – Memorial School <u>Asset Management</u> <ul style="list-style-type: none"> • 1.0 Hardware Technician – District-Wide 	<u>Technology</u> <ul style="list-style-type: none"> • 25 unit iPad Cart – Memorial School • 60 Chromebooks – Middle School • 60 Chromebooks – High School • Wireless Upgrade – Elementary Schools • Projector Upgrade – Middle & High School • Server blade replacement/upgrade – Districtwide <u>Facilities</u> <ul style="list-style-type: none"> • Replace Handicap Ramp – Essex Elementary • Patch & Skim Soffit – Essex Elementary • Repair/patch pavement (Door 10) –Middle & High School • Drain/Refill antifreeze for HVAC – Middle & High School • Equipment Upgrades – District • A-Wing Drainage – Memorial School • Paint Gym – Essex Elementary • Repairs to Eagles Nest Play Structure - Essex Elementary • Recycling Compactor - High School • Add 2 card swipes to locker room doors – Middle & High School

MERSD Reserves Through Time

						Balance at End of Fiscal Year			Change from Prior Year		
		Reserves	All Reserve Funds Combined			School		Undesignated	School		Undesignated
	GF Budget	% of Budget	Ending Total	urce/(Use)	% Change	Choice	Stabilization	GF Balance	Choice	Stabilization	GF Balance
2007	\$15,428,555	4.3%	\$661,569	(\$31,464)	-4.5%	\$626,392	\$132,265	(\$97,088)	(\$581)	\$2,265	(\$33,148)
2008	\$16,140,541	5.1%	\$829,081	\$167,512	25.3%	\$662,406	\$252,290	(\$85,615)	\$36,014	\$120,025	\$11,473
2009	\$17,241,803	9.3%	\$1,609,046	\$779,965	94.1%	\$1,016,365	\$167,290	\$425,391	\$353,959	(\$85,000)	\$511,006
2010	\$17,904,405	10.6%	\$1,899,711	\$290,664	18.1%	\$1,295,864	\$167,290	\$436,557	\$279,498	\$0	\$11,166
2011	\$18,875,493	11.7%	\$2,200,285	\$300,574	15.8%	\$1,616,835	\$163,610	\$419,840	\$320,971	(\$3,680)	(\$16,717)
2012	\$19,115,710	11.6%	\$2,226,248	\$25,963	1.2%	\$1,609,000	\$75,743	\$541,505	(\$7,835)	(\$87,867)	\$121,665
2013	\$20,067,616	10.6%	\$2,124,443	(\$101,805)	-4.6%	\$1,441,056	\$161,448	\$521,939	(\$167,944)	\$85,704	(\$19,566)
2014	\$20,854,407	8.5%	\$1,781,679	(\$342,764)	-16.1%	\$1,295,512	\$161,448	\$324,719	(\$145,544)	\$0	(\$197,220)
2015	\$21,555,355	9.5%	\$2,044,573	\$262,894	14.8%	\$1,505,037	\$161,448	\$378,088	\$209,525	\$0	\$53,369
2016	\$22,961,205	7.1%	\$1,629,573	(\$415,000)	-20.3%	\$1,251,485	\$0	\$378,088	(\$253,552)	(\$161,448)	\$0
Current											

Next Steps

► Public Input

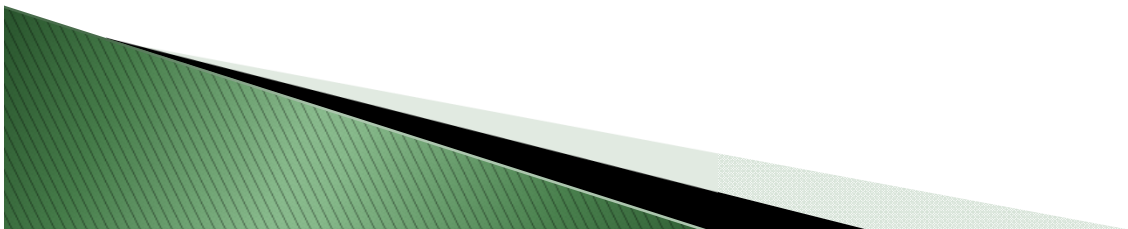
- 1st FY17 Budget Hearing – December 9th @ 7:00pm
- 2nd FY17 Budget Hearing – January 26th @ 7:00pm

► Fine Tuning – December/January

- Process Inputs
- Check assumptions and projections
- Identify areas for generating funds to meet unmet needs
- Meet with Town Boards if needed
- Student Services & Athletics Reviews

► Finalize Budget

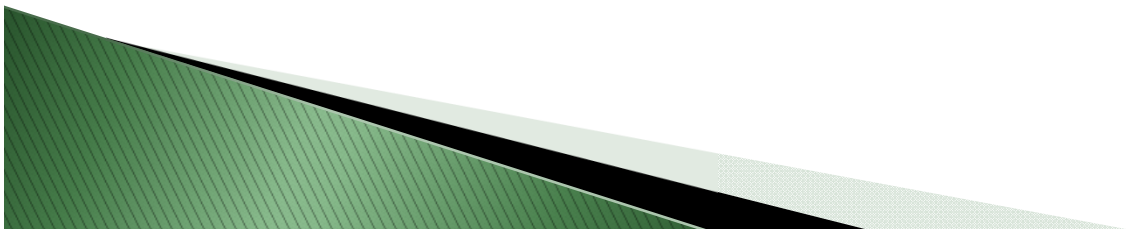
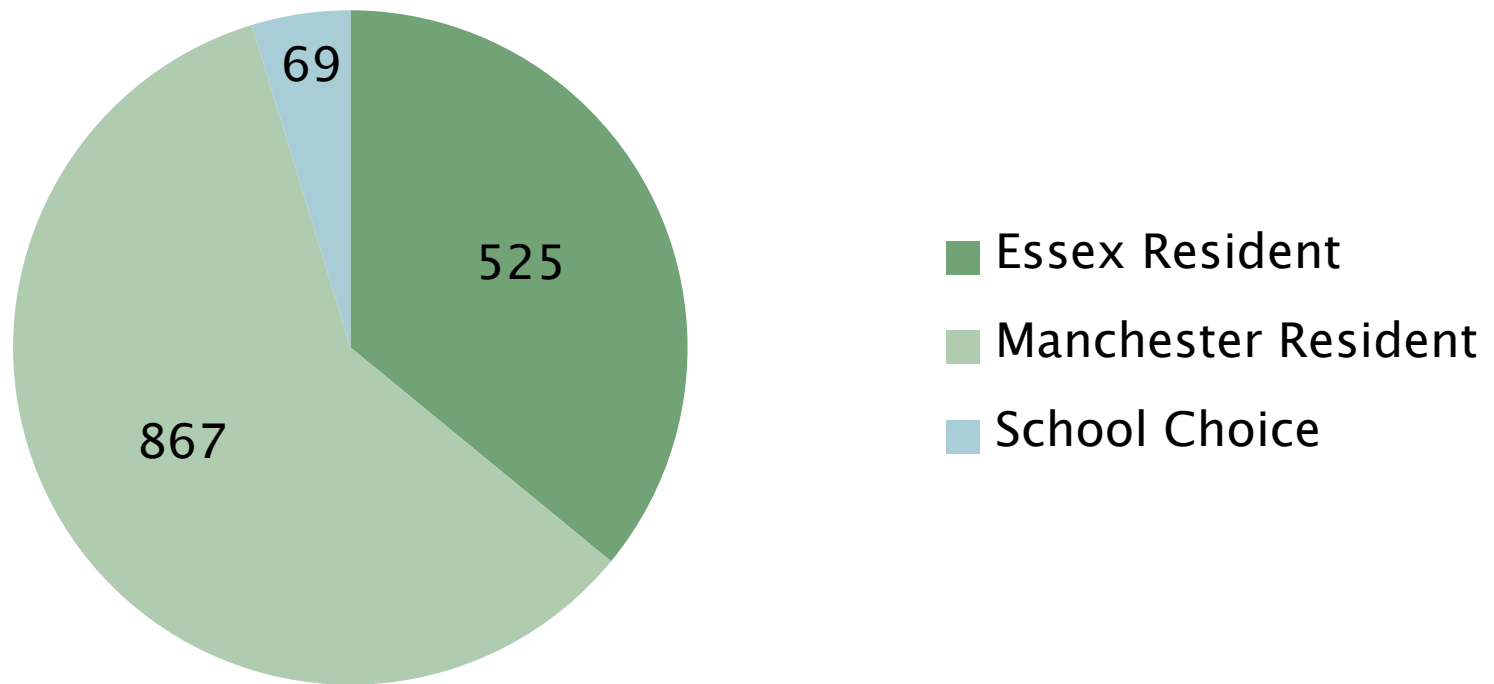
- SC Meeting – February 2nd @ 7:00pm



Data

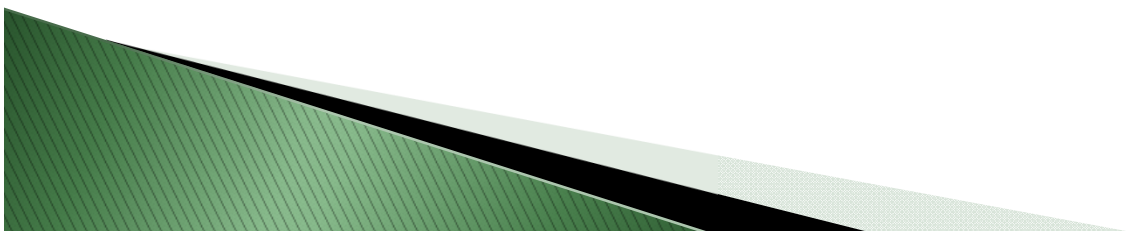
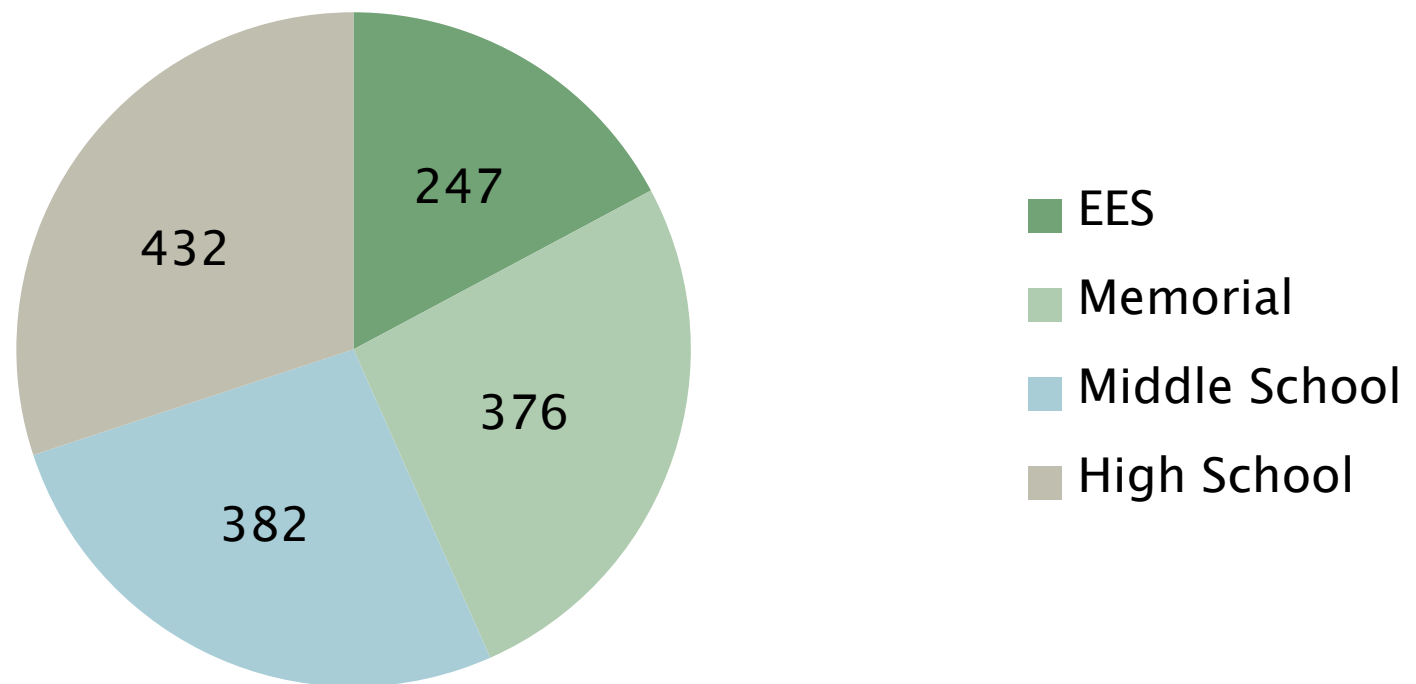
Budget Considerations

Current Enrollment 1461



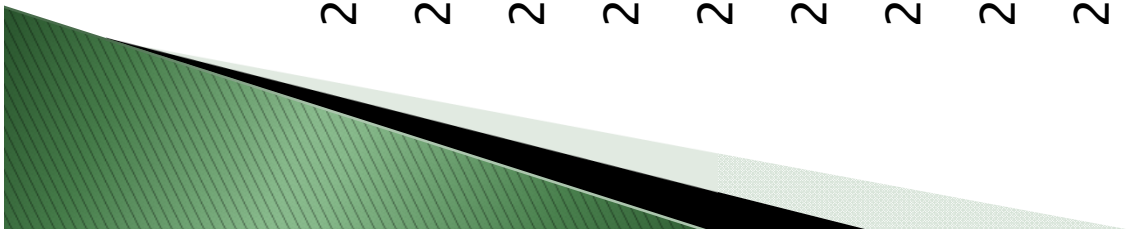
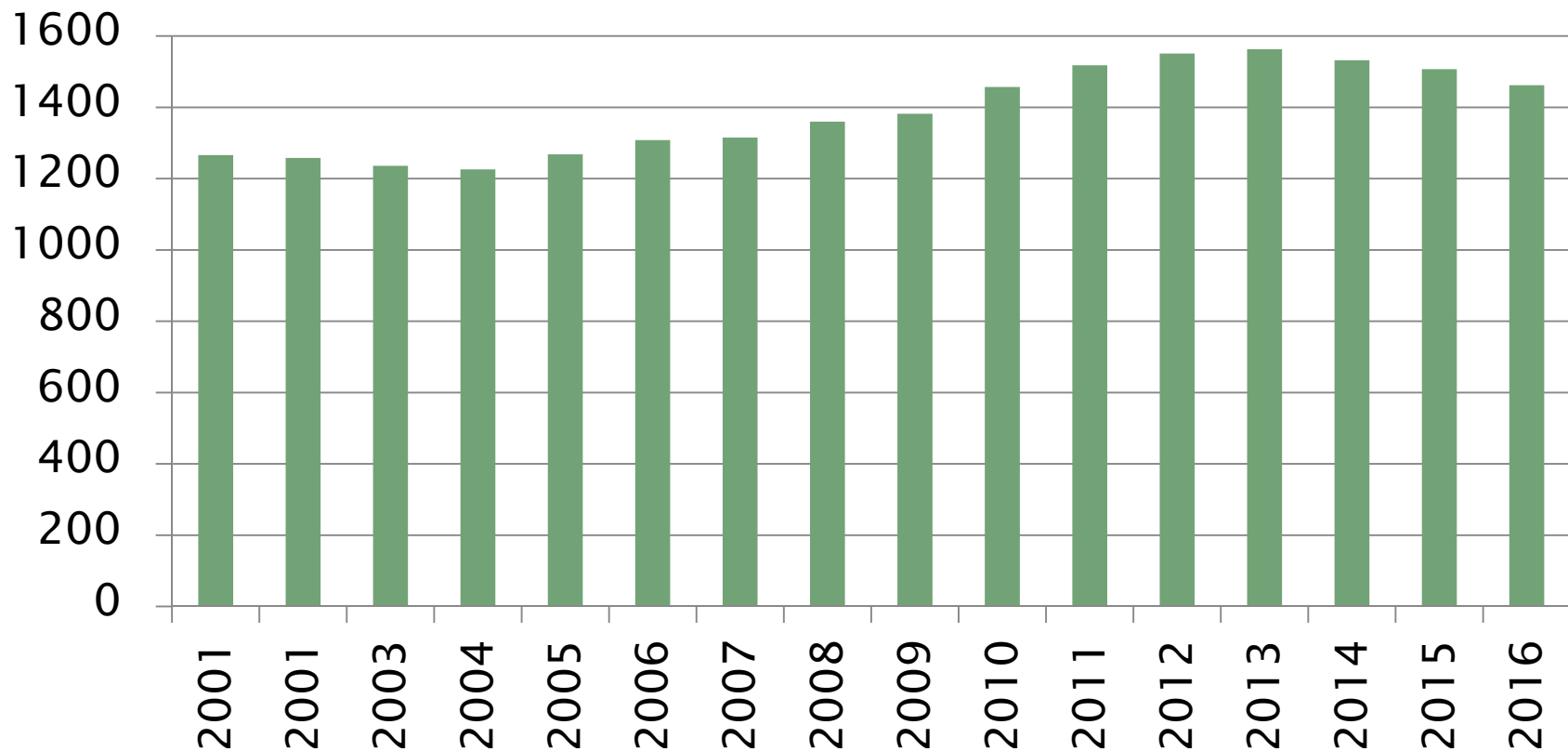
Budget Considerations

Enrollment By School



Budget Considerations

Annual Enrollment



Personnel Costs

	Avg. Teacher Salary	Category of Comparable
Community		
Concord-Carlisle	\$100,008	High-Performing
King Philip	\$68,112	DART
Weston	\$89,489	High-Performing
Winchester	\$73,740	High-Performing
Newburyport	\$81,088	DART
Groton-Dunstable	\$74,918	DART
Harvard	\$83,215	DART
Norwell	\$73,032	DART
Hamilton-Wenham	\$72,594	DART
Medway	\$86,234	DART
Ipswich	\$69,235	Regional
Cohasset	\$80,935	DART
Gloucester	\$72,911	Regional
Rockport	\$79,024	Regional
Georgetown	\$66,266	DART
Average	\$78,053	
Median	\$74,918	
		Source: Department of Elementary & Secondary Education (DESE)
Manchester Essex	\$73,236	DART = DESE's "District Analysis & Review Tools"
MA State Avg.	\$73,847	

	% Increase in Out-of-District Costs		Special Ed.
	5-Yr. Increase	Avg. Increase/Yr.	% of Budget
Community			
Concord-Carlisle	18.9%	3.5%	26.64%
King Philip	21.7%	4.0%	25.50%
Weston	115.1%	16.6%	17.24%
Winchester	98.5%	14.7%	22.83%
Newburyport	76.4%	12.0%	24.97%
Groton-Dunstable	23.4%	4.3%	21.21%
Harvard	11.2%	2.1%	26.20%
Norwell	9.3%	1.8%	16.31%
Hamilton-Wenham	-2.3%	-0.5%	23.38%
Medway	-3.2%	-0.7%	17.12%
Ipswich	74.3%	11.8%	24.63%
Cohasset	11.2%	2.2%	18.92%
Gloucester	17.1%	3.2%	25.15%
Rockport	52.8%	8.9%	24.77%
Georgetown	4.8%	0.9%	22.23%
Average	35.3%	5.7%	22.5%
Median	18.9%	3.5%	23.4%
Manchester Essex	-37.1%	-8.8%	20.98%
MA State Avg.	20.2%	3.7%	20.86%

Source: Department of Elementary & Secondary Education (DESE)

DART = DESE's "District Analysis & Review Tools"

Apportionment Inputs

Apportionment Formula: Input Trends

	FY-15	FY-16	FY-17 (prelim.)	Input Contribution to Assessment
<u>EQV</u>	25% of Instructional & Non-Instructional Costs			
Manchester	73.7%	74.8%	74.8%	EQV 25.0%
Essex	26.3%	25.2%	25.2%	
Total	100.0%	100.0%	100.0%	
<u>Enrollment</u>	75% of Instructional Costs			
Manchester	61.3%	61.4%	62.3%	Student Enrollment 49.2%
Essex	38.7%	38.6%	37.7%	
Total	100.0%	100.0%	100.0%	
<u>Population</u>	75% of Non-Instructional Costs			
Manchester	59.4%	59.4%	59.4%	Town Population 25.8%
Essex	40.6%	40.6%	40.6%	
Total	100.0%	100.0%	100.0%	
			All Factors Combined	100.0%

- Enrollment accounts for 49% of apportionment
- Manchester % of enrollment has increased leading to higher % assessment
- Equalized Property Values (EQV) and Population inputs do not change annually per Regional Agreement formula

Source: MERSD Regional Agreement