

CONCORD PUBLIC SCHOOLS

CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

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To: Karle Packard, Chair, Guidelines Subcommittee, Concord Finance Committee

From: Diana Rigby, Superintendent of Schools

John Flaherty, Deputy Superintendent for Finance and Operations

Date: November 4, 2016

Re: Annual Budget Data Request – Concord-Carlisle Regional School District

Our presentation this evening provides a response to questions in the October 31, 2016 second Annual Guidelines Request memorandum from the Concord Guidelines Subcommittee Chairperson, Karle Packard. Budget discussions for FY18 are continuing with the school principal, central office administration, and the Regional School Committee. Our core budgeting principles continue to include the following:

- Students and their learning are at the center of decisions;
- Teaching and learning conditions matter for student success;
- Requested resources for programs, services, and activities reflect the districts' core values of academic excellence, respectful and empathic community, professional collaboration, educational equity, and continuous improvement;
- Maintain balance between responsive and reasonable operating budgets and impact on taxpayers.

The Regional School Committee will give direction to the administration as we move forward in the budgeting process.

1. Please identify how you will accommodate this guidelines recommendation relative to the program you presented to the Finance Committee at our meeting on Thursday, October 13th.

We will not recommend that the Concord Finance Committee Guideline for the Concord-Carlisle Regional School District be adopted by the Regional School Committee. If necessary, to accommodate the \$720,000 guideline increase, we would decrease the planned OPEB contribution of \$850,000, by \$408,455 to \$441,545.

2. Please restate your analysis of the impact of your OPEB funding schedule on prior years and future years operating budgets on an absolute and percentage basis to present a consistent relationship between either total dollar amounts or year-to-year changes in dollar amounts in the presentation.

How do your OPEB funding demands on resources compare to other increases in costs on a ranked basis?

What is your most recent date for the actuarial assessment of your OPEB liability? Under that assessment and your current funding schedule, when will you meet your ARC?

The table on the following page indicates that OPEB incremental contributions are growing at a high rate as a percentage of the Operating Budget increases. Since FY2015, and including our FY18 requested, the incremental OPEB increases, on average have used nearly 22% of the operating budget increases. The latest actuarial report was June 30, 2014. The report states, "Based on a 25-year

funding schedule at a 5.00% discount rate, the Fiscal Year 2014 contribution would be \$1,491,902. This figure is referred to as the Annual Required Contribution (ARC)". In FY14, the entire FINCOM Operating Budget guideline growth was \$239,077 and the OPEB contribution was \$76,954.

We will not be able to meet our ARC with the current funding policy of OPEB within the operating budget guidelines provided by the Concord Finance Committee and meet contractual and legal obligations.

Fiscal Year	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Operating Budget	\$21,318,240	\$ 22,374,192	\$ 23,233,274	\$ 23,647,387	\$ 23,886,464	\$24,605,506	\$ 25,802,829	\$ 26,608,381	\$ 28,047,198
Total OPEB Contribution	\$0	\$0	\$250,000	\$575,000	\$76,954	\$350,000	\$489,691	\$705,000	\$850,000
OPEB Increment as % of Operating Budget	0.00%	0.00%	1.08%	1.37%	0.32%	1.42%	1.90%	2.65%	3.03%

OPEB Increment of Operating Budget

Operating Budget Growth	\$ 1,117,524	\$ 1,055,952	\$ 859,082	\$ 414,113	\$ 239,077	\$ 719,042	\$ 1,197,323	\$ 805,552	\$ 1,438,817
OPEB Incremental Increase	\$0	\$0	\$250,000	\$325,000	(\$498,046)	\$273,046	\$139,691	\$215,309	\$145,000
OPEB Incremental Growth as % of Budget Increase	0.0%	0.0%	29.1%	78.5%		38.0%	11.7%	26.7%	10.1%

3. How does your budget request meet the Finance Committee’s goal of financial sustainability?

We believe that our 11 year history of no override requests and matching Finance Committee Guidelines, often below LLG, meet the Finance Committee’s sustainability goals. Our full 5.4% request is below LLG, and keeps us on our ten growth rate of approximately 3.75%. We believe this is a sustainable average growth rate for the Concord-Carlisle Regional School District.

4. Do you have ongoing administrative and or operational cost management programs? If so, what savings have they resulted in and how have you redirected those funds?

The table below contains the reductions from the FY17 budget levels that offset \$1,731,983 of expenditure growth in the FY18 budget.

MAJOR ESCALATION/REDUCTIONS		FY18 Preliminary Budget
Program Area		DECREASED COSTS
STATE ASSESSMENTS (\$22.5K), OTHER NET REDUCTIONS	5830 & Various	\$ (32,500)
TRANSPORTATION	4660	\$ (127,952)
UTILITIES (<i>Heating , Electricity, Water</i>)	4680 & 4690	\$ (132,714)
OPERATIONS & FIXED COSTS REDUCTION	-1.1%	\$ - \$ (293,166)
TOTAL REDUCTIONS	-1.10%	\$ (293,166)

5. **Regarding changes to the enrollment ratio between Concord and Carlisle, please provide copies of the NESDEC projections for Concord, Concord-Carlisle, and Carlisle. Do you believe the trends are realistic based on more recent Concord enrollment trends?**

The table below illustrates NESDEC’s projection of assessment ratios for SY 15- 16 through SY203 - 2024. It is based on October 1, 2015 projections. We will receive a projection based on October 1, 2016 within the next few months from NESDEC. For the past two years the shift in assessment ratios has been favoring Concord’s assessment proportion; this is contrary to the table below.

PROJECTED % OF CONCORD AND CARLISLE RESIDENTS IN CCHS						
School Year	Gr. 9-12 Enrollment	Resident Enrollment	Concord Residents	Concord %	Carlisle Residents	Carlisle %
2015-16	1288	1224	901	73.61%	323	26.39%
2016-17	1270	1206	896	74.30%	310	25.70%
2017-18	1273	1209	910	75.27%	299	24.73%
2018-19	1260	1196	888	74.25%	308	25.75%
2019-20	1254	1190	902	75.80%	288	24.20%
2020-21	1262	1198	922	76.96%	276	23.04%
2021-22	1244	1180	908	76.95%	272	23.05%
2022-13	1249	1185	912	76.96%	273	23.04%
2023-24	1200	1136	874	76.94%	262	23.06%

CCRSB Operating FY2018 Budget Development Process

November 22, 2016

FY2018 CCRSD

Budget Development Status

An area of focus in this year's regional budget process has been the impact of OPEB on operating budget increases

In FY12 OPEB contributions started and there has been focus on the incremental yearly change

Following 5 years of actual contributions we had a meaningful discussion with the Finance Committees on OPEB's budgetary impact

DESCRIPTION	FY12 SC Adopted Budget	FY13 SC Adopted Budget	FY14 SC Adopted Budget	FY15 SC Adopted Budget	FY16 Adopted Budget	FY17 Adopted Budget	FY18 Preliminary Budget
NET OPERATING BUDGET	\$23,233,274	\$23,647,387	\$23,886,464	\$24,605,506	\$25,802,829	\$26,608,381	\$28,047,518
OPERATING BUDGET % INCREASE	3.84%	1.78%	1.01%	3.01%	4.87%	3.12%	5.41%
<i>5 Year Operating Average w/o OPEB Incremental Increases</i>			3.82%	2.92%	2.90%	2.76%	3.48%
OPEB Actual & Planned Contributions	\$250,000	\$575,000	\$76,954	\$350,000	\$489,691	\$705,000	\$850,000
OPERATING INCREASE - net of total OPEB Contributions	2.72%	-0.69%	0.69%	1.54%	2.88%	0.39%	2.21%
<i>5 Year Operating Average Increase net of total OPEB contribution</i>					1.43%	0.96%	1.54%

FY18 – CCRSD Revised Recommendation

DESCRIPTION	FY10 SC Budget	FY11 SC Budget	FY12 SC Adopted Budget	FY13 SC Adopted Budget	FY14 SC Adopted Budget	FY15 SC Adopted Budget	FY16 Adopted Budget	FY17 Adopted Budget	FY18 Fin Com GL=SC Budget
NET OPERATING BUDGET	\$ 21,318,240	\$ 22,374,192	\$ 23,233,274	\$ 23,647,387	\$ 23,886,464	\$ 24,605,506	\$ 25,802,829	\$ 26,608,381	\$ 27,967,000
OPERATING BUDGET % INCREASE	5.53%	4.95%	3.84%	1.78%	1.01%	3.01%	4.87%	3.12%	5.11%
5 Year Operating Average Increases					3.42%	2.92%	2.90%	2.76%	3.42%
*-- Excluding FY2018 OPEB Increase of \$145,000 to \$850,000 -- $=((28047518-145000)/26608381)-1=4.86\%$									4.56%
OPEB Actual & Planned Contributions									
			\$250,000	\$575,000	\$76,954	\$350,000	\$489,691	\$705,000	\$850,000
OPERATING INCREASE - net of total OPEB Contributions			2.72%	-0.69%	0.69%	1.54%	2.88%	0.39%	1.91%
5 Year Operating Average Increase net of total OPEB contribution							1.43%	0.96%	1.48%
SALARIES	\$ 13,228,658	\$ 13,844,285	\$ 14,380,781	\$ 15,071,039	\$ 15,833,348	\$ 16,124,599	\$ 16,889,996	\$ 17,420,598	\$ 18,423,177
NON - SALARIES	8,089,582	8,529,907	8,852,493	8,576,348	8,053,116	8,480,907	8,912,802	9,187,782	9,543,823
DEBT SERVICE AMOUNTS	1,038,831	1,124,235	747,738	643,036	2,419,139	2,831,824	4,840,209	5,133,393	4,984,609
TOTAL	\$ 22,357,071	\$ 23,498,427	\$ 23,981,012	\$ 24,290,423	\$ 26,305,603	\$ 27,437,330	\$ 30,643,007	\$ 31,741,774	\$ 32,951,609
OPERATING BUDGET FUNDING IMPACT	\$ 1,117,524	\$ 1,055,952	\$ 859,082	\$ 414,113	\$ 239,077	\$ 719,042	\$ 1,140,029	\$ 805,552	\$ 1,358,619
OPEB CONTRIBUTION			\$250,000	\$575,000	\$76,954	\$350,000	\$489,691	\$705,000	\$850,000
NET OPERATING BUDGET IMPACT	\$ 1,117,524	\$ 1,055,952	\$ 609,082	\$ (160,887)	\$ 162,123	\$ 369,042	\$ 650,338	\$ 100,552	\$ 508,619

FY18 – CCRSD Cost Growth Analysis

Two sets of actions recommended to meet the raised FINCOM Guideline that closes the gap from \$408K to \$163.6K

- 1) Revenue Revisions, Increased In-District Contribution and Raised forecast on Regional Transportation Reimbursement
- 2) Reductions in requested line item increases, and increases in the list of previous reductions

DESCRIPTION			FY18 SC = GL Recommend
SOURCES OF REVENUE		Actions taken to Meet Concord's FINCOM GL Growth of \$900,000	
LOCAL SOURCES			
ASSESSMENTS	Reduce Concord's assessments by \$120,255 and Carlisle's by \$43,335	\$ (163,590)	\$29,382,495
EXCESS & DEFICIENCY	Increased In-District E & D Contribution by \$50,000	\$ 50,000	660,000
INVESTMENT INCOME		\$ -	45,000
MISCELLANEOUS INCOME		\$ -	20,000
PRIOR YEAR RESERVED DEBT SERVICE		\$ -	162
STATE SOURCES (DOE)			
CHAPTER 70		\$ -	2,321,678
REGIONAL TRANSPORTATION AID	Revised Transportation Reimbursement by \$33,393 (New bus Depreciation)	\$ 33,393	505,311
CHARTER TUITION REIMBURSEMENTS		\$ -	16,963
OTHER STATE SOURCES			
TOTAL			\$32,951,609

FY18 – CCRSD Cost Growth Analysis

MAJOR ESCALATION/COST DRIVERS			FY18 Preliminary Budget
			INCREASED COSTS
	Program Area		
STEPS	1010 -2410		\$ 176,003
LANES	1011 -2410		\$ 65,000
SCALE % - <i>To Be Negotiated - Each 1% equals</i>	1012 -2410		\$ 111,774
TEACHER SALARY ESCALATION	1.3%		\$ 352,777
SLBB & OTHER CONTINGENCY	2340		\$ 116,774
CO-CURRICULAR SALARIES	2330		\$ 43,326
PROFESSIONAL DEVELOPMENT	1160		\$ 28,918
SUBSTITUTES			\$ 9,915
OTHER CBU SALARIES	1010-4660		\$ 204,945
NON-CBU SALARIES	2350-4660		\$ 199,760
OTHER SALARY ESCALATION	2.3%		\$ 603,638
MUSIC EQUIPMENT	Reduce Music Equipment Increase by \$5,000	1150	\$ (5,000) \$ 5,000
INTERDEPARTMENTAL INSTRUCTION CONTRACTED SERVICES		1130	\$ 85,000
SCIENCE EQUIPMENT	Reduce Science Equipment Increase by \$6,500	1180	\$ (6,500) \$ 6,768
OTHER INSTRUCTIONAL MATERIALS		1090 & 1010	\$ 3,153
PROGRAMMATIC ADDITIONS - Coding FTE \$36.5K		1140	\$ 36,500
	0.5%		\$ 136,421
MEDICAL, WORKERS COMP. & OTHER INSURANCE	5810		\$ 100,442
RETIREMENT	5820		\$ 41,151
OPEB (\$850,000 Reserve - \$145,000 Net Increase)	5810		\$ 145,000
BENEFITS ESCALATION	1.1%		\$ 286,593
SPECIAL EDUCATION TRANSPORTATION SERVICES	4670		\$ 62,576
SPECIAL EDUCATION TRANSPORTATION ESCALATION	0.2%		\$ 62,576
INFORMATION TECHNOLOGY	4630		\$ 9,179
CAPITAL OUTLAY	Reduce Capital Outlay Increase by \$7,500		\$ (7,500) \$ 40,000
1 BUS			\$ 100,000
BUILDING MAINTENANCE	Reduce Capital Outlay Increase by \$12,179		\$ (12,179) \$ 109,620
OPERATIONS ESCALATION	1.0%		\$ 258,799
TOTAL INCREASES	6.4%		\$ 1,700,804

FY18 – CCRSD Cost Growth Analysis

MAJOR ESCALATION/REDUCTIONS			FY18 Preliminary Budget
		Program Area	DECREASED COSTS
COMPUTER HARDWARE (INSTRUCTIONAL)	Reduce Computer Hardware budget by \$16,000	1020	\$ (16,000)
COMPUTER SOFTWARE SUPPORT	Reduce Software Support budget by \$10,519	4630	\$ (10,519)
COPIER PURCHASES	Reduce Photocopier budget by \$5,000	2350	\$ (5,000)
EQUIPMENT	Reduce Equipment budget by \$2,500	2360	\$ (2,500)
STATE ASSESSMENTS (\$22.5K), OTHER NET REDUCTIONS		5830 & Various	\$ (32,500)
TRANSPORTATION		4660	\$ (127,952)
UTILITIES (<i>Heating , Electricity, Water</i>)	Increase Heating Savings forecast by \$15,000	4680 & 4690	\$ (15,000) \$ (147,714)
OPERATIONS & FIXED COSTS REDUCTION		-1.3%	\$ (15,000) \$ (342,185)
TOTAL REDUCTIONS		-1.29%	\$ (342,185)
TOTAL		5.11%	\$ 1,358,619

FY2018 CCRSD Budget Status

		FY17 SC Adopted Budget	FY18 Preliminary Budget	FY18 / FY17 \$ Change Guideline	FY18 / FY17 % Fincom GL Change	FY18 Fincom GL = SC Budget	FY18 - FY17 \$ Change Guideline	FY18 / FY17 % Fincom GL Change
Concord-Carlisle Regional High School								
Operations	\$	26,608,381	28,047,198	1,438,817	5.41%	27,967,000	1,358,619	5.11%
Debt Service	*	5,133,393	4,984,609	(148,784)	-2.90%	4,984,609	(148,784)	-2.90%
Total Budget		31,741,774	33,031,807	1,290,033	4.06%	32,951,609	1,209,835	3.81%
Financing Sources								
State Aid - Chapter 70		2,053,456	2,321,678	268,222	13.06%	2,321,678	268,222	13.06%
State Aid - MSBA (Excluded Debt)		0	0			0		
Prior Year Reserved Debt Service		40,375	162	(40,213)		162	(40,213)	
State Aid -								
-- Regional Transportation		707,224	471,918	(235,306)	-33.27%	505,311	(201,913)	-28.55%
-- Charter Tuition Reimbursement		30,458	16,963	(13,495)	-44.31%	16,963	(13,495)	-44.31%
-- Charter Facility Reimbursement		0	0	-		0	-	
District Funds								
-- Excess & Deficiency		610,000	610,000	-	0.00%	660,000	50,000	8.20%
-- Investment Income		45,000	45,000	-	0.00%	45,000	-	0.00%
-- Miscellaneous Income		20,000	20,000	-	0.00%	20,000	-	0.00%
		3,506,513	3,485,721	(20,792)		3,569,114	62,601	
Assessments to Member Towns	\$	28,235,261	29,546,085	1,310,825		29,382,495	1,147,234	
Total Financing Sources		31,741,774	33,031,807	1,290,033		32,951,609	1,209,835	
Assessments								
<i>Concord</i>		73.61%	73.51%	**		73.51%	**	
Within the levy limit	\$	17,035,005	18,055,260	1,020,255	5.99%	17,935,005	900,000	5.28%
Debt service		3,748,971	3,561,484	(187,487)	-5.00%	3,561,484	(187,487)	-5.00%
School Bus Debt Service			102,583			102,583		
		20,783,976	21,719,327	935,351	4.50%	21,599,072	815,096	3.92%
<i>Carlisle</i>		26.39%	26.49%	**		26.49%	**	
Within the levy limit		6,107,238	6,506,378	399,140	6.54%	6,463,043	355,805	5.83%
Debt service		1,344,047	1,320,380	(23,667)	-1.76%	1,320,380	(23,667)	-1.76%
		7,451,285	7,826,758	375,473	5.04%	7,783,423	332,138	4.46%
Total Assessments	\$	28,235,261	29,546,085	375,473	4.64%	29,382,495	332,138	4.06%