HAMILTON-WENHAM
REGIONAL SCHOOL DISTRICT

AMENDED AGENDA

JOINT MEETING OF

SCHOOL COMMITTEE
&
HAMILTON WENHAM FINANCE COMMITTEES & HAMILTON and WENHAM BOARDS OF SELECTMEN

Buker Elementary School
Multi-Purpose Room

Thursday, January 26, 2017

6:00 PM

1. Call to Order 6:00
2. Pledge of Allegiance
3. Discussion of Regional Agreement Apportionment Proposal
4. Vote to Adjourn the 6:00 meeting 7:00

JOINT MEETING OF

SCHOOL COMMITTEE
&
HAMILTON & WENHAM FINANCE COMMITTEES

1. Call to Order 7:00
2. Presentation & Discussion of FY18 Budget
3. Vote to Adjourn 9:00

Secretary: Joshua Liebow, HWRSC

From the Regional Agreement:

(D) APPORTIONMENT OF OPERATING COSTS
Operating Costs apportioned to each of the Member Towns for fiscal years commencing on and after July 1, 2000 shall be determined as follows:

(1) The District shall determine its net allocation of Operating Costs, which shall be the District's total operating budget, net of any estimated state assistance for Operating Costs of the District and any other funds applied thereto. Operating Costs shall then be allocated to each of the Member Towns on the basis of each such Member Town's average enrollment in the District determined as of October 1 of each of the last three years immediately preceding the fiscal year for which such allocation is to be determined.

General Operating Assessment Calculation

The Net Total Assessment is divided between the Towns of Hamilton and Wenham on the "basis of each such Member Town's average enrollment in the District determined as of October 1 of each of the last three years immediately preceding the fiscal year for which such allocation is to be determined" (HWRSD Regional Agreement, Section IV, (D) (1)). The percentages used for the FY17 calculations are Hamilton: 66.60% and Wenham: 33.40%.

Operating Assessment Summary					
	FY15 BUD	FY16 BUD	FY17 BUD	Difference	
General Operating Expenses (After Offsets)	$ 27,432,861	$ 28,329,602	$ 29,150,032	$ 820,430	2.90%
Operating Funding Sources	$ 3,792,341	$ 4,188,122	$ 3,878,825	$ (309,297)	-7.39%
Operating Fund Amount Assessed to Towns	**$ 23,640,520**	**$ 24,141,479**	**$ 25,271,206**	**$ 1,129,727**	**4.68%**

Detail Total Operating Funding Sources					
	FY15 BUD	FY16 BUD	FY17 BUD	Difference	
Revenues					
Chapter 70-Base Aid	$ 3,413,341	$ 3,413,341	$ 3,457,966	$ 44,625	1.31%
State Transportation	$ 290,000	$ 290,000	$ 331,304	$ 41,304	14.24%
Medicaid Reimbursement	$ 85,000	$ 85,000	$ 85,000	$ -	0.00%
Interest Income	$ 4,000	$ 4,000	$ 4,000	$ -	0.00%
Total Revenues	$ 3,792,341	$ 3,792,341	$ 3,878,270	$ 85,929	2.27%
Transfers In From Other Funds					
Excess and Deficiency	$ -	$ 395,781	$ 555	$ (395,226)	-99.86%
Total Funding Sources	**$ 3,792,341**	**$ 4,188,122**	**$ 3,878,825**	**$ (309,297)**	**-7.39%**

Operating Assessment Calculation					
Calculation of Individual Town Assessments					
	Total			Hamilton Share	Wenham Share
HWRSD Operating Assessment					
100% Apportioned by Enrollment	$ 25,271,206			$ 16,830,624	$ 8,440,583
Capital Debt Assessment "Shift"	$ -			$ 7,350	$ (7,350)
Final Town Operating Assessments	$ 25,271,206			**$ 16,837,974**	**$ 8,433,233**
Enrollment					
10/1/2013	1,795			1,224	571
10/1/2014	1,765			1,168	597
10/1/2015	1,754			1,147	607
	5,314			3,539	1,775
				66.60%	33.40%

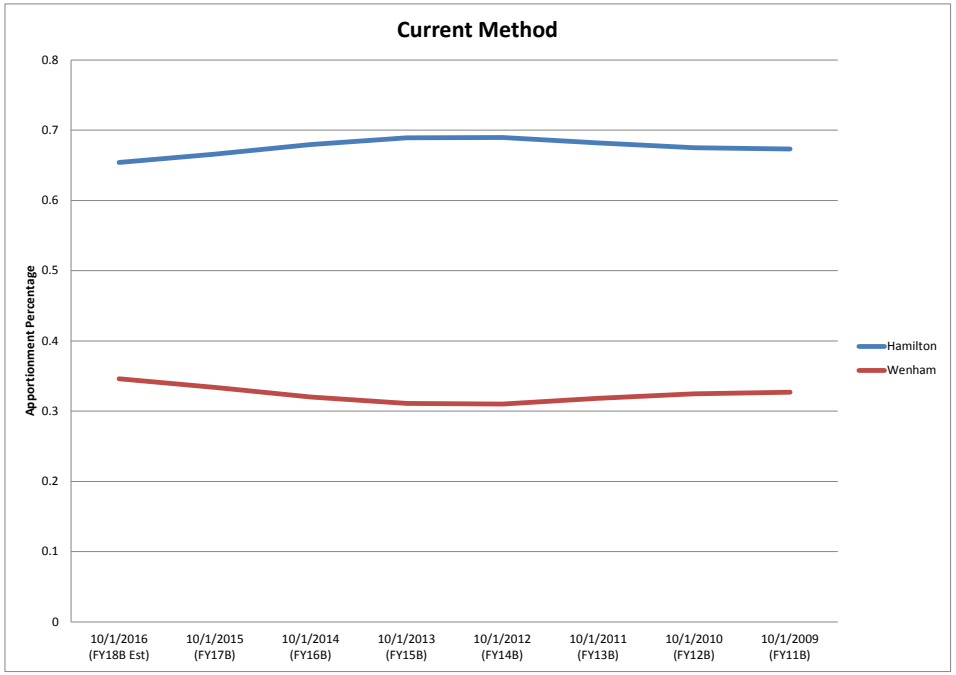
Hamilton Wenham Regional School District

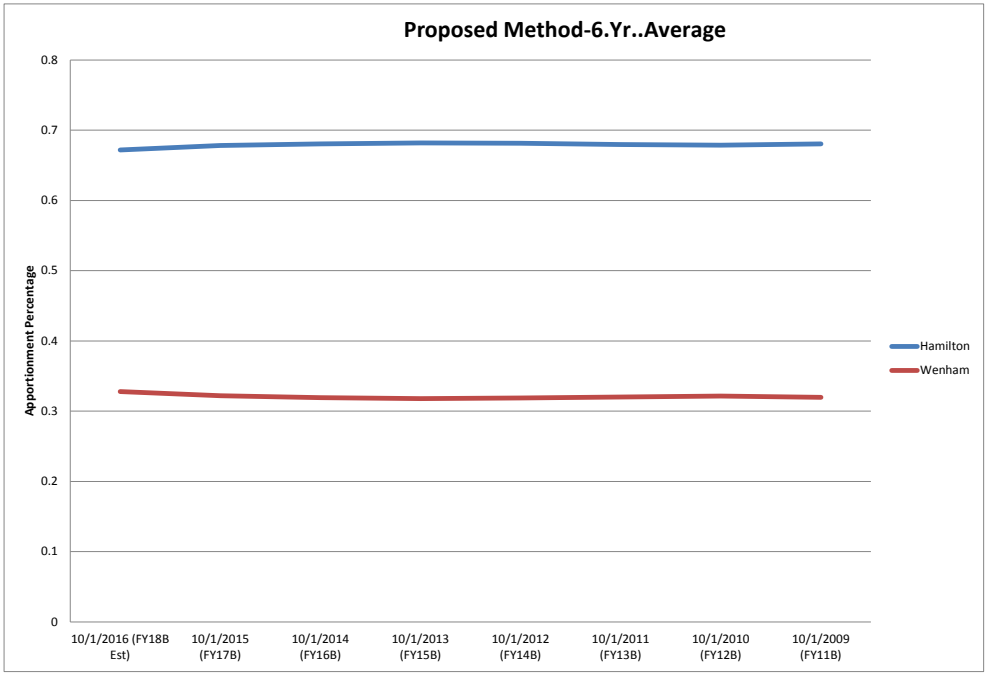
Multiple Year Apportionment Scenario Analysis

Based Entirely on Resident Student Enrollment Figures*

FY	Assessment $	Scenario 1 - 3 Yr Avg		Scenario 2 - 6 Yr Avg		Scenario 3 - 1 Yr		Variance: Scenario 2 vs 1		Variance: Scenario 3 vs 1	
		Hamilton	Wenham	Hamilton	Wenham	Hamilton	Wenham	Hamilton	Wenham	Hamilton	Wenham
FY18 Est	$26,607,448	$17,401,667	$9,205,781	$17,878,159	$8,729,289	$17,192,980	$9,414,468	$476,492	($476,492)	($208,687)	$208,687
FY17	$26,268,391	$17,494,135	$8,774,256	$17,814,252	$8,454,139	$17,177,790	$9,090,601	$320,116	($320,116)	($316,345)	$316,345
FY16	$25,002,902	$16,993,074	$8,009,828	$17,020,979	$7,981,923	$16,545,830	$8,457,072	$27,905	($27,905)	($447,244)	$447,244
FY15	$24,478,847	$16,867,777	$7,611,070	$16,695,099	$7,783,748	$16,691,983	$7,786,864	($172,678)	$172,678	($175,794)	$175,794
FY14	$22,005,920	$15,181,299	$6,824,621	$14,993,194	$7,012,726	$15,286,555	$6,719,365	($188,106)	$188,106	$105,256	($105,256)
FY13	$22,914,355	$15,623,796	$7,290,559	$15,573,963	$7,340,392	$15,625,165	$7,289,190	($49,832)	$49,832	$1,369	($1,369)
FY12	$23,379,940	$15,787,401	$7,592,539	$15,866,172	$7,513,768	$15,471,824	$7,908,116	$78,771	($78,771)	($315,576)	$315,576
FY11	$23,981,803	$16,144,532	$7,837,271	$16,316,854	$7,664,949	$15,682,513	$8,299,290	$172,322	($172,322)	($462,019)	$462,019

***-Scenarios are based strictly on Resident StudentEnrollment. Scenarios do not factor in the impact of the unique apportionment calculation of Capital Costs for the HS/MS Project**


Current Method
Apportionment Percentage
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
10/1/2016 (FY18B Est)
10/1/2015 (FY17B)
10/1/2014 (FY16B)
10/1/2013 (FY15B)
10/1/2012 (FY14B)
10/1/2011 (FY13B)
10/1/2010 (FY12B)
10/1/2009 (FY11B)
Hamilton
Wenham


Proposed Method-6.Yr..Average
Apportionment Percentage
0.8
0.7
0.6
0.5
0.4
0.3
0.2
0.1
0
10/1/2016 (FY18B Est)
10/1/2015 (FY17B)
10/1/2014 (FY16B)
10/1/2013 (FY15B)
10/1/2012 (FY14B)
10/1/2011 (FY13B)
10/1/2010 (FY12B)
10/1/2009 (FY11B)
Hamilton
Wenham

HAMILTON-WENHAM
REGIONAL SCHOOL DISTRICT

FY18 Budget Recommendation
Joint Finance Committee Presentation
January 26, 2017

Prepared by:

Stacey Metternick, School Committee Chair
Dr. Michael Harvey, Superintendent of Schools
Jeffrey D. Sands, Assistant Superintendent for Finance & Administration

FY18 Budget

Superintendent's Recommendation

Level Service Budget

What Does "Level Service" Mean?

Level Service is a continuation of the current programs, services and staffing of the District.

For FY18, this represents (vs FY17B):

- An increase to our Gross Operating Expenses of $1,051,297 or 3.48%

and

- An increase in the Total Assessment to the Towns of $339,057 or 1.3%

FY18 Budget

Superintendent's Recommendation

Why "Level Service" for FY18?

- *Acknowledges the fiscal challenges of our Member Towns*
- *Emphasizes District-wide Curriculum Initiatives and related Professional Development efforts that don't translate into significant increases in funding needs*
- *Prioritizes the Master Plan*
  - *Working with an Architectural Design Firm to develop plans to redesign the HS/MS Library Media Center and the Elementary School Libraries.*
  - With an overarching goal of creating "Future Ready" spaces that support inquiry, digital citizenship, project-based learning, collaboration, and allow students and faculty to create, share and perform.

FY18 Budget: Level Service
Key Assumptions

- **Salary Costs**
  - Incorporates a 2.5% COLA increase for all personnel.
  - Incorporates all other contractual salary obligations (e.g. STEPs).
  - Reduction of 4.0 FTE's and $225K in salary costs.
  - Incorporates Retirement and Other Staff Replacement salary savings of $187K.
  - Level funds all Grants as compared to FY17.
- **Operating Costs**
  - No new Services or Programs.
  - Level funds the majority of operating account categories.
  - Exceptions to level funding include, most notably:
    - Out-of-District Tuition Costs increasing by 25.0% or $513K
    - Special Ed Transportation Costs increasing by 15.5% or $65K
    - Essex Retirement Pension Fund increasing by 7.5% or $63K
    - Healthcare Premiums increasing by 5.0% or $137K
    - OPEB Trust Fund increasing by 100% or $50K
    - Capital Projects reducing by 35.8% or <$112K>
- **Excess & Deficiency**
  - $570K in Certified E&D being used "to reduce the amount to be raised by assessment by the member Towns during the ensuing Annual Budget Process" (Policy D4021)

FY18 Budget – District Totals

Level Service Net Assessment Budget

Total Expenses					
	FY16 BUD	FY17 BUD	FY18 BUD	Difference	
General Operating Expense (Before Offsets)	$ 29,343,112	$ 30,166,532	$ 31,217,828	$ 1,051,297	3.48%
Expense Offsets	$ 1,013,510	$ 1,016,500	$ 1,016,548	$ 48	0.00%
General Operating Expenses (After Offsets)	$ 28,329,602	$ 29,150,032	$ 30,201,280	$ 1,051,249	3.61%
Debt Service Expense	$ 1,993,488	$ 2,129,250	$ 2,092,860	$ (36,390)	-1.71%
TOTAL EXPENDITURES	**$ 30,323,089**	**$ 31,279,282**	**$ 32,294,140**	**$ 1,014,859**	**3.24%**

Total Funding Sources					
	FY16 BUD	FY17 BUD	FY18 BUD	Difference	
Revenues					
Chapter 70-Base Aid	$ 3,413,341	$ 3,457,966	$ 3,554,656	$ 96,690	2.8%
MSBA Debt Service Reimbursement	$ 1,132,065	$ 1,132,065	$ 1,132,065	$ -	0.0%
State Transportation Reimbursement	$ 290,000	$ 331,304	$ 340,686	$ 9,382	2.8%
Medicaid Reimbursement	$ 85,000	$ 85,000	$ 85,000	$ -	0.0%
Interest Income	$ 4,000	$ 4,000	$ 4,000	$ -	0.0%
Prior Year Unexpended Encumbrances	$ -	$ -	$ -	$ -	#DIV/0!
Other Non-recurring Income (Including Transp)	$ -	$ -	$ -	$ -	#DIV/0!
Total Revenues	$ 4,924,406	$ 5,010,335	$ 5,116,407	$ 106,072	2.1%
Transfers In From Other Funds					
Excess and Deficiency	$ 395,781	$ 555	$ 570,285	$ 569,730	102593.6%
Total Transfers	$ 395,781	$ 555	$ 570,285	$ 569,730	102593.6%
Total Funding Sources	**$ 5,320,187**	**$ 5,010,890**	**$ 5,686,692**	**$ 675,802**	**13.5%**
Total Expenditures	$ 30,323,089	$ 31,279,282	$ 32,294,140	$ 1,014,859	3.2%
Less Total Funding Sources	$ 5,320,187	$ 5,010,890	$ 5,686,692	$ 675,802	13.5%
NET ASSESSMENT including Debt Service	**$ 25,002,902**	**$ 26,268,391**	**$ 26,607,448**	**$ 339,057**	**1.3%**

Total Town Assessments					
	FY16 BUD	FY17 BUD	FY18 BUD	Difference	
Hamilton	$ 16,991,972	$ 17,494,749	$ 17,401,271	$ (93,477)	-0.5%
Wenham	$ 8,010,930	$ 8,773,643	$ 9,206,177	$ 432,534	4.9%
NET ASSESSMENT including Debt Service	**$ 25,002,902**	**$ 26,268,391**	**$ 26,607,448**	**$ 339,057**	**1.3%**

FY18 Budget – Primary Drivers

Level Service Gross Operating Expense Budget

Driver	Impact: FY18B vs FY17B $	Incr %
All Staff COLAs	$ 480,000	1.6%
Teacher STEPS	$ 216,000	0.7%
Teacher Degree Changes	$ 40,000	0.1%
Essex Retirement Pension Fund Appropriation	$ 63,000	0.2%
Out-of- District Tuitions	$ 513,000	1.7%
Out-of- District Transportation	$ 65,000	0.2%
Healthcare Premiums	$ 137,000	0.5%
OPEB Trust Fund	$ 50,000	0.2%
Net All Other Operating Expenses	$ 14,000	0.0%
Subtotal Increases:	**$ 1,578,000**	**5.2%**
Capital Projects	$ (112,000)	-0.4%
Staff Replacement Cost Savings Carryover	$ (61,000)	-0.2%
Staff Reductions (4.0 FTE)	$ (225,000)	-0.7%
Anticipated Staff Retirement Replacement Savings	$ (61,000)	-0.2%
Anticipated Staff Replacement Savings	$ (65,000)	-0.2%
Subtotal Decreases:	**$ (524,000)**	**-1.7%**
TOTALS:	**$ 1,054,000**	**3.5%**

These fixed costs account for $828K or 79% of our increase.

FY18 Budget
Timeline & Next Steps

- October 24, 2016: October 2016 Resident Enrollment Data Distributed to Towns
- November 17, 2016: FY18 Budget Meeting #1 with Finance Committees
- December 15, 2016: Superintendent's FY18 Budget Recommendation to SC
- December 19, 2016: Superintendent's FY18 Budget Recommendation Book to SC
- January 5, 2017: FY17 Budget Discussion Continued
  - Special Education
  - Maintenance, Custodial & Facilities
  - Technology
- January 5, 2017: School Committee Adopts Tentative FY18 Budget
- January 6, 2017: Mail Tentative FY18 Budget to Towns
- January 6, 2017: Advertise for FY18 Budget Public Hearing
- January 19, 2017: Conduct Public Hearing on FY18 Budget
- January 19, 2017: FY18 Budget Discussion Continued
  - Middle School
  - High School
  - Athletics
- January 26, 2017: FY18 Budget Meeting #2 with Finance Committees
- February 2, 2017: FY18 Budget Discussion Continued
- February 9, 2017: FY18 Budget Discussion Concluded
- February 9, 2017: School Committee votes to Adopt FY18 Budget
- April 1, 2017: Hamilton and Wenham Annual Town Meetings

Hamilton Wenham Regional School District

FY18 Budget: Multi-Year Key Indicator Summary

Gross Operating Expense Budget:

FY13	$	28,885,653
FY18	$	31,217,828
5 Year Chg $	$	2,332,175
5 Year Chg %		8.07%
Avg Annual Chg		1.61%

Resident Student Enrollment:

10/1/11	1,845
10/1/16	1,724
5 Year Chg $	(121)
5 Year Chg %	-6.56%
Avg Annual Chg	-1.31%

Operating Budget Total FTE:

FY13	308.81
FY18	291.89
5 Year Chg $	(16.92)
5 Year Chg %	-5.48%
Avg Annual Chg	-1.10%

Per Pupil Expenditure:

FY10	$	14,219
FY15	$	15,956
5 Year Chg $	$	1,737
5 Year Chg %		12.22%
Avg Annual Chg		2.44%
MA Avg Annual Chg		2.90%

Excess & Deficiency $ Returned to Towns:

FY13	$	1,491,000
FY14	$	2,115,920
FY15	$	-
FY16	$	395,781
FY17	$	555
FY18	$	570,285
6 Year Total	$	4,573,541