Finance Subcommittee Meeting Minutes

Friday, November 22, 2024

1 Introduction of New Community Member Eric Anastacio

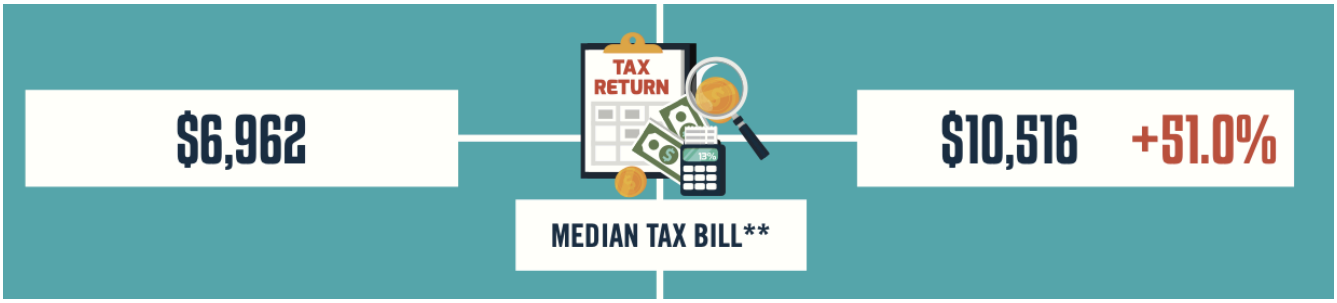
The meeting began with an introduction of newly appointed committee member Eric Anastacio. Eric was appointed as a community member and is the first East Greenwich student to serve on the committee. The committee expressed its gratitude to Mr. Anastacio for his willingness to serve, and acknowledged the value of the perspective only a student can bring.

2 Long Term Financial Stability of East Greenwich Public Schools

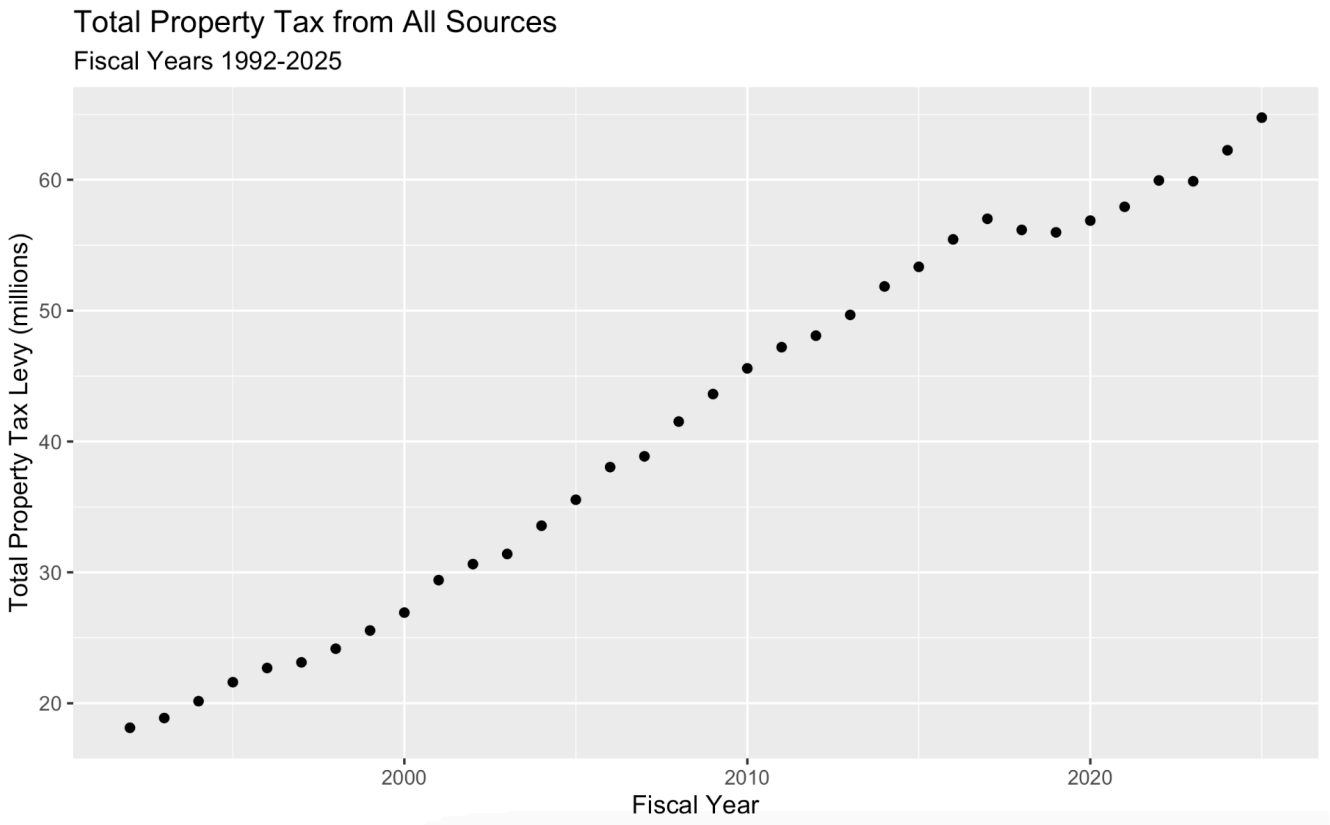
In May of 2017, the Town Council sent out a mailer to all residents. It claimed that good schools and municipal services were not affordable, but "could be":

> We live in a great town. We want excellent schools, great services and safe streets. We want all this and we know it can be affordable. But currently, it's not.

The basis of this statement was a claim that the median property tax bill had risen 51% between 2011 and 2016. This was wrong, the *actual number* was 13%:



The impact of this error and the bad policy decisions that resulted from it can be seen in this graph of the total property tax levy for 34 years. During the period shown, nothing had anything close to the impact this mistake had on property tax revenue:



Careful analysis of the long term trend:

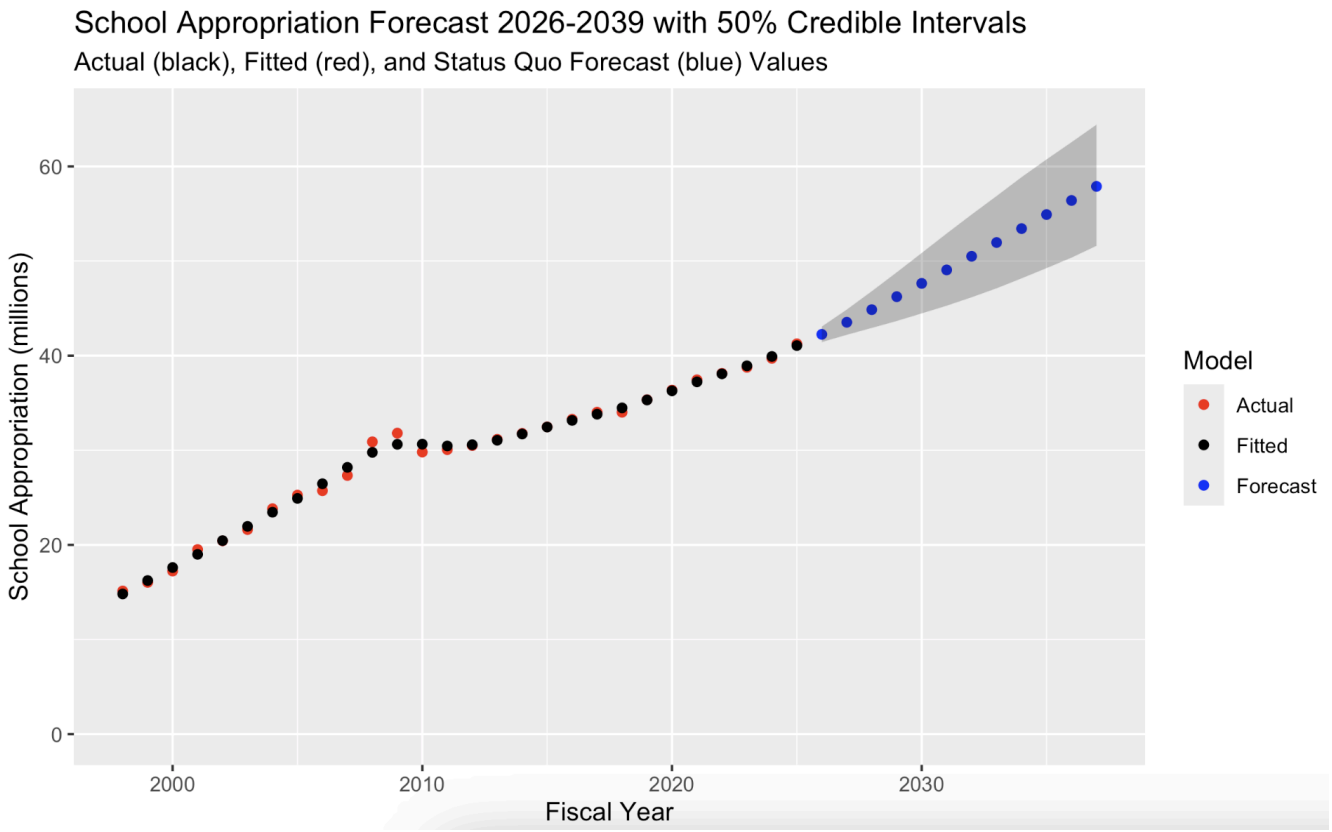
- Over the long term, the total property tax levy has been evolving very nearly as a straight line (constant increment)
- The expected value of the increment (i.e., the long term average) is $1.8 million per year
- The school appropriation is approximately 2/3 of the tax levy, so its expected increment is $1.2 million per year.
- The near-level-funding of the school department in 2017 and 2018 reduced revenue to the school department by an estimated $2.4 million. This has not been made up.

3 A Modern Forecast Model for the School Appropriation

A 21st century time series model, called a Gaussian Process model, can be built for the school appropriation.

This has a number of advantages over commonly used projection and classical time series models, particularly for long term forecasting.

It gives the following result:



4 Five Year School Department Forecast

EGPS Five Year forecast FY 26-FY 31

East Greenwich Public Schools
Forecast 2025-2031

Description	2025 Budget	2026 Year 1 Forecast	2027 Year 2 Forecast	2028 Year 3 Forecast	2029 Year 4 Forecast	2030 Year 5 Forecast	2031 Year 6 Forecast
Local Appropriation for Education	41,312,372.00	42,551,743.16	43,828,295.45	45,143,144.32	46,497,438.65	47,892,361.81	49,329,132.66
Supplemental Appropr for Education							
Regional Appropriation for Education							
Regional Supplm Appropr for Education							
Other Education Appropriation							
Tuition	295,000.00	295,000.00	295,000.00	295,000.00	295,000.00	295,000.00	295,000.00
Total Revenue	**41,607,372.00**	**42,846,743.16**	**44,123,295.45**	**45,438,144.32**	**46,792,438.65**	**48,187,361.81**	**49,624,132.66**
Impact Aid							
Medicaid	385,000.00	385,000.00	300,000.00	300,000.00	300,000.00	300,000.00	300,000.00
Federal Stabilization Funds							
Federal Food Service Reimbursement	696,666.00	696,666.00	696,666.00	696,666.00	696,666.00	696,666.00	696,666.00
Other Federal Aid Funds	954,273.51	975,744.66	995,259.56	1,015,164.75	1,035,468.04	1,056,177.40	1,077,300.95
COVID - ESSER	-						
COVID - CRF							
COVID - CDBG							
COVID - FEMA							
COVID - OTHER (ARP - IDEA)	104,109.90						
Total Revenue	**2,140,049.41**	**2,057,410.66**	**1,991,925.56**	**2,011,830.75**	**2,032,134.04**	**2,052,843.40**	**2,073,966.95**
LEA Aid	6,939,344.00	7,552,280.43	7,826,305.56	8,029,472.30	8,248,039.00	8,483,364.32	8,736,914.76
Housing Aid Capital Projects							
Housing Aid Bonded Debt							
State Food Service Revenue	50,985.00	50,985.00	50,985.00	50,985.00	50,985.00	50,985.00	50,985.00
Other State Revenue							
Total Revenue	**6,990,329.00**	**7,603,265.43**	**7,877,290.56**	**8,080,457.30**	**8,299,024.00**	**8,534,349.32**	**8,787,899.76**
Other Revenue	**208,000.00**	**208,000.00**	**208,000.00**	**208,000.00**	**208,000.00**	**208,000.00**	**208,000.00**
Total Revenue	**50,945,750.41**	**52,715,419.25**	**54,200,511.57**	**55,738,432.37**	**57,331,596.69**	**58,982,554.53**	**60,693,999.37**
Appropriation from Fund Balance	**842,000.00**						

Total:

	2025	2026	2027	2028	2029	2030
	Budget	Year 1 Forecast	Year 2 Forecast	Year 3 Forecast	Year 4 Forecast	Year 5 Forecast
Compensation- Group A	22,491,781.55	22,941,617.18	23,629,865.70	24,338,761.67	25,068,924.52	25,820,992.25
Compensation - Group B	2,124,129.60	2,166,612.19	2,209,944.44	2,254,143.32	2,299,226.19	2,345,210.71
Compensation - Group C	4,487,459.07	4,577,208.25	4,668,752.42	4,762,127.46	4,857,370.01	4,954,517.41
Overtime- Group A	-					
Overtime - Group B	-					
Overtime - Group C	90,000.00	91,800.00	93,636.00	95,508.72	97,418.89	99,367.27
Active Medical Insurance - Group A	2,877,478.94	3,021,352.89	3,232,847.59	3,459,146.92	3,701,287.20	3,960,377.31
Retiree Medical Insurance - Group A	74,859.88	78,602.87	84,105.08	89,992.43	96,291.90	103,032.33
Active Medical Insurance- Group B	204,115.40	214,321.17	229,323.65	245,376.31	262,552.65	280,931.33
Retiree Medical Insurance- Group B	-	-	-	-	-	-
Active Medical Insurance- Group C	1,256,913.09	1,319,758.74	1,412,141.86	1,510,991.79	1,616,761.21	1,729,934.50
Retiree Medical Insurance- Group C	-					
Active Dental Insurance- Group A	143,492.31	146,362.16	149,289.40	152,275.19	155,320.69	158,427.10
Retiree Dental Insurance- Group A	3,984.18	4,063.86	4,145.14	4,228.04	4,312.60	4,398.86
Active Dental Insurance- Group B	9,077.20	9,258.74	9,443.92	9,632.80	9,825.45	10,021.96
Retiree Dental Insurance- Group B	-					
Active Dental Insurance- Group C	60,911.87	62,130.11	63,372.71	64,640.16	65,932.97	67,251.63
Retiree Dental Insurance- Group C	-					
Payroll Taxes	802,598.06	818,650.02	835,023.02	851,723.48	868,757.95	886,133.11
Life Insurance	37,766.47	38,521.80	39,292.24	40,078.08	40,879.64	41,697.23
State Defined Contribution- Group A	575,991.86	587,511.70	599,261.93	611,247.17	623,472.11	635,941.56
State Defined Contribution - Group B	44,899.55	45,797.54	46,713.49	47,647.76	48,600.72	49,572.73
State Defined Contribution - Group C	41,422.48	42,250.93	43,095.95	43,957.87	44,837.02	45,733.76
Other Benefits- Group A	349,761.30	356,756.53	363,891.66	371,169.49	378,592.88	386,164.74
Other Benefits- Group B	1,265.00	1,290.30	1,316.11	1,342.43	1,369.28	1,396.66
Other Benefits- Group C	8,000.00	8,160.00	8,323.20	8,489.66	8,659.46	8,832.65
State Defined Benefit Pension- Group A	3,393,220.00	3,427,152.20	3,461,423.72	3,496,037.96	3,530,998.34	3,566,308.32
State Defined Benefit Pension - Group B	242,189.41	244,611.30	247,057.42	249,527.99	252,023.27	254,543.50
State Defined Benefit Pension - Group C	180,721.14	182,528.35	184,353.63	186,197.17	188,059.14	189,939.73
Purchased Services	8,676,171.70	8,849,695.13	9,026,689.04	9,207,222.82	9,391,367.27	9,579,194.62
Materials/Supplies	893,721.59	911,596.02	929,827.94	948,424.50	967,392.99	986,740.85
Software Licenses	115,935.00	118,253.70	120,618.77	123,031.15	125,491.77	128,001.61
Capital Outlays	404,682.76	299,532.54	305,523.19	311,633.65	317,866.32	324,223.65
Insurance	260,600.00	273,630.00	287,311.50	301,677.08	316,760.93	332,598.98
Maintenance	787,514.00	803,264.28	819,329.57	835,716.16	852,430.48	869,479.09
Vehicle Operations	12,000.00	12,240.00	12,484.80	12,734.50	12,989.19	13,248.97
Utilities	917,700.00	936,054.00	954,775.08	973,870.58	993,347.99	1,013,214.95
Contingency						
Claims & Settlements	95,000.00					
Community Support						
Other Operation Expenditures	122,387.00	124,834.74	127,331.43	129,878.06	132,475.62	135,125.14
Total Expenditures	**51.787.750.41**	**52.715.419.25**	**54.200.511.58**	**55.738.432.37**	**57.331.596.69**	**58.982.554.54**

5 Outlook for the Upcoming Budget Cycle

Key Variables in the Development of FY 26 EGPS Budget

Variables that make forecasting in any budget year challenging include:

Variable	Variable
Collective Bargaining Agreements-Staffing	Charter and Career & Tech Schools Costs
Health Insurance Costs	Transportation Costs
State Aid to Education	Unfunded Legislative Mandates
Federal Grants/Programs	Legal Fees
Student Enrollment/Curriculum	Fund Balance
Special Education Costs/MTSS	Town Revenues

Link to video