

Five-Year Budget Projection and Enrollment Update

1

**PRESENTATION TO THE HARWICH BOARD OF
SELECTMEN**

SCOTT CARPENTER, SUPERINTENDENT

KATIE ISERNIO, BUSINESS MANAGER



SEPTEMBER 28, 2015

RECAP:

Monomoy's 5-Year Budget Projection in December 2014

2

	FY15 Budget	FY16 Draft	FY17 Projection	FY18 Projection	FY19 Projection	FY20 Projection
Operating Costs All Sources	\$33,285,614	\$35,145,294	\$36,287,072	\$37,227,380	\$38,200,240	\$39,263,377
		5.6%	3.2%	2.6%	2.6%	2.8%
School Choice Used	-\$2,557,722	-\$1,507,000	-\$1,507,000	-\$1,507,000	-\$1,507,000	-\$1,507,000
Circuit Breaker Used	-\$480,691	-\$435,000	-\$435,000	-\$435,000	-\$435,000	-\$435,000
Excess & Deficiency Used	<u>\$0</u>	<u>-\$600,000</u>	<u>-\$131,821</u>	<u>-\$133,326</u>	<u>-\$118,718</u>	<u>-\$45,270</u>
Costs after Offsets	\$30,247,201	\$32,603,294	\$34,213,251	\$35,152,054	\$36,139,522	\$37,276,107
Capital	\$71,312	\$348,000	\$415,100	\$341,050	\$448,300	\$1,991,000
Debt	\$779,476	\$2,498,476	\$2,556,971	\$2,465,093	\$2,363,838	\$2,240,205
Basis of Assessments	\$31,097,989	\$35,449,770	\$37,185,322	\$37,958,197	\$38,951,660	\$41,507,312

Monomoy's FY16 budget lowered by over \$1 million from this projection. This projection also carried no COLA (steps only), since contract negotiations were in progress. There was only a 2.25% increase in staffing costs (per the Harwich model assumptions). E&D was used to lower assessments in each year of the projection.

What parameters have changed in the 5-Year Projection since December 2014

3

December 2014

- Level staffing from FY15 through FY20
- Salary increases based on contractual obligations and 2.25% increase
- Health insurance annual increases were estimated at 8%

September 2015

- Staffing reduced and early retirement incentivized in FY16 lowered salary costs.
- Projections are based on FY16 staffing level
- Salary increases based on settled 3-Year contract with teachers through FY18 (effectively a 1.5/2.5/2.5 COLA), with 2% COLA in out years
- Health insurance annual increases now estimated at 12%

Monomoy Regional 5-Year DRAFT Budget Projections FY17-FY21

(highlighted in yellow)

4

	FY15 Budget	FY16 Budget	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected
OPERATING COSTS ALL SOURCES	\$33,285,614	\$34,231,491	\$35,828,824	\$37,311,215	\$38,747,562	\$40,256,254	\$41,807,863
<i>projected annual % increase</i>			4.7%	4.1%	3.8%	3.9%	3.9%
OFFSETS							
School Choice Used	-\$2,557,722	-\$1,507,000	-\$1,507,000	-\$1,507,000	-\$1,507,000	-\$1,507,000	-\$1,507,000
Circuit Breaker Used	-\$480,691	-\$435,000	-\$435,000	-\$435,000	-\$435,000	-\$435,000	-\$435,000
Operating Costs to be Assessed after Offsets	\$30,247,201	\$32,289,491	\$33,886,824	\$35,369,215	\$36,805,562	\$38,314,254	\$39,865,863
<i>projected annual % increase</i>			4.9%	4.4%	4.1%	4.1%	4.0%
CAPITAL	\$71,312	\$250,000	\$415,100	\$403,550	\$448,300	\$1,991,000	\$391,000
DEBT	\$779,476	\$2,473,481	\$2,409,471	\$2,425,843	\$2,324,338	\$2,239,875	\$2,091,125
Basis of Assessment in September 2015 Projection	\$31,097,989	\$35,012,972	\$36,711,395	\$38,198,608	\$39,578,200	\$42,545,129	\$42,347,988
<i>projected annual % increase</i>			4.9%	4.1%	3.6%	7.5%	-0.5%
Less E&D Used		\$600,000	\$131,821	\$133,326	\$118,718	\$45,270	\$160,000
Assessment Projection September 2015		\$34,412,972	\$36,579,574	\$38,065,282	\$39,459,482	\$42,499,859	\$42,187,988
Assessment Projection December 2014	\$31,097,989	\$35,449,770	\$37,185,322	\$37,958,197	\$38,951,660	\$41,507,315	
Difference between December 2014 & September 2015 Projections		(\$1,036,798)	(\$605,748)	\$107,085	\$507,822	\$992,544	



The district's actions to lower staffing and salary costs in FY16, lowered assessments throughout the projection, but this savings is overshadowed by significant projected increases in the cost of health insurance. Anticipated capital projects in FY20 present a major assessment driver. The same E&D amounts are used in the September 2015 projection as the December 2014 projection to lower assessments.

Operating Cost Projections by Category

5

GENERAL FUND	FY16 Budget	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected
Operating Costs to be Assessed after Offset by Category						
Salaries and Wages	18,209,644	18,974,449	19,676,504	20,306,152	20,915,336	21,500,966
<i>projected annual % increase</i>		4.2%	3.7%	3.2%	3.0%	2.8%
Expenses	3,766,334	3,766,334	3,822,829	3,880,172	3,938,374	3,997,450
<i>projected annual % increase</i>		0.0%	1.5%	1.5%	1.5%	1.5%
Fixed Charges and Other District Costs	10,313,513	11,146,041	11,869,882	12,619,238	13,460,543	14,367,447
<i>projected annual % increase</i>		8.1%	6.5%	6.3%	6.7%	6.7%
Operating Costs to be Assessed after Offsets Subtotal						
	32,289,492	33,886,824	35,369,215	36,805,562	38,314,254	39,865,863
<i>projected annual % increase</i>		4.9%	4.4%	4.1%	4.1%	4.0%

The health insurance line alone is responsible for 1.4-1.8% of each annual assessment increase.



In order to partially mitigate the use of less E&D in FY17, this projection level funds the expense line in FY17. The expense line cannot be indefinitely level funded. The increase in health insurance costs (from 8% to 12%) impacts the projection in FY17 and beyond. The operating costs across this projection show a fairly level increase.

Changes in Operating Costs by Category between Previous and Current 5-Year Projections

6

	FY16 Budget	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected
December 2014 Projection					
Salaries and Wages	18,807,367	19,726,853	20,129,394	20,550,610	21,010,473
Expenses	3,890,865	3,673,518	3,729,106	3,784,974	3,842,250
Fixed Charges and Other District Costs	<u>10,505,062</u>	<u>10,944,701</u>	<u>11,426,880</u>	<u>11,922,656</u>	<u>12,468,654</u>
	33,203,294	34,345,072	35,285,380	36,258,240	37,321,377
September 2015 Projection					
Salaries and Wages	18,209,644	18,974,449	19,676,504	20,306,152	20,915,336
Expenses	3,766,334	3,766,334	3,822,829	3,880,172	3,938,374
Fixed Charges and Other District Costs	<u>10,313,513</u>	<u>11,146,041</u>	<u>11,869,882</u>	<u>12,619,238</u>	<u>13,460,543</u>
	32,289,491	33,886,824	35,369,215	36,805,562	38,314,253
Change					
Salaries and Wages	-597,723	-752,404	-452,890	-244,458	-95,137
Expenses	-124,531	149,311	151,066	153,400	155,200
Fixed Charges and Other District Costs	<u>-191,549</u>	<u>224,340</u>	<u>443,002</u>	<u>696,582</u>	<u>991,889</u>
	-913,802	-378,753	141,177	605,524	1,051,952

Excess and Deficiency Account Balances and Projections

7

	FY13 Budget	FY14 Budget	FY15 Budget	FY16 Budget	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected
Total Budget	30,771,938	30,739,649	31,097,989	35,012,972	36,711,395	38,198,608	39,578,200	42,545,129	42,347,988
Excess & Deficiency Beginning Balance	\$0	\$514,648	\$1,401,630	\$801,630	\$969,809	\$1,136,483	\$1,317,765	\$1,572,495	\$1,712,495
E&D Used to Support Subsequent Fiscal Year Balance Remaining at End of Year Moved into E&D	\$0	\$0	\$600,000	\$131,821	\$133,326	\$118,718	\$45,270	\$160,000	\$300,000
	\$514,648	\$886,982	\$0	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000
E&D as a % of the Total Budget	0.0%	1.7%	4.5%	2.3%	2.6%	3.0%	3.3%	3.7%	4.0%

The FY15 E&D has not yet been certified; therefore is not included in this projection. The E&D used to support fiscal years in projections is highlighted in pink. To promote fiscal stability for the school district and towns, a gradual increase in E&D is planned to reach E&D reserves at 4% of total budget.

Regional School District Debt Projections

8

	FY15 Budget	FY16 Budget	FY17 Projected	FY18 Projected	FY19 Projected	FY20 Projected	FY21 Projected
Debt Retirement School Construction CM/HS	195,676	158,351	124,346	83,468	33,213	0	0
Debt MRHS \$28 million Bond	583,000	2,310,125	2,274,125	2,226,125	2,178,125	2,130,125	1,984,625
\$2 million BAN		5,005	11,000	n/a	n/a	n/a	n/a
State note (with 5 year payoff)		n/a	n/a	116,250	113,000	109,750	106,500
Subtotal	778,676	2,473,481	2,409,471	2,425,843	2,324,338	2,239,875	2,091,125
<i>projected annual %</i>		218%	-2.6%	0.7%	-4.2%	-3.6%	-6.6%

The Chatham Middle-High School debt ends in FY19.

The \$28M bond for Monomoy Regional High School extends 25 years. On October 15, 2015, a \$2M ban will be issued for 1 year at .55%. After MSBA pays its final share of the project at close-out, it is estimated that only a \$500K State note would be needed (likely in the fall of 2016). This note would be paid off in FY22.

GOOD NEWS:

Estimated Final Cost of High School Construction

9

	Original Estimate Approved by Voters for Construction of New Regional High School	Cost After Competitive Bids	Savings
Total Monomoy Regional High School Construction Project Budget	\$64,701,185	\$59,451,080	\$5,250,105
Estimated Maximum MSBA Grant		\$27,654,507	
Previously Estimated Amount to be Funded by Harwich and Chatham Taxpayers		\$31,796,573	
Expected Borrowing for Monomoy Construction Project			
Debt MRHS \$28 million Bond		\$28,000,000	
State note (with 5 year payoff)		\$500,000	
Present Estimated Amount to be Funded by Taxpayers		\$28,500,000	\$3,296,573

The voters approved bonding for \$36,550,815 for the construction of Monomoy Regional High School. Competitive bidding fortunately saved the taxpayers approximately \$5M. Sound oversight of the construction project will be saving the taxpayers and additional \$3M, making the final cost of the high school \$8M less than what was approved by the voters. Low interest rates at the time of this project will also save taxpayers millions more over the life of the loan.

Monomoy Enrollment 2015-2016

10

	CHATHAM	HARWICH	CHOICE	TOTAL	Change by Grade	Change in Cohort
CES						
Pre K	23	0		23	1	
K	30	5	10	45	-6	
Grade 1	39	6	9	54	4	3
Grade 2	30	12	10	52	0	2
Grade 3	38	9	13	60	16	8
Grade 4	28	11	10	49	-9	5
Total	188	43	52	283	6	
HES	CHATHAM	HARWICH	CHOICE	TOTAL		
Pre K	1	55		56	8	
Kindergarten	2	89	5	96	-5	
Grade 1	1	87	13	101	-2	0
Grade 2	3	84	14	101	-25	-2
Grade 3	0	118	14	132	22	6
Grade 4	2	92	14	108	-5	-2
Total	9	525	60	594	-7	
MRMS	CHATHAM	HARWICH	CHOICE	TOTAL		
Grade 5	33	109	33	175	20	4
Grade 6	34	87	17	138	2	-17
Grade 7	23	90	20	133	-10	-3
Total	90	286	70	446	12	
MRHS	CHATHAM	HARWICH	CHOICE	TOTAL		
Grade 8	31	89	25	145	-16	2
Grade 9	27	76	19	122	-17	-39
Grade 10	27	80	12	119	-3	-20
Grade 11	29	69	17	115	1	-7
Grade 12	24	76	14	114	18	
In District SPED+	6	7	2	15	7	
Total	144	397	89	630	-10	
Out of District	3	9		12	3	
Total	434	1260	271	1965	4	

Monomoy enrollment is steady (up 4), but budget and program uncertainty likely impacted retention.