

FY22 Budget Hearing



January 26, 2021



The Problem We're Trying To Solve

- The cost of level services grows at an average 3.5-4% which is faster than 2.5%. How do we maintain our program and meet School Committee goals when being asked to cut the budget?
 - Perpetual and Structural Challenge – not a function of any single budget year
 - Level Service growth rate is suppressed annually in recognition of fiscal constraints
 - Creates a cycle of cutting to meet a specified budget number
 - Cumulative level services deficit grows over time
 - Every 7-10 years MERSD faces a financial crossroads of significant program reduction or need for an override
- We are at that crossroads in planning for FY22-24.

Where We Are & Where We Are Going

Spending & Assessments have been stable over time

Average Annual Increase		
	5-Yr	10-Yr*
Spending	3.15%	4.04%
Assessment	3.17%	3.60%
*Includes FY16 override		

Level Service Reductions are an annual step in budgeting

Reductions to Close Annual Gap			
FY 18	FY 19	FY 20	3 Yr. Total
\$410,000	\$679,000	\$565,000	\$1,654,000

Reserve Funds provide temporary bridge prior to eventual correction

- Potential for 80% reduction by FY23 (\$3.4 Million)

School Committee Goals

- Provide for the health and safety of students and faculty while maintaining the robust educational program MERSD and our member towns value, specifically during the COVID crisis.
- Manage the District's budget and budget reserves, allocating resources for both near- and long-term financial health of the District.
- Continue to manage the construction of the new Memorial School, ensuring it remains on time and on budget. Ensure parity between Essex Elementary School and Memorial School in key facility-related areas in order to maintain educational parity (technology, security, and playground). Plan and execute construction of the Essex Eagle's Nest playground.
- Stand up the appropriate working groups and establish goals and benchmarks to address the commitment of the School Committee made in adopting the anti-racist policy.
- *Resolved: that Manchester Essex Regional School District and the school districts in the Commonwealth must guarantee that racist practices are eradicated, and diversity, equity, and inclusion is embedded and practiced for our students, families, faculty, and staff.*

Budget Goals

- Provide for the health and safety of students and faculty while maintaining the robust educational program MERSD and our member towns value, specifically during the COVID crisis.
- Target resources to support the unique educational, logistical, and social/emotional needs of students across the District during the COVID Crisis.
- Develop and deliver a fiscally responsible budget that strives to balance maintaining educational quality, District goals, and recognizes the confines of Proposition 2½.
- Manage Enrollment & Staffing
 - Strive to meet School Committee class size guidelines
 - Serve increasingly diverse student needs
- Exercise fiscal responsibility
 - Seek internal efficiencies to offset growth needs when possible
- Meet local, state, and federal responsibilities

Considerations In Developing 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

FY22 Budget Overview

- FY22 Tentative Operating Budget = \$27.95 million
 - 4.25% (\$1.14 million) spending increase from FY21 budget
 - Requires \$611K of yet-to-be-finalized spending efficiencies/reductions
 - Prior Tentative Budget gaps: \$430K FY21, \$380K FY20, \$900K FY19
 - Only \$275K of \$611K gap is new; \$335K is carry-forward of FY21 reserve revenue commitment
- Preliminary FY22 Operating Assessment Increase = 3.75%
 - 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 3.17% amidst avg. State Aid increase of 2.0%.
 - Assume FY22 Chapter 70 level with FY21 expected, up 10% from FY21 budget

FY22 Budget Overview

- Draft Apportionment
 - 3.75% assessment increase \$879,930 for both towns combined will break into:
 - 3.49% increase for MBTS (\$526.4K increase vs. FY21)
 - 4.23% increase for the Town of Essex (\$353.5K increase vs. FY21)
 - Notable
 - \$39.9K uptick for Essex and equal downward shift for Manchester, compared to the un-apportioned, straight 3.75% increase for both towns that we showed with the tentative FY22 budget.
 - New EQV and current year enrollment inputs tilted slightly toward Essex, a trend that is continued from the FY21 apportionment formula from last year.
 - Since no spending or revenue inputs have changed yet, the total for both towns combined is unchanged at 3.75% and \$879.9K.
 - Once the budget is finalized and adopted by School Committee treasurer certifies an official apportionment,

Budget Highlights: Revenue

- 7.7% growth in non-assessment revenue, well above spending rate, reducing pressure on Town Assessments.
 - New State Aid program remains on hold amidst COVID uncertainty
 - But FY21 expected is level with FY20 actual; budget had conservatively assumed 10% cut, which has not materialized
 - Transportation Aid picture still uncertain due to COVID impacts
 - Assume \$325K School Choice revenue, flat w/FY21 budget as offset to spending.
 - Actual FY21 intake did not replace 12 graduating students from Class of 2020 due to COVID/classroom capacity concerns
 - These 12 student plus 5 graduating in FY21 would need to be replaced in FY22

FY22 Operating Budget Overview

- Initial goal is to provide Level Services at a minimum
 - Maintains same level of program currently in place (*excluding temporary COVID response*)
 - Essential program changes historically funded via efficiencies/restructuring due to funding constraints, but few new reduction options remain
 - Cuts made between FY18-FY21 have not been restored
- Excluding forecasted growth in mandated health insurance and special ed. transportation, FY22 Level Services is affordable, within Proposition 2.5:
 - Annual growth excluding these statutory requirements is 3.27%
- Gap between Level Services and sustainable funding is \$611K in Tentative Budget (\$335K repeat use of E&D + \$276K anticipated adjustments). Options include:
 - Cost saving opportunities and program reductions
 - Increased town contributions
 - Use of one-time reserve funding (short-term solution only)
- COVID costs in FY-21 continue to be funded by CARES Act, anticipated FEMA reimbursement and MERSD reserves

FY22 Operating Budget Drivers

- Compensation: *\$697K (61%) of spending growth*
 - 4.01% growth – at high end of multi-year budget scenarios. No new FTE.
 - 2.5% contractual Cost of Living Adjustment (COLA) for FY20-FY22 + 1.5% est. step/column
 - Savings possible pending retirements. Limited restructuring opportunities remain.
- Health insurance: *\$337K (30%) of spending growth*
 - Initial rate increase estimate of 6%, based slightly below medical trend
 - Migration to Health Reimbursement Accounts (HRA) has improved cost and utilization
 - Savings possible as MERSD's preliminary utilization (through July) is strong/better-than-average. Monitoring monthly. Each 1% reduction in rate = \$43K
 - Continued growth in retirees covered (164), now greater than active employees (159)
- Out-of-District (OOD) Tuition/Transportation: *\$201K (18%) of spending growth*
 - Tuition stable (\$50K/6% growth) following significant uptick in FY20, FY21, related to move-ins and residential placements (5 current placements >\$100K/yr).
 - \$150K est. transportation growth, due to disparate program locations
 - Circuit Breaker (CB) aid has grown, but State has delayed reimbursing OOD transportation.

• **NOTE:** % of growth totals > %100. Does not account for anticipated cuts needed to meet spending target.

Budget Highlights: Spending Detail

	FY21	FY22	% of FY21 Spending	Inc. vs. FY21	
				\$	%
Personnel	\$17,371,981	\$18,069,451	64.64%	\$697,470	4.01%
Insurance & Pension w/ OPEB	\$5,012,988	\$5,400,530	19.32%	\$387,541	7.73%
Maintenance	\$1,401,775	\$1,389,775	4.97%	(\$12,000)	-0.86%
Transportation	\$710,874	\$879,089	3.14%	\$168,214	23.66%
Out-of-District Tuitions	\$909,377	\$959,709	3.43%	\$50,332	5.53%
Other	\$1,408,719	\$1,532,240	5.48%	\$123,521	8.77%
Reductions to be Identified		(\$275,894)	-0.99%	(\$275,894)	
Total	\$26,815,714	\$27,954,899	100.00%	\$1,139,185	4.25%

- 95% of spending is from largest 5 categories
- \$70K of growth in "Other" relates to addition of School Resource Officer contract

Closing Remaining Budget Gap

FY22 Budget	Reduction Benchmarks		
	\$318,000	\$552,000	\$900,000
	Level Service	Essex Req.	W/out Reserve
Budget Estimate Revisions	\$0	\$0	\$0
Health Care Estimates (3 to 7%)	<i>\$43,000</i>	\$0	\$0
Operation Reductions	\$140,000	\$175,000	\$195,000
Defer or Fund Annual Facility Small Cap via Stabilization	\$40,000	\$60,000	\$60,000
Eliminate Late Bus			\$20,000
Utilize OPEB Contingency to offset Retiree Health Growth	\$100,000	\$100,000	\$100,000
Program Reductions	\$165,000	\$230,000	\$230,000
Staffing Reductions	\$32,500	\$150,500	\$215,500
Fee Increases	\$0	\$0	\$0
Savings from Cuts	\$337,500	\$555,500	\$640,500
Budgeted Reserves	\$335,000	\$335,000	<i>\$259,500</i>
Total Gap (Reserves + Reduction)	\$672,500	\$890,500	\$900,000
FTE Reductions	Educators	2.6 FTE	4 FTE
	Support Staff / Admin Sup.	.5 FTE	3.0 FTE

***\$43,000** Estimated increase to initial health care cost assumption. Reflected in reduction benchmarks totals.*

***\$259,500** Reductions still needed to close gap.*

Financial Reserves - Historical

- FY20 COVID savings funded portion of FY21 reserve usage in operating budget.
- Moving funds to stabilization to cover impending capital needs (Eagles' Nest, turf replacement, EES heating, MSHS, EES tech/security)

Year	Reserves		All Reserve Funds Combined			Balance at End of Fiscal Year			Change from Prior Year			
						School		Undesignated	School		Undesignated	
	GF Budget	% of Budget	Ending Total	Source/(Use)	% Change	Choice	Stabilization	GF Balance	Choice	Stabilization	GF Balance	
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	10.8%	\$2,478,608	\$434,035	21.2%	\$1,621,389	\$161,448	\$695,771	\$116,352	\$0	\$317,683	
2017	\$23,682,956	12.7%	\$3,018,851	\$540,243	21.8%	\$1,727,535	\$151,948	\$1,139,368	\$106,146	(\$9,500)	\$443,597	
2018	\$24,466,844	11.9%	\$2,913,324	(\$105,528)	-3.5%	\$1,621,558	\$0	\$1,291,766	(\$105,977)	(\$151,948)	\$152,398	
2019	\$25,243,906	13.3%	\$3,349,622	\$436,299	15.0%	\$1,489,176	\$0	\$1,860,446	(\$132,382)	\$0	\$568,680	
			(Less: Construction Interest)	(\$318,826)			\$489,109	(\$489,109)	<i>Construction Int. & Footbridge to Stabilization</i>			
			(Less: Footbridge Ins. Reimbursement)	(\$170,283)			\$489,109	\$1,371,337	Balance Adj. for Stabilization Transfers			
			Net FY19 Change in Reserves fr. Operating	(\$52,810)								
FY20 Est.	\$26,064,946	15.6%	\$4,065,140			\$1,488,000	\$489,109	\$2,088,031	(\$1,176)	\$489,109	\$227,585	\$715,518
Less Stabilization Fund = Committed to Facilities			(\$970,803)				\$481,694	(\$481,694)				
Less Commitment to FY21 Operating			(\$335,000)			\$1,488,000	\$970,803	\$1,606,337	(\$1,176)	\$970,803	(\$254,109)	\$715,518
FY20, Adjusted	\$26,064,946	10.6%	\$2,759,337									
										FY20 Interest Income	\$481,694	
										FY20 Savings	\$233,824	
										Total Reserve Change	\$715,518	

Identified Capital Needs: 1- 5 Years

School	Item	Priority	Placeholder Cost Est.	Timeframe (Years from Now)
EES	Eagles' Nest Replacement	High	\$250-300K	Summer 2020
MSHS	Hyland Field turf replacement	High	\$500,000	Summer 2021
EES	Back up boiler	High	\$100,000	1-3 years, pending repair option
EES	Heating distribution repairs (classroom univents)	High	\$25,000	Split over 1-5 years
MSHS	Flooring - MS pods	High	\$36,000	In progress. Split over 2-3 years
MSHS	Flooring - auditorium carpet	High	\$24,000	1-3 years
EES	Classroom shades	High	\$15,000	1-3 years
EES	Heating controls	High	\$100,000	1-3 years - potential grant
EES	Security updates	High	TBD	Match scope from MMES project
MSHS	Security updates	High	TBD	Match scope from MMES project
EES	Repave hot top play asphalt pay surface	Medium	\$15,000	Following playground
MSHS	Brook Street Field turf replacement	Medium	\$500,000	3-5 years
MSHS	Flooring - Learning Commons	Medium	\$30,000	3-5 years
MSHS	Furniture - Library tables and classroom chairs	Medium	\$100,000	2-4 years
MSHS	Tractor replacement	Medium	\$45,000	3-5 years
EES	Envelope Repairs (soffits, window frames, stairs)	Medium	\$20,000	Split over 1-5 years
EES	Kitchen Equipment	Medium	\$30,000	Pending contractor review
MSHS	Sand/repaint gym floor	Medium	\$30,000	3-5 years
MSHS	Painting	Medium	TBD	Annual budget is touch up only
		Total	\$1,870,000	

Projected Reserve Usage – 3 Year Outlook

	Reserves @ Glance				
	Excess & Deficiency	School Choice	Stabilization	Facilities Revolving	Total Reserves
<i>FY20 Estimated -(Not Audited)</i>	\$1,606,000	\$1,488,000	\$970,800	\$253,943	\$4,318,743
FY21 Usage					
Operations	\$335,000				
COVID Costs		\$687,000			
Essex Playground			\$325,000		
Memorial Boiler Emergency			\$37,000		
FY22 Usage					
Operations	\$335,000				
EES Technology		\$125,000			
MHS Gym Floor Refinish			\$30,000		
Hyland Field Replacement			\$500,000		
FY23 Usage					
Operations	335,000				
EES Back-Up Boiler			100,000		
Brook Street*			250,000	250,000	
MHS Carpeting (Auditorium & Pods)			90,000		
Account Totals	\$601,000	\$676,000	-\$361,200	\$3,943	\$919,743

*Brook Street Field Replacement shared with Town of Manchester

COVID Staffing / Budget

	EES	Memorial	MS	HS	SPED	District	Total	
LTS	1	1.4	1		1		4.4	132,000
TA	2		1	1	2.5		4	90,000
Monitor		5	1				6	105,000
Sub		2				1	2	
	3	8.4	3	1	3.5	1	16.4	327,000

	Annual COVID Costs to Date
Operations, Facilities & Supplies	
PPE*	\$350,000
Facilities Expenditures	\$118,000
Additional Custodial (Contract)	\$120,000
Transportation	
Technology	\$466,000
	\$1,054,000
Personnel Costs	\$327,000
	\$1,381,000
<i>CARES/ESSA Reimbursement - Anticipated</i>	<i>\$403,000</i>
<i>Projected FEMA Reimbursement @ 75%</i>	<i>\$156,000</i>
	\$822,000

Next Steps

- Finalize Budget & Pathway
 - SC Meeting - February 2nd @ 6:00pm
- March
 - Monitor & Revise Numbers
 - Fine Tune Reduction Recommendations
- April / May Town Meetings

Background & History Slides

Cuts Made to Close Gap in FY19	FY18	FY19	FY20	
	Actual	Actual	Budget	
Tuition Prepay - FY17 Reserves	\$150,000			
Implement M5 Hire Cap	\$65,000	\$65,000	\$65,000	
Reduce Building Based Expenses	\$40,000			
Cut Small/Cap Annual Budget	\$40,000	\$40,000		
Defer EERB Pension Repay Set-Aside	\$50,000	\$50,000		
Reduce OOD / Tuition Prepay	\$50,000		\$200,000	
Staff Reduction through attrition		\$354,000	\$125,000	
50% Reduction Overtime/Summer work - all departments		\$60,000		
Eliminate Late Buses		\$5,000		
HS Student Activity Cut		\$20,000		
IDEA Grant Reorganization		\$17,000		
Curriculum/PD Small Cap Reduction		\$20,000	\$0	
Full Day K on Wednesdays/Eliminate Transportation Cost		\$8,000	\$0	
Reduce Custodial Supply Line		\$7,500	\$0	
Eliminate Crossing Guard Fund		\$4,500	\$0	
Retirement Replacement Offset		\$5,000		
Reduce Nurse Substitute Line		\$3,000	\$0	
Health Care Restructure			\$175,000	
				Total Cuts
	\$395,000	\$659,000	\$565,000	\$1,619,000
Increased Revenue	.			
School Choice Revenue Increase	\$15,000.00			
Solar Savings		\$10,000		
Essex Green Grant Upgrades		\$10,000.00		
Total Offsets	\$15,000.00	\$20,000.00	\$0.00	Total Reduction
Total Reduction	\$410,000.00	\$679,000.00	\$565,000.00	\$1,654,000.00

5-Yr Average Spending Increase	3.15%
10-Yr Average Spending Increase	4.04%
5-Yr Average Assessment Increase	3.17%
10-Yr Average Assessment Increase	3.60%

Spending Growth	FY-09	FY-10	FY-11	FY-12*	FY-13	FY-14	FY-15	FY-16**	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Tentative Budget	NA	NA	9.90%	3.24%	4.95%	6.04%	5.76%	3.00%	3.42%	3.73%	3.18%	3.25%	3.83%	4.25%
Final Budget	2.96%	4.20%	4.22%	1.27%	4.98%	3.92%	3.53%	6.52%	3.14%	3.31%	3.18%	3.25%	2.88%	TBD

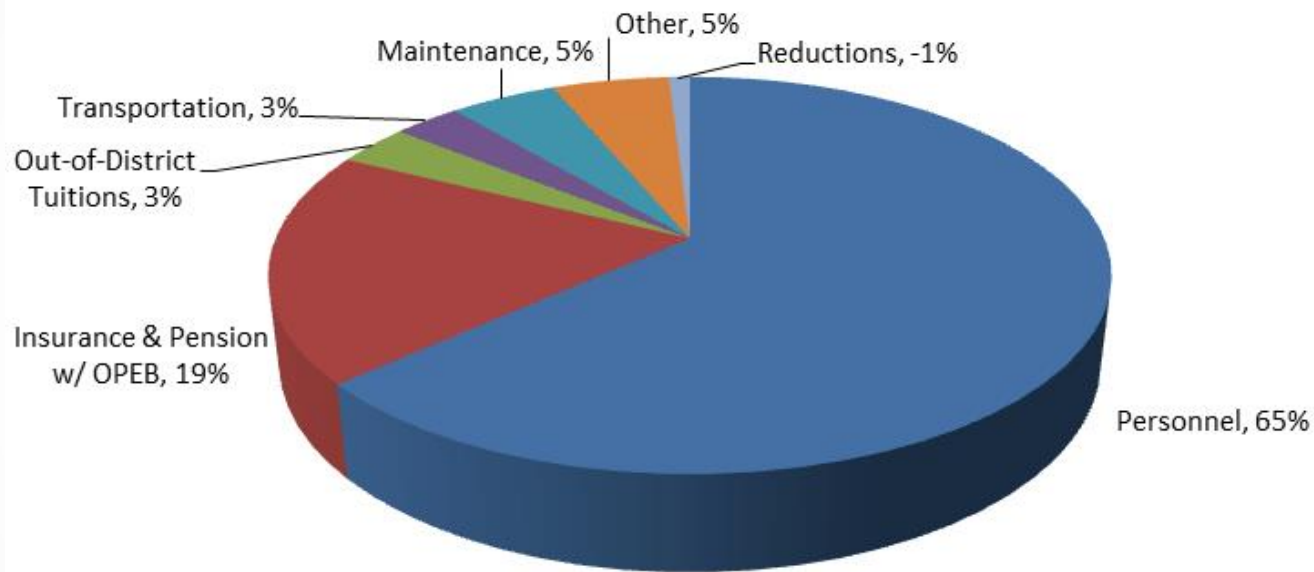
Assessment Growth	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21	FY-22
Tentative Budget	NA	NA	12.61%	6.38%	5.74%	6.89%	6.90%	3.80%	3.63%	3.68%	3.29%	3.30%	3.85%	3.75%
Final Budget	4.68%	5.18%	4.00%	0.18%	2.50%	3.26%	3.50%	8.99%	3.32%	3.20%	3.29%	2.85%	3.18%	TBD

**FY12 Final Budget reflects failed override and level funding from towns, offset slightly by increased State Aid*

**FY16 Override increased total spending 4.0% (6.52% in General Fund only)*

Largest Budget Categories

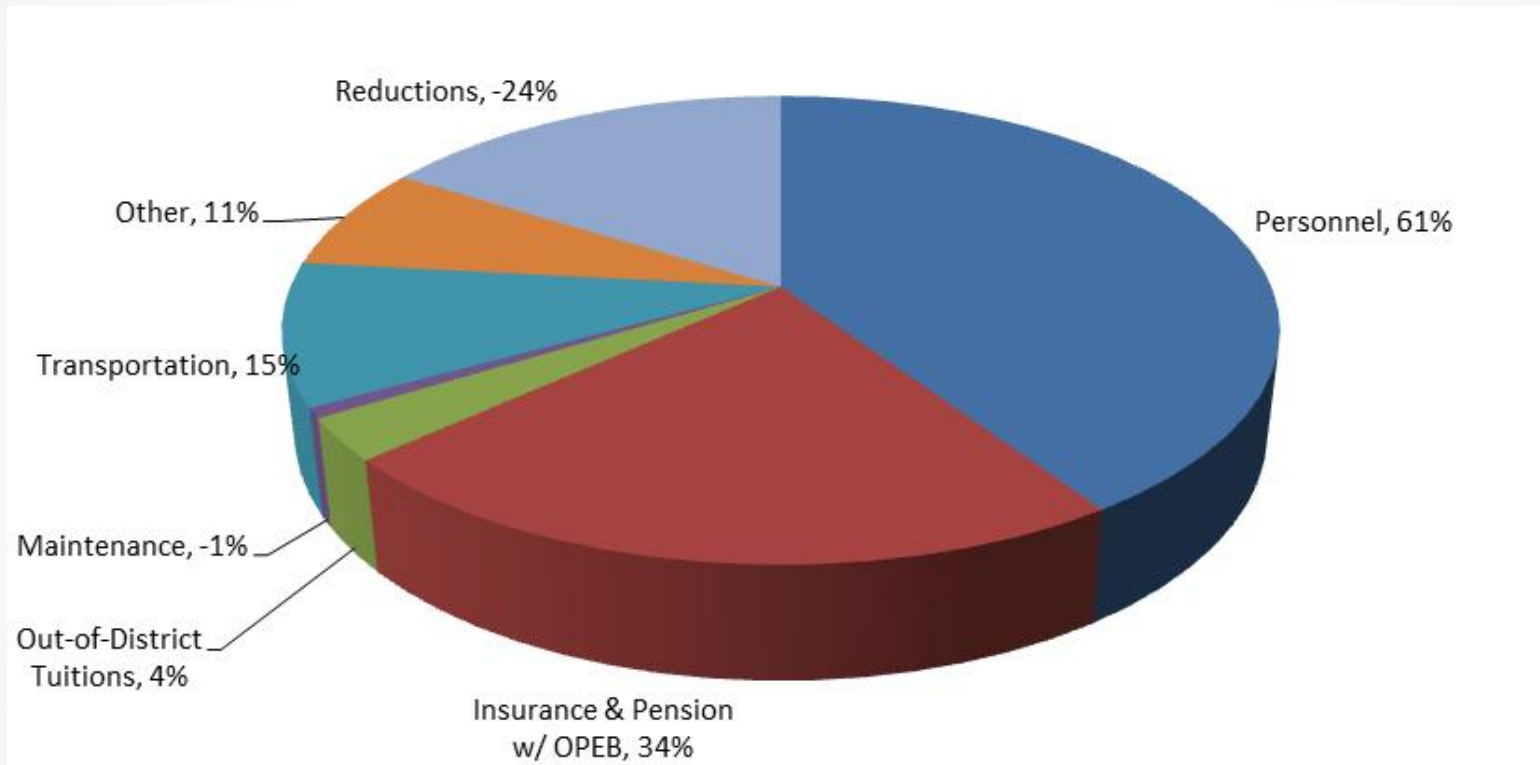
(% of Total Spending - \$27.95 million)



95% of spending from 5 categories

Largest Budget Drivers

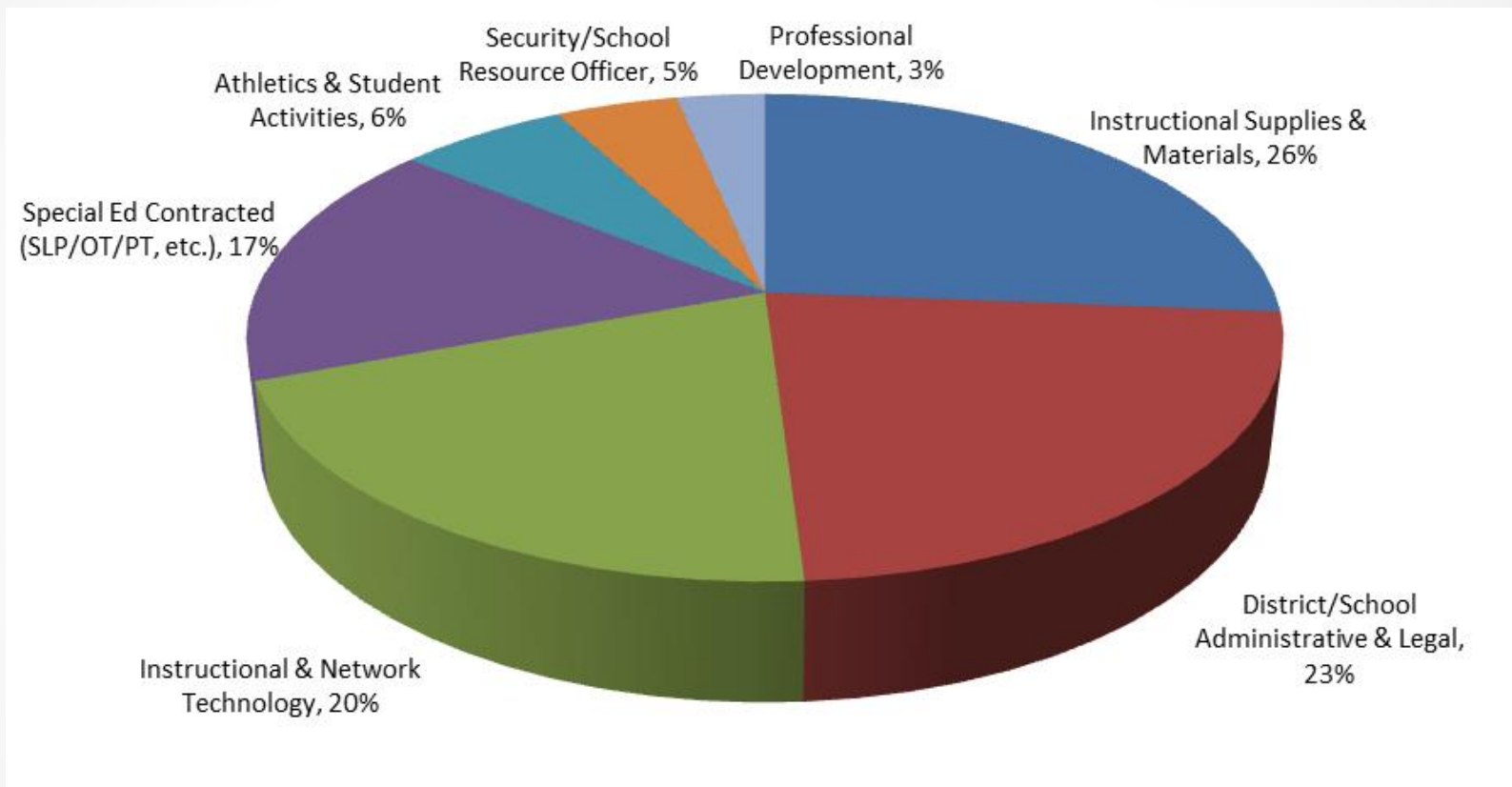
(% of \$1.1 million budget increase)



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

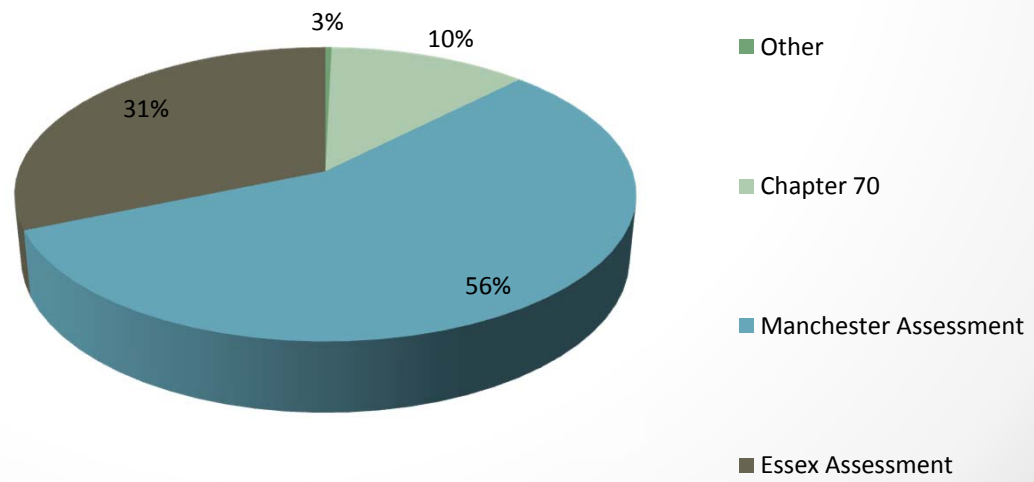
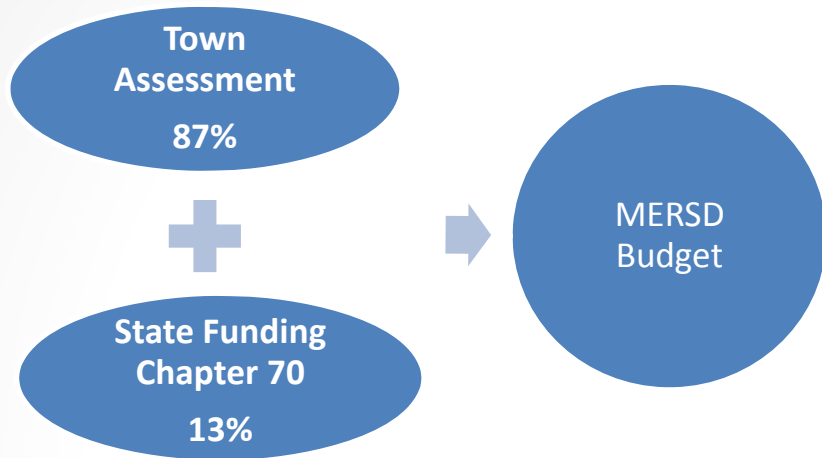
Composition of "Other" Expenses

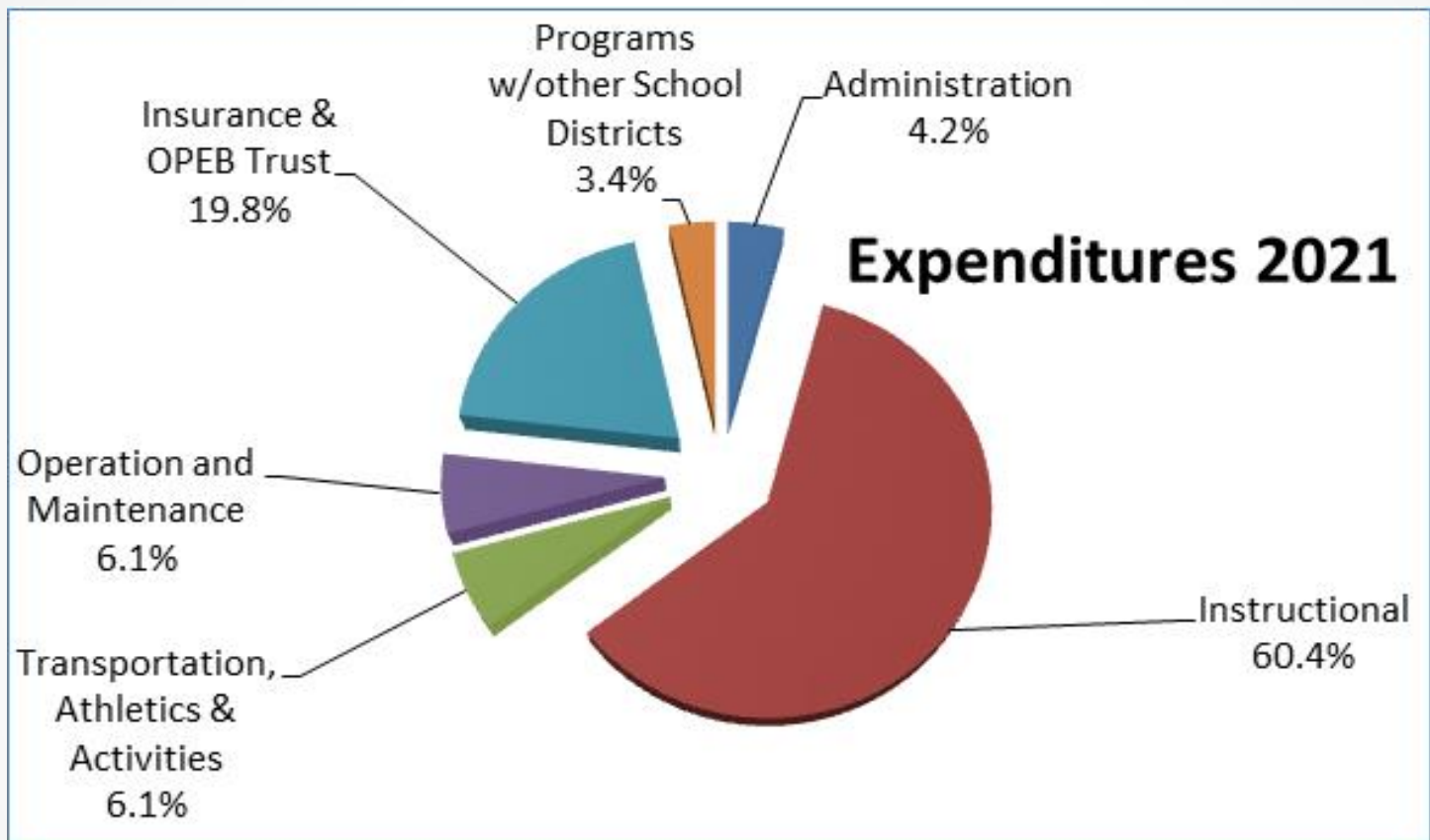
(\$1.5 million total - 5.5% of FY22 Budget)



% shown = % of \$1.5 million "Other" categories

FY21 Revenue Sources





Comparable Per Pupil Expenditures

High Performing Districts	PPE 2019
Weston	\$25,846
Lincoln-Sudbury	\$22,772
Wellesley	\$21,016
Newton	\$20,220
Bedford	\$19,925
Brookline	\$20,543
Lexington	\$18,687
Wayland	\$19,443
Hamilton-Wenham	\$19,438
Westwood	\$19,378
Sharon	\$17,262
Harvard	\$20,910
Average	\$20,453
MERSD	\$18,837

Cape Ann	PPE 2019
Rockport	\$20,826
Hamilton Wenham	\$19,438
Gloucester	\$17,212
MERSD	\$18,837

- Personnel & Collaborative Bargaining Agreement
 - Interest Based Bargaining (IBB)
 - Financial Sustainability Framework / Prop 2.5
 - Comparable Teacher Compensation

Cape Ann Region	
Salem	11
Masconomet	15
Lynnfield	31
Newburyport	87
MERSD	88
Gloucester	95
Boxford	96
Danvers	99
Hamilton-Wenham	107
Topsfield	116
Swampscott	119
Winchester	138
Amesbury	161
Triton	163
Ipswich	179
Beverly	199
Rockport	234

Boston Magazine Top 10 Districts	
School District	Avg. Teacher Salary
Dover-Sherborn	\$97,806
Concord-Carlisle	\$107,527
Weston	\$105,592
Lexington	\$88,142
Wayland	\$97,121
Westford	\$87,194
Newton	\$86,724
Wellesley	\$97,301
Sharon	\$93,161
Average	\$95,619
Median	\$97,121
MERSD	\$84,460
STATE TOTALS	\$81,496

FY-21 BUDGETED TEACHER FTE DISPERSION

Step	B	M B+45	M+15	CAGS MM M+30	CAGS+15 MM+15 M+45	PhD/EdD CAGS+30 MM+30G MMG MM+30 M+60	Total
1							0.0
2		1.9		1.0			2.9
3	0.7	2.4		0.8			3.9
4		1.0	1.0	1.0			3.0
5	0.9	1.0					1.9
6		3.0		1.0			4.0
7		3.0					3.0
8		1.0	3.0	2.0			6.0
9		2.0	1.4	2.0	1.0		6.4
10			1.0	1.0			2.0
11		2.0	1.0	2.0		1.0	6.0
12		5.0	2.0		1.0	1.0	9.0
13		2.8	1.0	1.0	1.0		5.8
14		2.6	1.7	1.7		2.0	8.0
15	3.0	16.8	10.0	26.0	12.7	20.2	88.7
Total	4.6	44.5	22.1	39.5	15.7	24.2	150.6

FY-21 BUDGETED SALARY SCHEDULE

2.50%

Step	B	M B+45	M+15	CAGS MM M+30	CAGS+15 MM+15 M+45	PhD/EdD CAGS+30 MM+30G MMG MM+30 M+60
1	\$48,028	\$54,119	\$57,097	\$60,072	\$61,575	\$62,719
2	\$49,816	\$56,607	\$59,700	\$62,790	\$64,294	\$65,468
3	\$51,603	\$59,093	\$62,304	\$65,508	\$67,012	\$68,216
4	\$53,390	\$61,583	\$64,906	\$68,227	\$69,731	\$70,965
5	\$55,176	\$64,069	\$67,508	\$70,946	\$72,448	\$73,715
6	\$56,961	\$66,557	\$70,113	\$73,664	\$75,167	\$76,463
7	\$58,512	\$69,045	\$72,715	\$76,384	\$77,887	\$79,211
8	\$60,535	\$71,532	\$75,318	\$79,100	\$80,603	\$81,960
9	\$62,918	\$74,020	\$77,921	\$81,819	\$83,322	\$84,708
10	\$65,302	\$76,508	\$80,524	\$84,536	\$86,040	\$87,459
11	\$67,684	\$78,996	\$83,126	\$86,896	\$88,760	\$90,206
12	\$70,068	\$81,480	\$85,730	\$89,975	\$91,476	\$92,956
13	\$72,448	\$83,970	\$88,330	\$92,691	\$94,195	\$95,707
14	\$74,832	\$86,461	\$90,934	\$95,411	\$96,914	\$98,454
15	\$77,217	\$88,951	\$93,536	\$98,849	\$100,421	\$101,919

Hypothetical EES Timing Scenarios

	Fast Track	6-Yr Delay
Apply to MSBA	2023	2029
Feasibility	2025	2031
Towns Vote	2026	2032
Construction Begins	2027	2033
Construction Ends	2029	2035
LT Debt Begins	2030	2036
Borrowing Ends	2059	2065

- Fast Track: apply to MSBA immediately after MMES concludes
- 6-Yr Delay: align EES project with expiration of MS/HS debt
- Inputs/Assumptions:
 - EES built 1957
 - 2.5% construction cost escalation per year
 - Feasibility funded via reserves, 3-way share (same as MMES)
 - MMES/EES borrowing:
 - 67% MBTS/33% TOE apportionment
 - 3% BANs during construction
 - 5% Level Payment, 30-Year Bonds after construction

3 Potential EES Scenarios

- Fast Track:
 - Annual debt increases to 3x current in 2028-2034 when MSHS debt expires
 - 2.5x thereafter
- 6-Year Delay
 - Only 2 LT debt projects in any year (2.5x current)
 - Rely on MERSD reserves to address facilities as they arise
- 6-Year Delay w/Committed Transition \$\$
 - Assess towns upfront for limited, targeted short-term capital investment to sustain EES in interim
 - Based on Habeeb report w/updated inputs as needed
 - Potential investment areas:
 - Educational: Tech, Furniture/Fixtures
 - Facilities: Security, HVAC, Roof/Envelope, Site

Regional Agreement

- Governance Document
- Establishes Budget Timeline & Apportionment Formula
 - School Committee Approves Detailed Budget
 - Town Meeting Approves Assessment
- References Lease Agreements for Facilities by Town

See MERSD Budget Documents for Apportionment Formula

Budget Timeline

November/December

- District-Town collaboration meetings
- Schools and departments submit budgets
- District formulates tentative budget
- Superintendent's budget is presented to School Committee for review, revision, and adoption
- Public Hearing held to solicit community feedback on School Committee's adopted Tentative Budget

January/February

- School Committee and leadership team revise budget to meet assessment goals established through District-Town collaboration meetings
- A second public hearing is held to solicit feedback on final budget proposal
- Final budget is adopted and submitted to towns

March

- School Committee and leadership team monitor and refine budget variables
- Attend Town board meetings to seek support for budget requests

April/May

- Budgets are presented and voted on at Town Meeting
 - ▶ Manchester: April 2020
 - ▶ Essex: May 2020