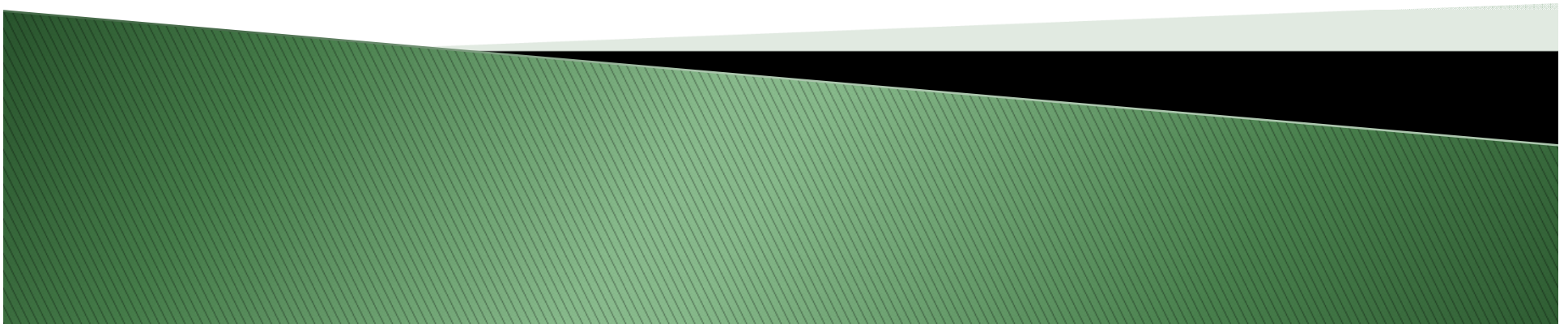


FY21 Tentative Budget
Presentation to MERSD School Committee
December 5, 2019

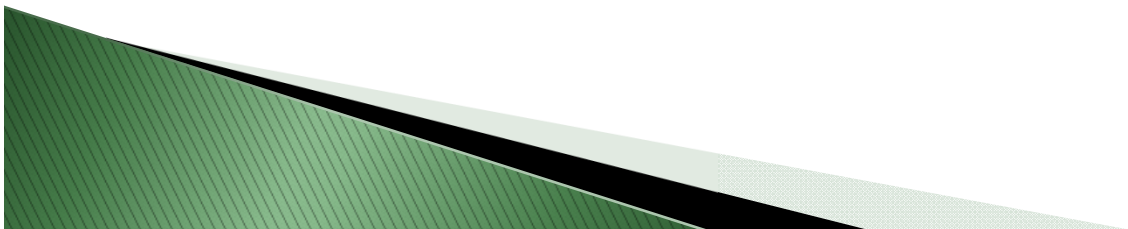


School Committee Goals

- ▶ Develop and deliver a fiscally responsible budget that restores educational quality, supports District goals, recognizes the confines of Proposition 2 ½ and advocates for increased funding for the District.
- ▶ Rebuild Manchester Memorial School on time and on budget and communicate the capital plan to maintain all 3 District schools and assets.
- ▶ Successfully negotiate a contract with META Unit B (Teacher Assistants) using IBB.
- ▶ Support implementation of programming that enhances our organization's cultural proficiency and promotes respect and appreciation for individual and cultural differences.
- ▶ Target resources to support social/emotional needs of students across the District.

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



Considerations In Developing FY21 Budget

Student Needs

- Core Curriculum & Instructional Development
 - Materials
 - Instructional Technology
- Program Development
- Training & Support
- Staffing – Class Size
- Co-Curricular Activities

Fixed Costs

- Personnel Costs
- Insurance (Current & Retiree/OPEB)
- Utilities
- Transportation

Special Education

- In-District Programs
- Out of District Placement
- Transportation
- Support Personnel

Facilities

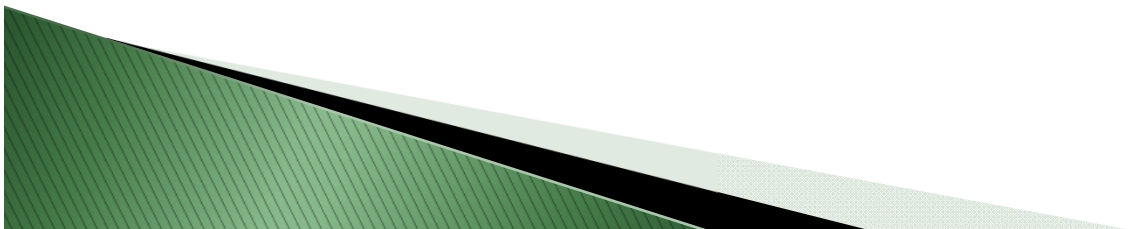
- Routine Custodial & Maintenance
- Essex Elementary Maintenance Capital Planning
- MSHS Maintenance Capital Planning
- Support Memorial Building Project

FY21 Operating Budget Overview

- ▶ Initial goal is to provide Level Services at a minimum
 - Maintains same level of program currently in place
 - Essential program changes historically funded via efficiencies/restructuring due to funding constraints, but few new reduction options remain
 - Cuts made between FY18-FY20 have not been restored

- ▶ Excluding mandated health insurance and special ed. tuitions, FY21 Level Services is affordable within confines of Proposition 2.5:
 - Annual growth excluding these statutory requirements is 2.98%

- ▶ Including all expenses, gap between Level Services and sustainable funding is \$400K+, similar to FY20 Tentative Budget. Options include:
 - Cost saving opportunities and program reductions
 - Increased town contributions
 - Use of one-time reserve funding (short-term solution only)



FY21 Operating Budget Drivers

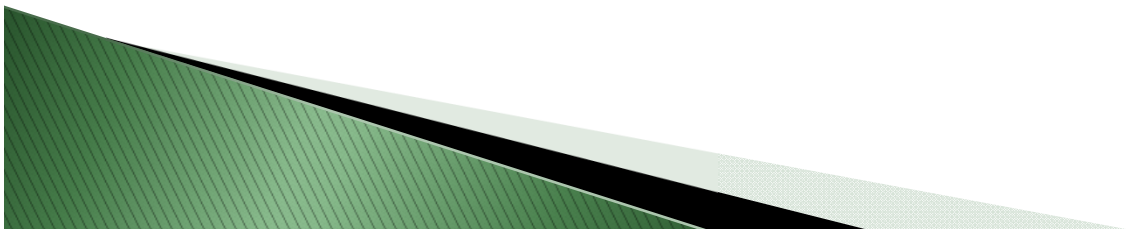
- ▶ **Health insurance: \$517K (40%) of spending growth**
 - Initial rate increase estimate of 10%, based on broker input
 - Underwriter's model shows 14% based on claims data, industry inflation trend (7-8%), manual/non-creditable rate, and extended time/unknowns prior to spring renewal
 - Savings possible as MERSD's preliminary utilization (through August) is strong/better-than-average. Monitoring monthly. Each 1% reduction in rate = \$43K

- ▶ **Out-of-District Tuitions: \$138K (10%) of spending growth**
 - 16% growth in FY21, following 42% in FY20, due to move-ins and four \$100-200K residential placements
 - Excluding residential placements, OOD at historic low, due to MERSD's in-district programming
 - Savings possible, pending outcome of increased Circuit Breaker (State Aid) funding

- ▶ **Compensation: \$707K (50%) of spending growth**
 - 4.19% growth – in line w/multi-year budget model. No new FTE.
 - 2.5% contractual Cost of Living Adjustment (COLA) for FY20-FY22 + 1.6% step/column
 - Savings possible pending retirements. Limited restructuring opportunities remain.

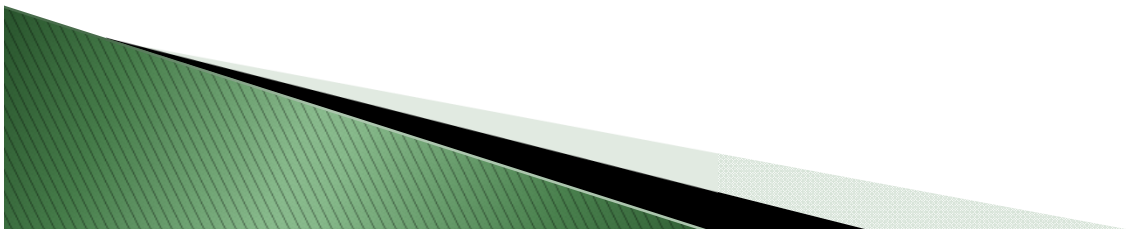
FY21 Budget Overview

- ▶ FY21 Tentative Operating Budget = \$27.06 million
 - 3.83% (\$998K) spending increase from FY20 budget
 - Relies upon \$430K of yet-to-be-finalized spending efficiencies/reductions
 - By contrast, Tentative Budget gap was \$900K in FY19 and \$380K in FY20
- ▶ Preliminary FY21 Operating Assessment Increase = 3.83%
 - Measures cost increase to towns after deducting “Other Revenue” (e.g., State Aid) from spending needs
 - High end of MERSD’s sustainable multi-year budget range
 - 5-year average assessment increase is just 3.30% amidst avg. State Aid increase of 1.7%.
- ▶ FY21 Capital Budget = \$4.2 million (down 1.5%)
 - Second year of Memorial School project debt
 - Potential for modest additional savings pending opportunity to refinance 16% of MSHS debt



Budget Highlights: Revenue

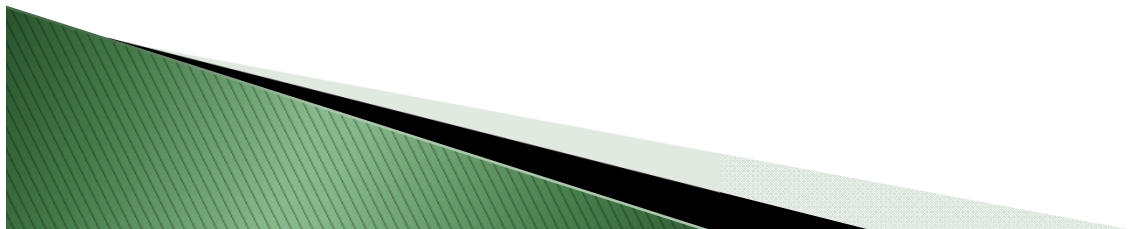
- ▶ 3.7% growth in non-assessment revenue, in line with spending rate, reducing pressure on Town Assessments.
 - Recent growth has been much lower, but new State Aid program expected in FY21
 - Increased Reg. Transportation aid to \$175K (25%) to reflect recent trend
 - \$55K estimate for new, phased OOD transportation reimbursement
 - Assume only minimum Chapter 70 increase (1.6%) as new aid is targeted to urban districts
 - Assume \$25K decline in School Choice revenue (to \$300K) accounting for large number of graduations



Budget Highlights: Spending Detail

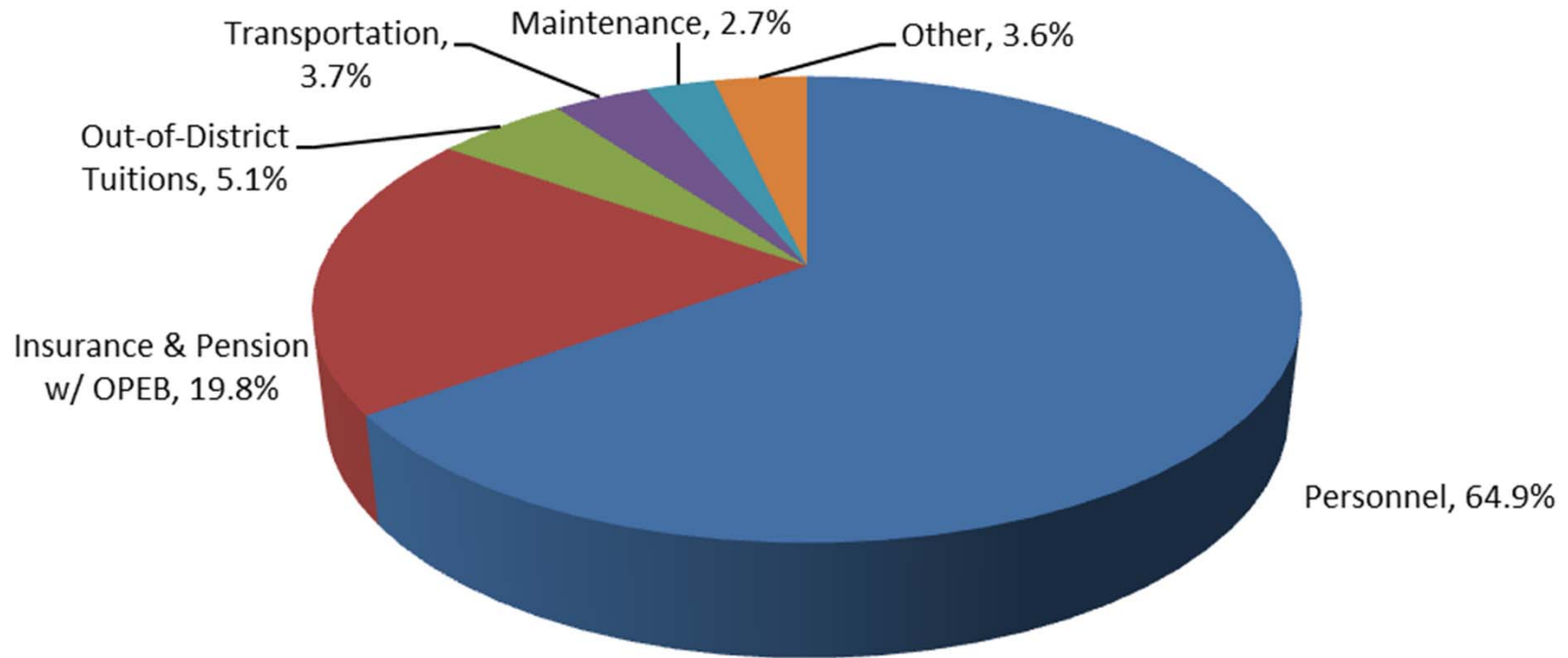
	FY20	FY21	% of FY21 Spending	Inc. vs. FY20	
				\$	%
Personnel	\$16,869,720	\$17,576,291	64.94%	\$706,571	4.19%
Insurance & Pension w/ OPEB	\$4,798,859	\$5,370,567	19.84%	\$571,708	11.91%
Maintenance	\$1,365,224	\$1,391,775	5.14%	\$26,551	1.94%
Transportation	\$763,355	\$730,874	2.70%	(\$32,481)	-4.25%
Out-of-District Tuitions	\$868,863	\$1,006,477	3.72%	\$137,614	15.84%
Other	\$1,398,923	\$1,422,219	5.26%	\$23,296	1.67%
Reductions to be Identified		(\$434,436)	-1.61%	(\$434,436)	
Total	\$26,064,944	\$27,063,767	100.00%	\$998,823	3.83%

95% of spending is from largest 5 categories

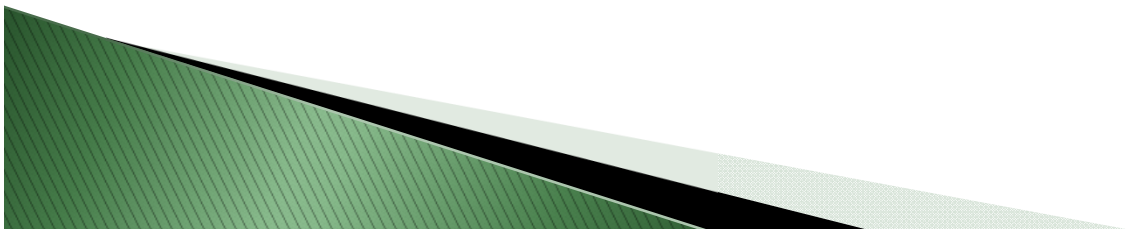


Largest Budget Categories

(% of Total Spending - \$27.0 million)

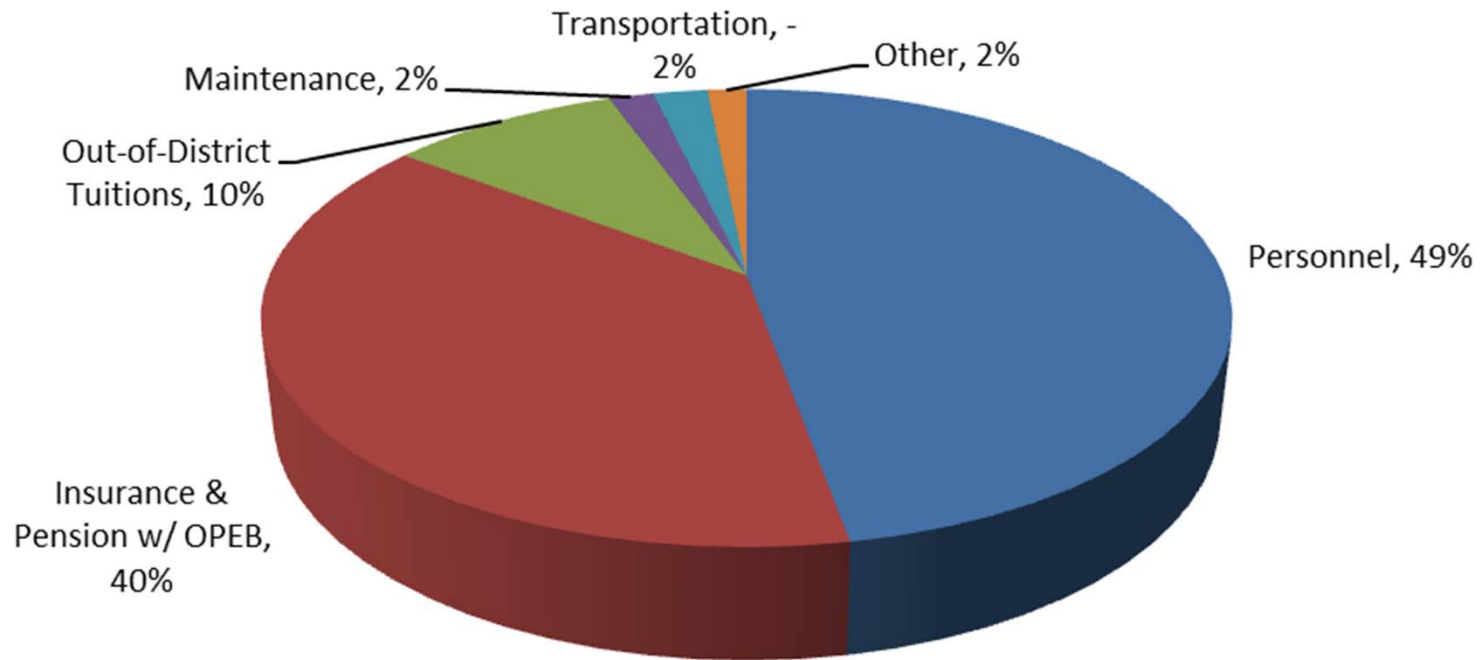


>95% of spending from 5 categories



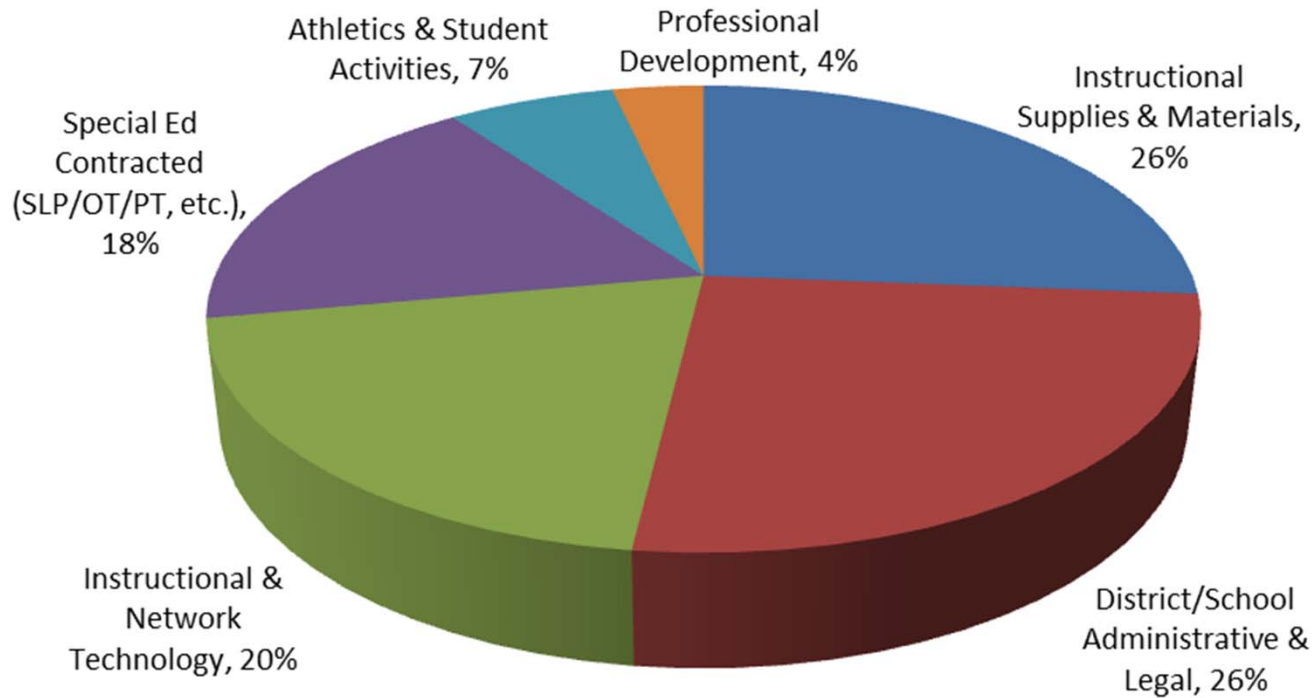
Largest Budget Drivers

(% of Budget Increase – \$1.0 million)



99% of FY21 growth is from personnel, benefits and OOD

Composition of “Other” Expenses (1.7% of FY21 Budget)



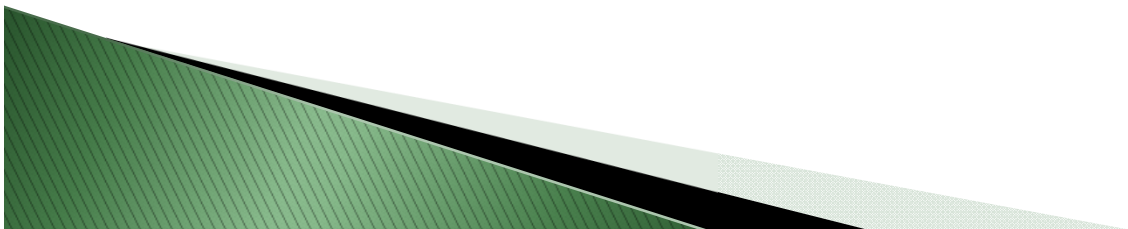
% shown = % of \$1.4 million “Other” categories

Staffing Not Included in Tentative Budget Preliminary

Staffing Accomplished In FY20	<u>Deferred Staffing Requested FY21</u>
<p><u>Level 1: Health, Safety, Legal, Enrollment</u></p> <p><u>High School</u></p> <ul style="list-style-type: none"> • Reinstated 2015 Athletic Director / Assistant Principal Staffing Level <ul style="list-style-type: none"> • .1 Athletic Director (60% AD / 40% Teaching) • .5 Dean of Students (1.0 Dean of Students) • .4 PE (enrollment) • .4 Foreign Language (enrollment) • .4 Art Teacher (enrollment) <p><u>District</u></p> <ul style="list-style-type: none"> • School Resource Officer (After Budget/Partnership with Towns) <p><u>Memorial</u></p> <ul style="list-style-type: none"> • 1.0 Inclusion Specialist <p><u>Level 2: Best Practice/Expanded Effort</u></p> <p><u>Middle School</u></p> <ul style="list-style-type: none"> • IRWL Reading Specialist 	<p><u>Level 1: Health, Safety, Legal</u></p> <p><u>Level 1.5: Enrollment / Class Size / Caseload</u></p> <p><u>District</u></p> <ul style="list-style-type: none"> • 0.2 Physical Therapist • 0.8 IRWL Program Reading Teacher (Memorial) • 1.0 SAIL enrollment (Memorial) <p><u>MERHS</u></p> <ul style="list-style-type: none"> • 1.0 School Adjustment Council • 0.2 Speech and Language <p><u>MMES</u></p> <ul style="list-style-type: none"> • 1.0 Special Education Inclusion Teacher <p><u>Level 2: Best Practice</u></p> <p><u>MERHS</u></p> <ul style="list-style-type: none"> • 0.4 School Psychologist <p><u>Level 3: Best Practice/Expanded Effort</u></p> <p><u>High School</u></p> <ul style="list-style-type: none"> • .4 AD/DH Specialists <p><u>Middle School</u></p> <ul style="list-style-type: none"> • .2 Music <p><u>EES</u></p> <ul style="list-style-type: none"> • 1.0 Math specialist • 1.0 Math interventionist

Closing Remaining Budget Gap

- ▶ Options to close remaining budget gap include:
 - Health Insurance – potentially \$125K
 - Current utilization < industry trend; 7% renewal rate saves \$125K, still too early to presume this will materialize
 - Staffing – \$90K
 - Retirements not yet known, but estimated. Small restructuring opportunities exist without impact to program.
 - FTE reductions no longer an option
 - Other revenue sources may be possible via reserve funding (short-term only) or potentially increased town assessments.



Next Steps

▶ Public Input

- 1st FY21 Budget Hearing – December 11th @ 7:00pm
- 2nd FY21 Budget Hearing – January 28th @ 7:00pm

▶ Fine Tuning – December/January

- Check assumptions and projections
- Identify areas for generating funds to close gaps and consider meet unmet needs
- Meet with Town Boards as needed

▶ Finalize Budget

- SC Meeting – February 4th @ 6:30pm

