

FY26 Budget

FIVE YEAR OUTLOOK

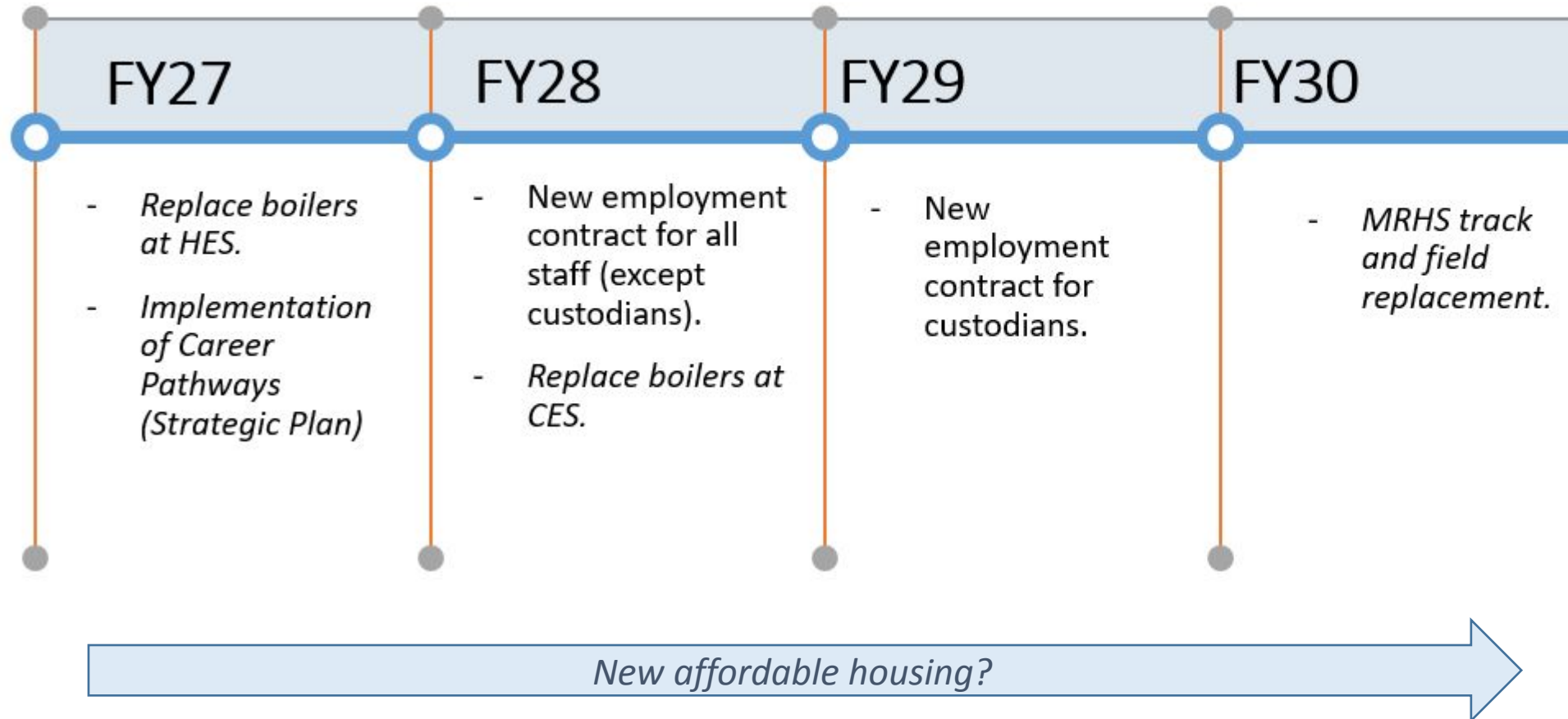
10/24/2024

Why look ahead?

- To prepare for upcoming challenges.
- To help the district make strategic decisions about the use of funds.
- Comparing our forecasts to actual figures improves our understanding of the factors impacting the district's expenditure.

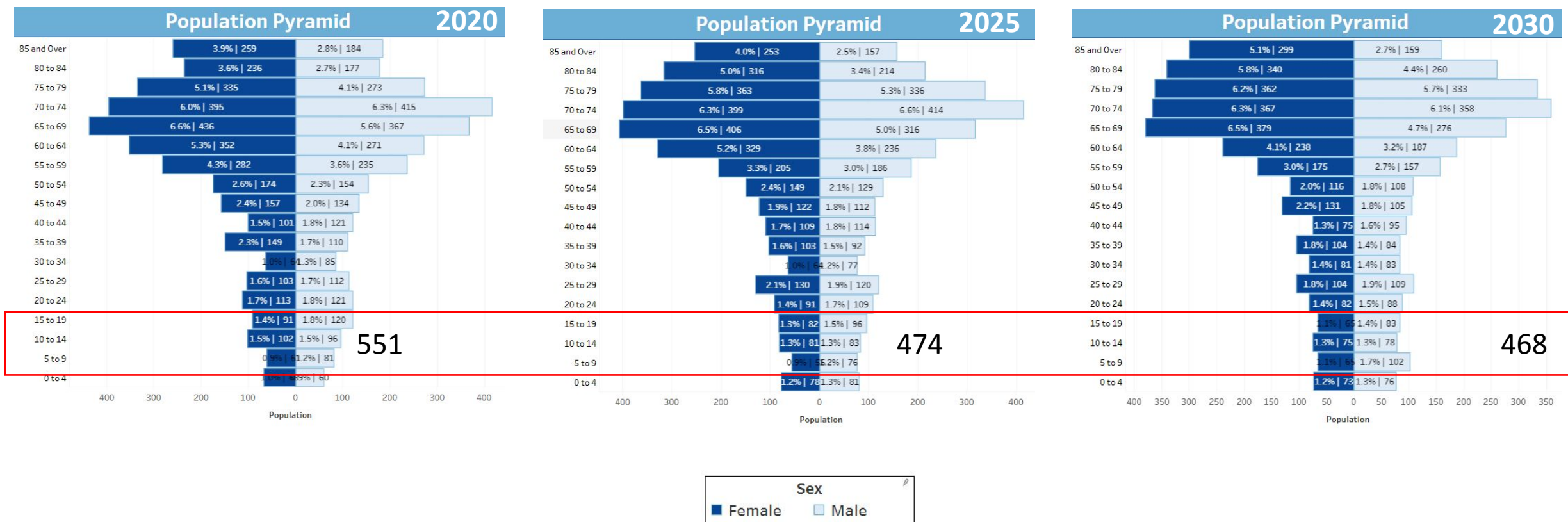
Upcoming events with possible budget impact

- **FY25:** USA Government Elections. **FY26:** New employment contract for custodians, MRMS Re-Siding (and possibly roof replacement), replace boilers, Nauset RSD High School renovation completed.

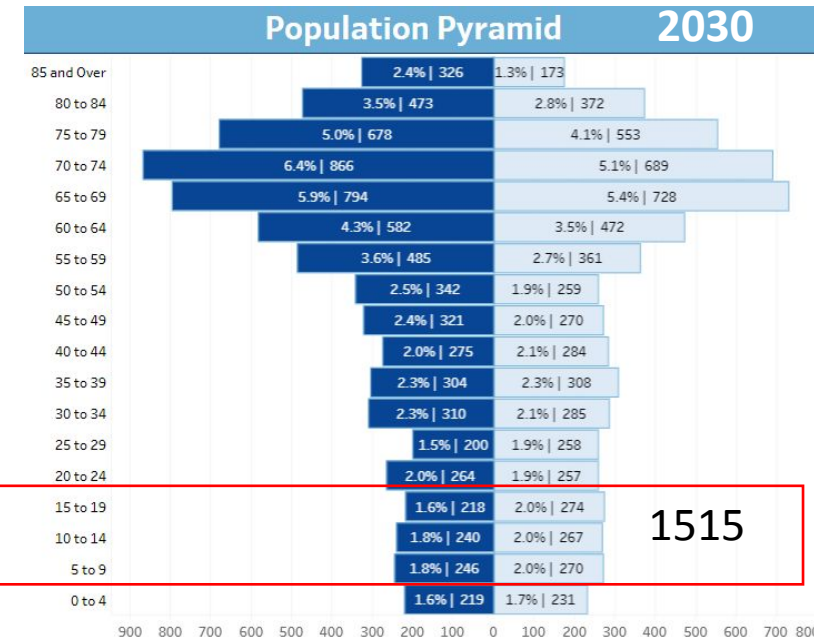
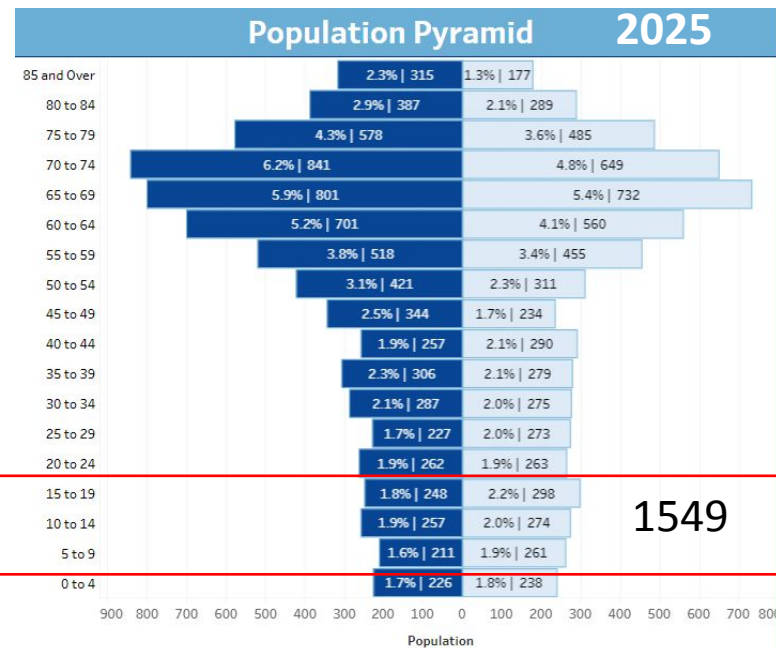
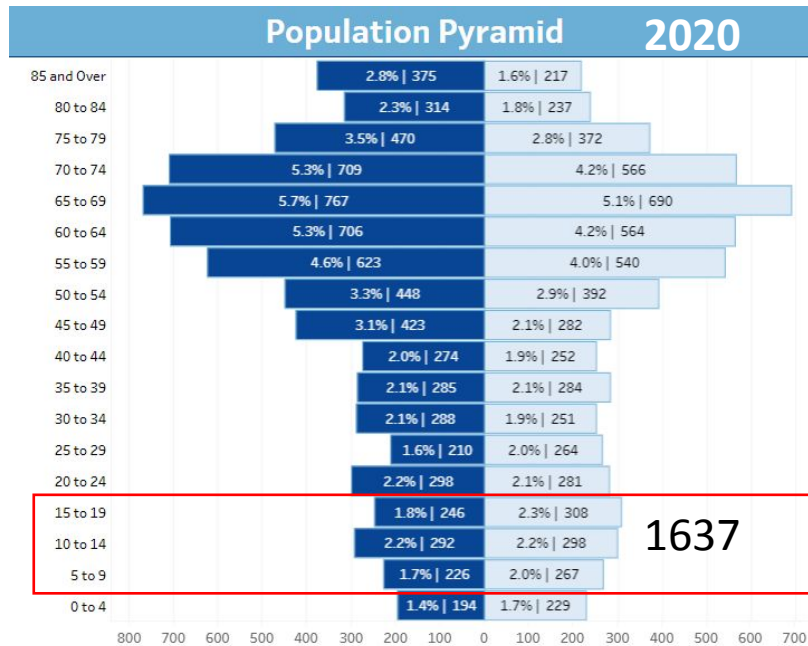


UMass Donahue Institute, with MA state departments, produces population projections for all MA municipalities. The following slides compare these projections for Harwich and Chatham. These projections make assumptions about how existing trends will continue in to the future.

Chatham: In this projection, by 2030, under 20-year-olds will account for 11% of the population, while over 64-year-olds will be 53% of the population.



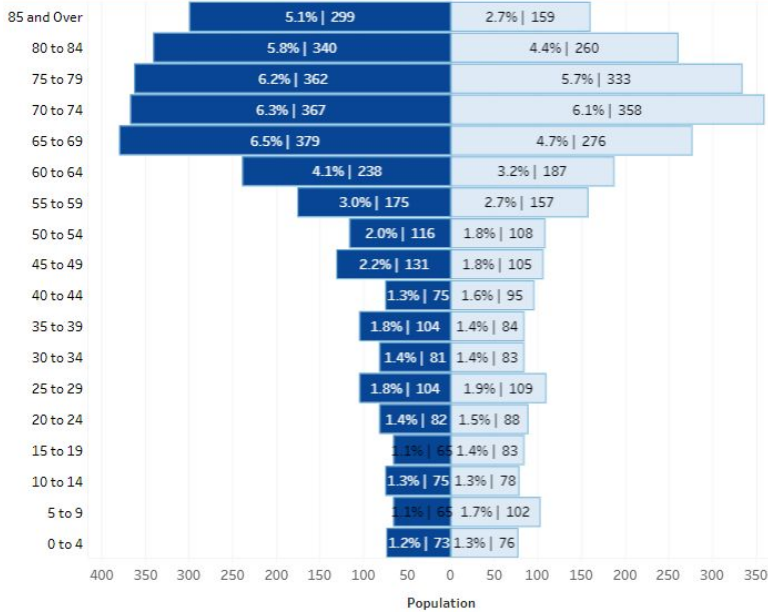
Harwich population projections: In this projection, by 2030, under 20-year-olds will account for 15% of the population, while over 64-year-olds will be 42% of the population.



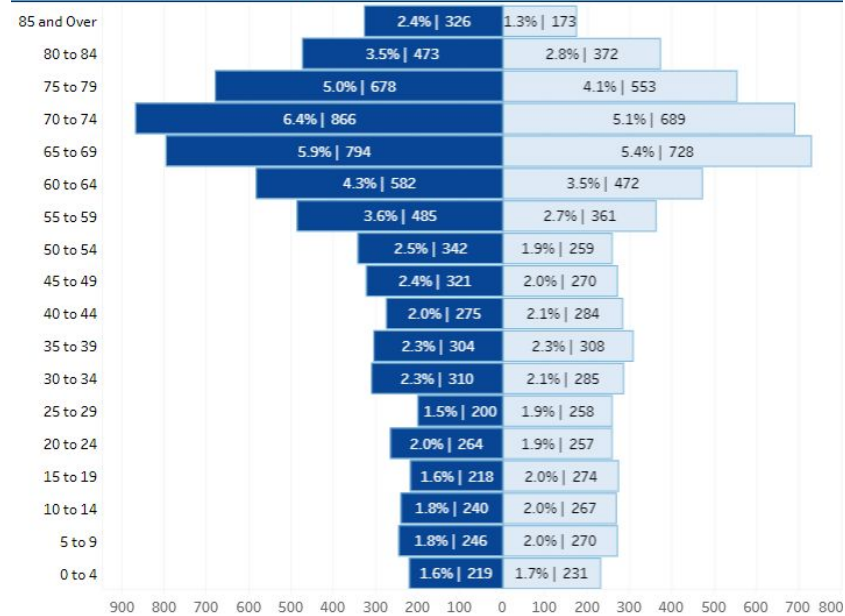
Sex
 ■ Female ■ Male

Side by side comparison of town population projections, by 2030.

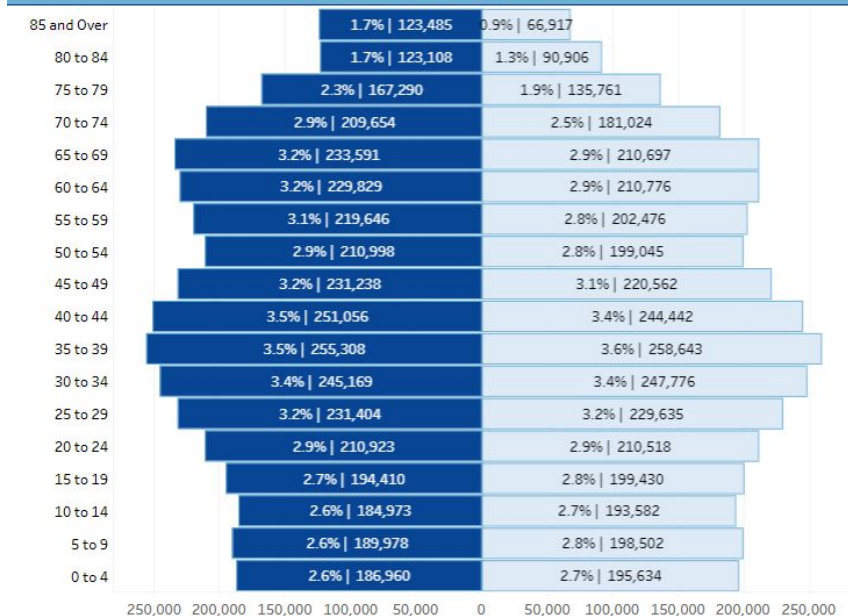
Population Pyramid **CHATHAM**



Population Pyramid **HARWICH**

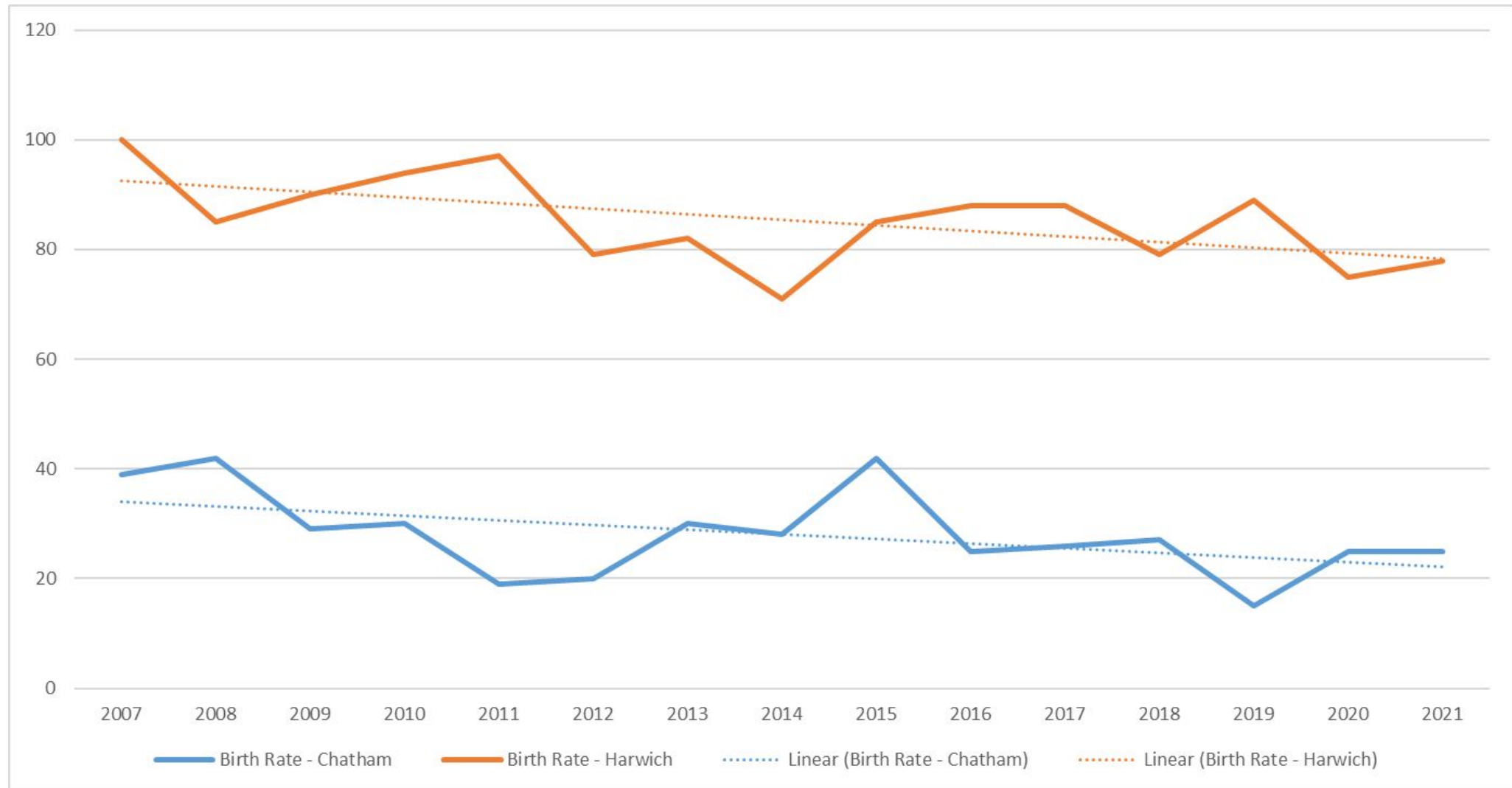


Population Pyramid **STATE**

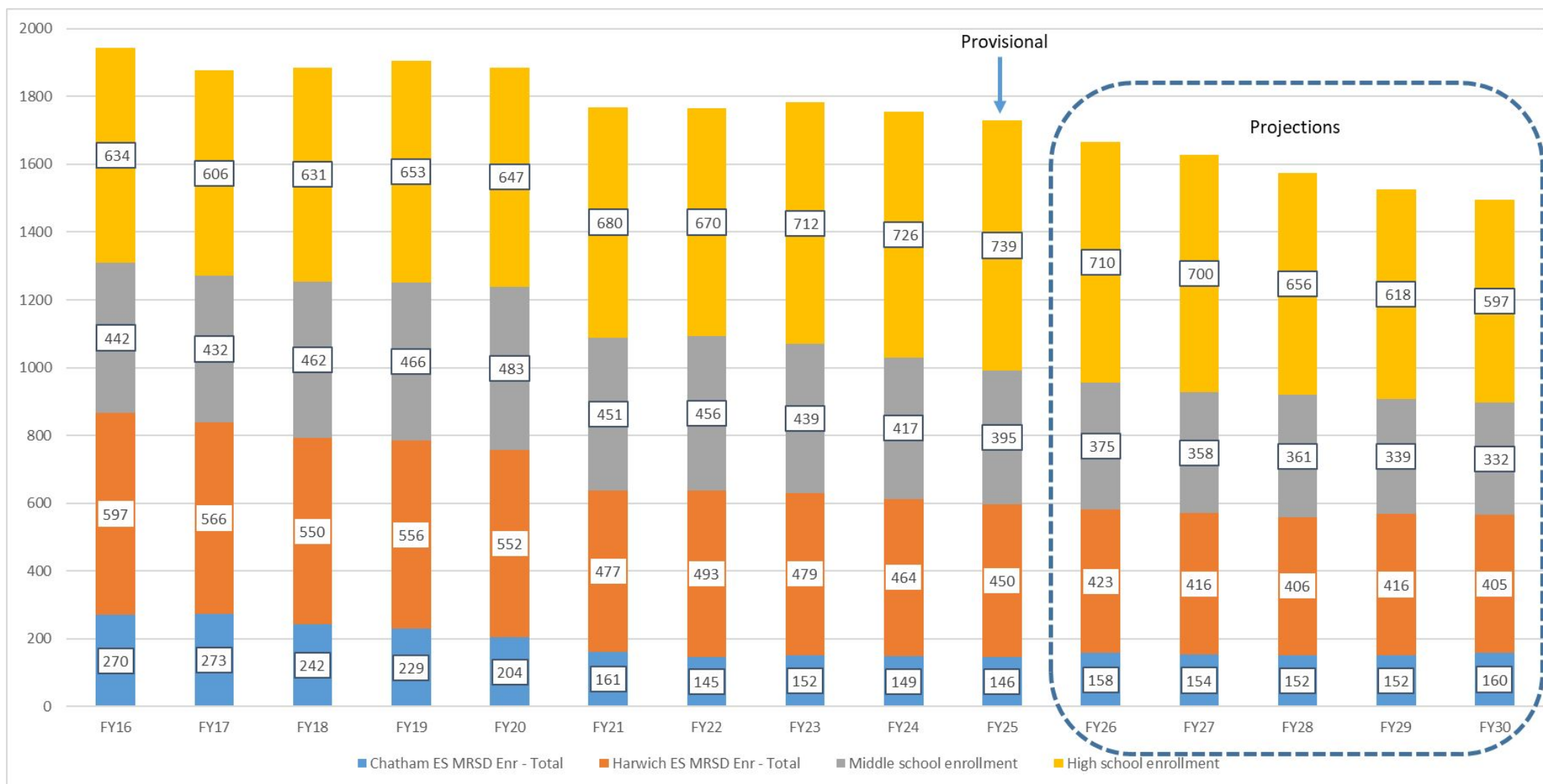


Sex
 ■ Female ■ Male

The chart below shows recent birth rates in both towns. There is a downward trend but the numbers fluctuate and decline is gradual.



This chart shows a projection of enrollment by school. The chart below assumes cohort numbers change each year reflecting historic trends. Grades 3-7 have 111 fewer students than the current high school grades.



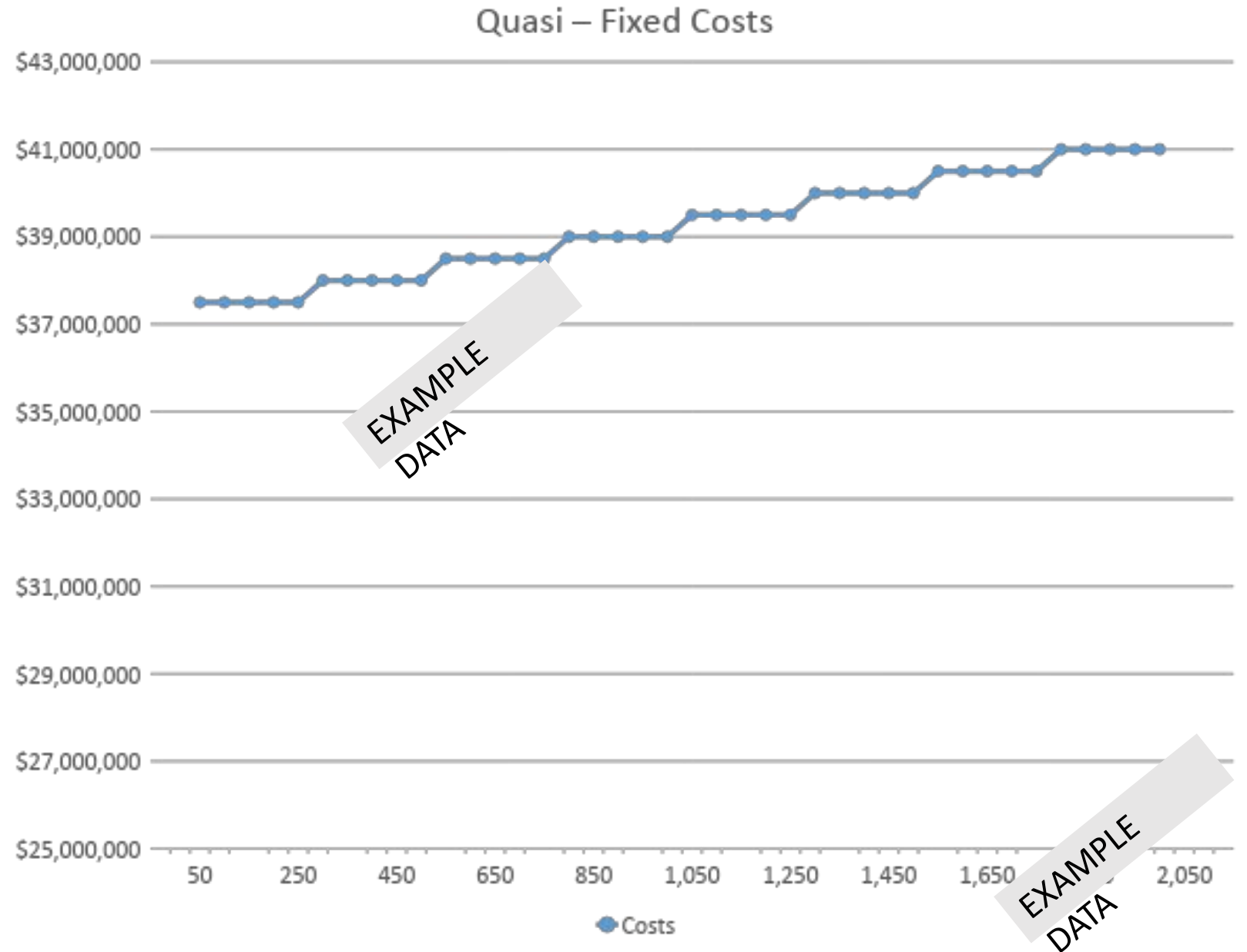
In FY25, the average grade size at the high school is 147, it's 132 at the Middle school, and 109 at the elementary schools.

How does a fall in enrollment impact the budget?

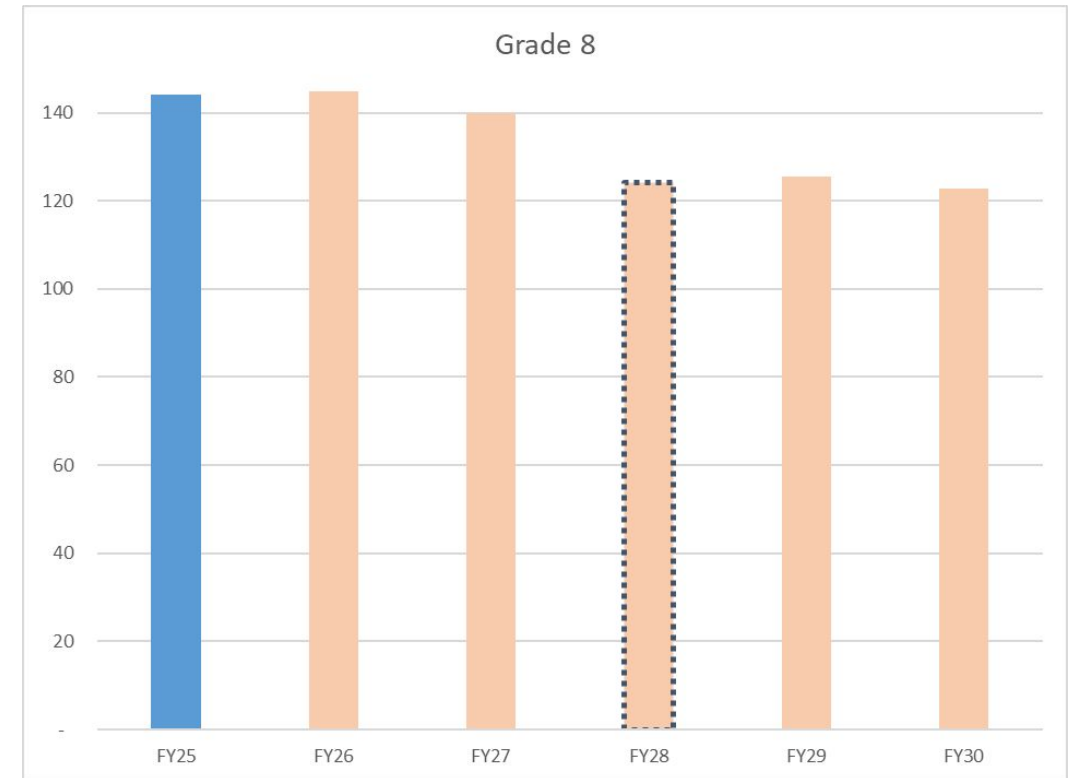
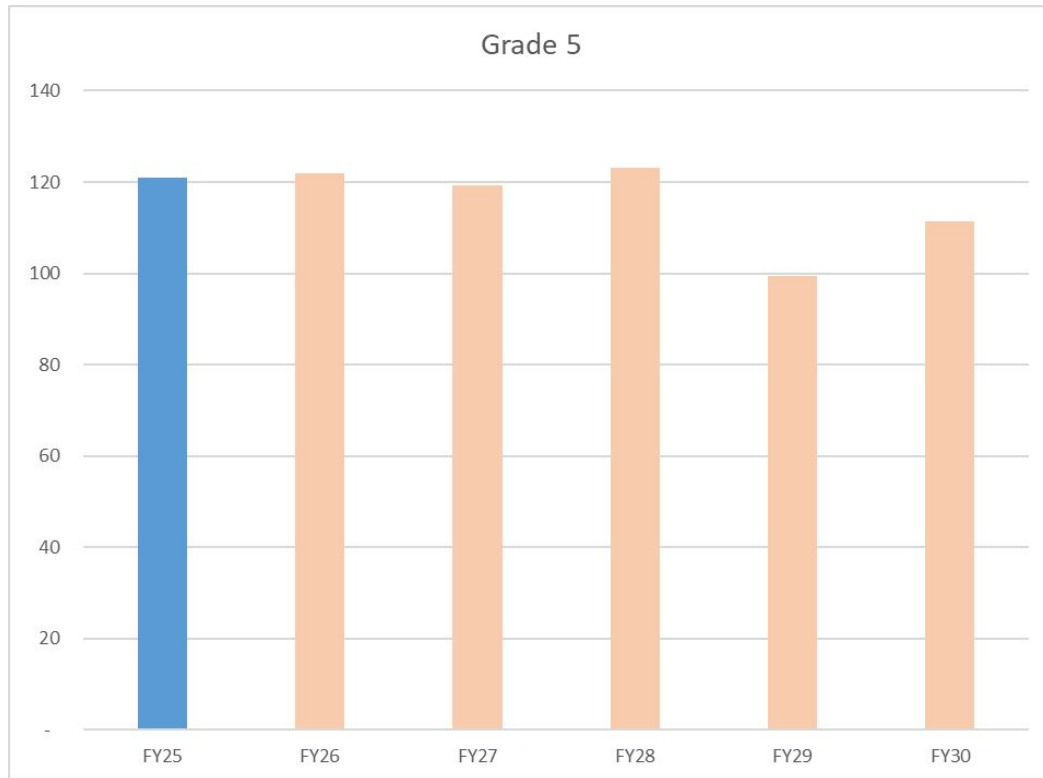
Fixed costs vs Variable costs

Most of the district's budget is made up of 'quasi-fixed' costs. Quasi fixed costs are linked to enrollment but not directly. For example 50 fewer students throughout the district does not result in a need for fewer teachers. However, a significant fall in enrollment or a fall concentrated in a particular grade can reduce some costs.

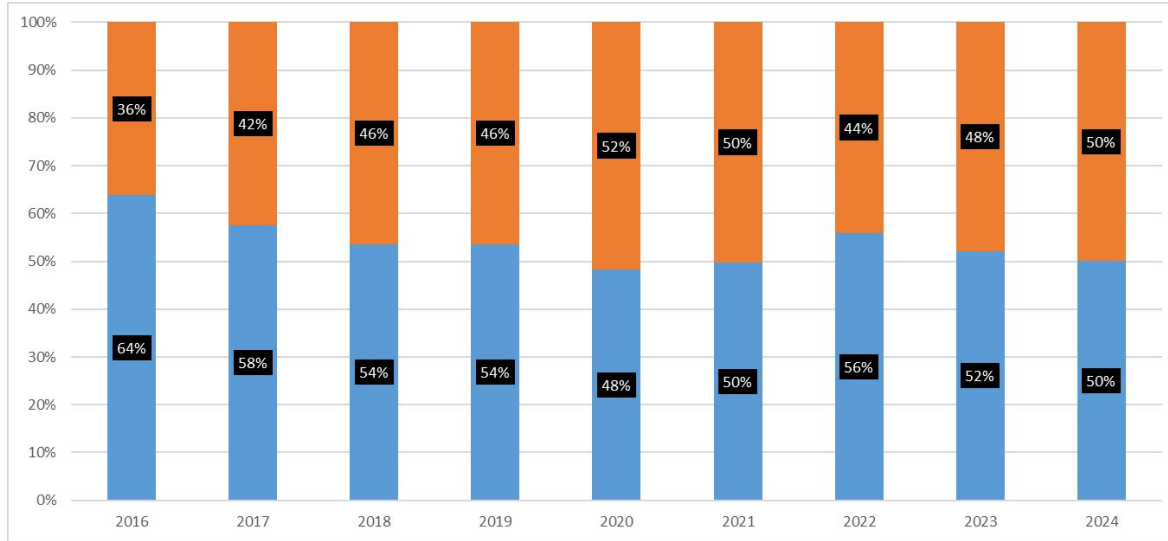
This does not account for inflation or changing student needs.



The charts below show the forecast enrollment of two grades from FY25 to FY30. Both charts reflect students already in the district.



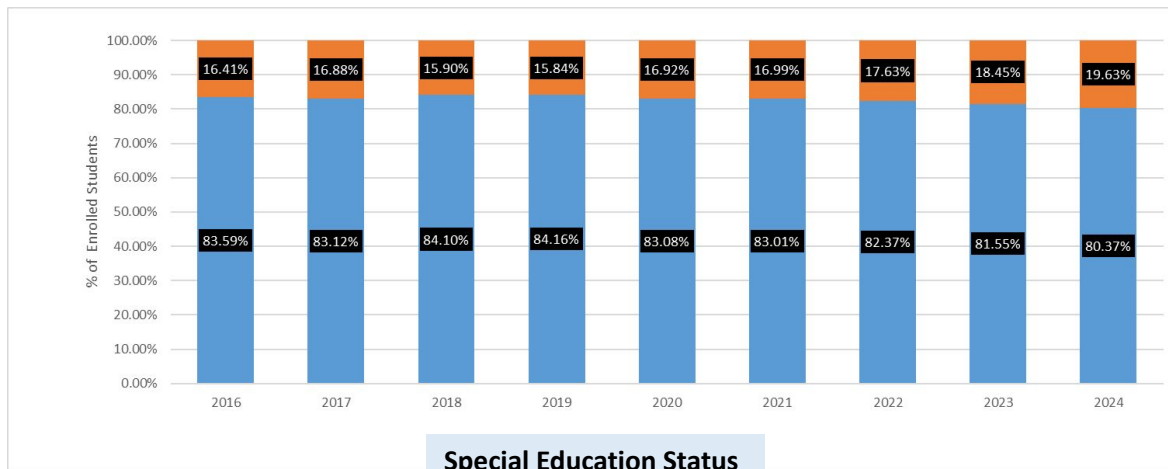
Recent trends in student demographics suggest that while the overall number may have declined the needs of the students have increased.



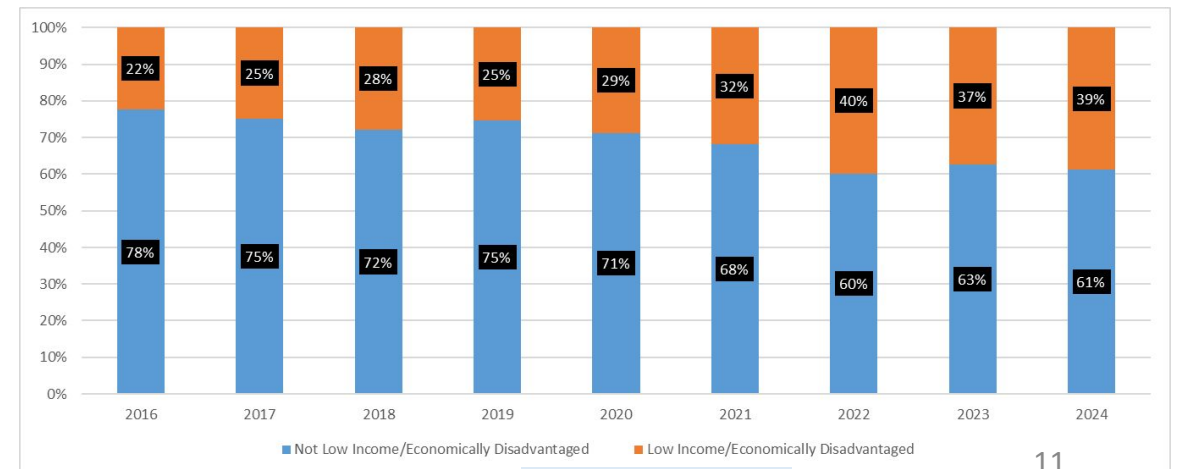
Any Additional Need



English Learners

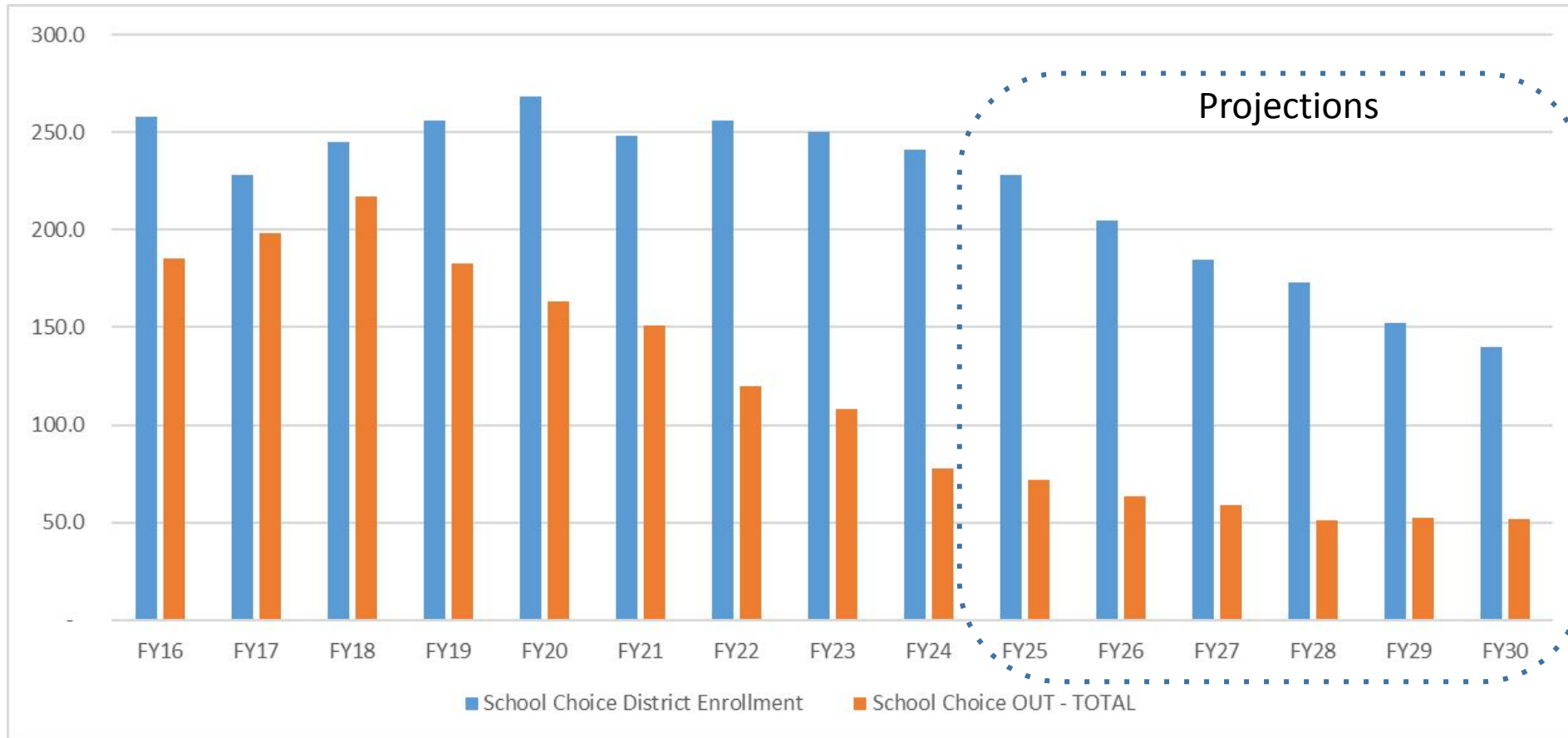


Special Education Status



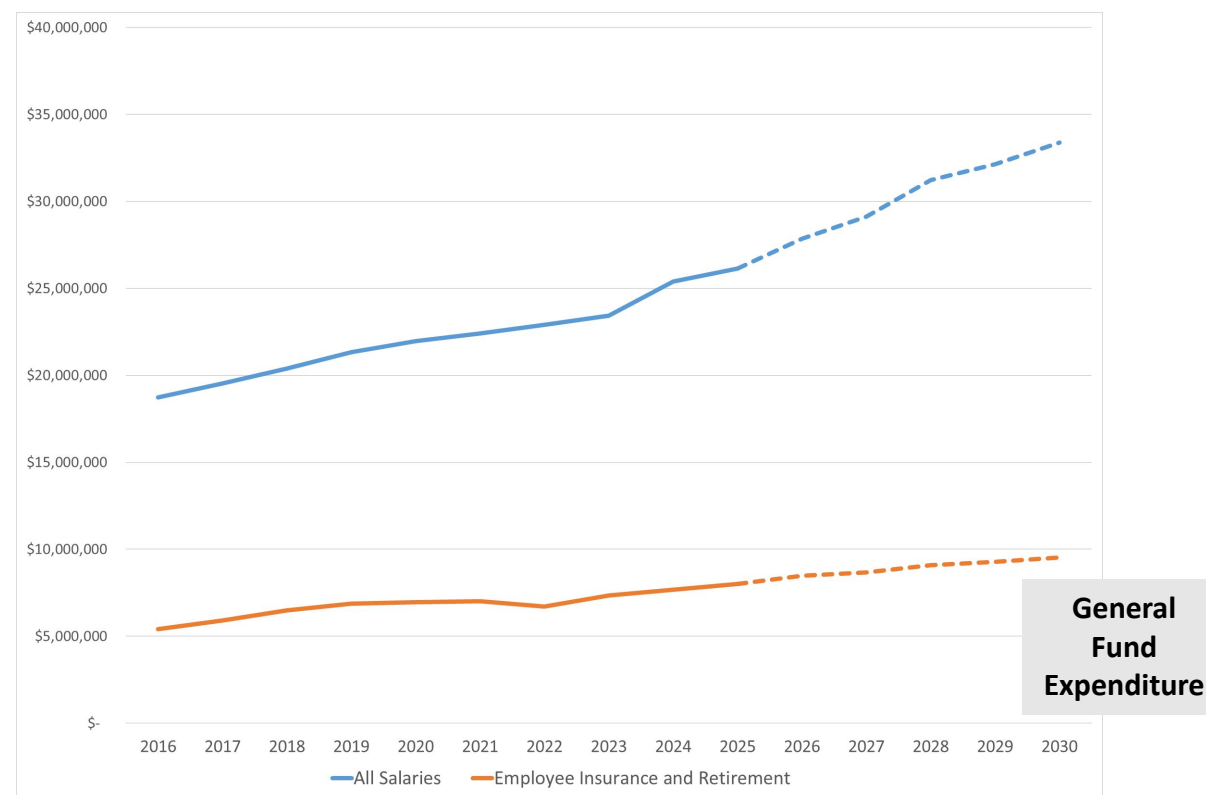
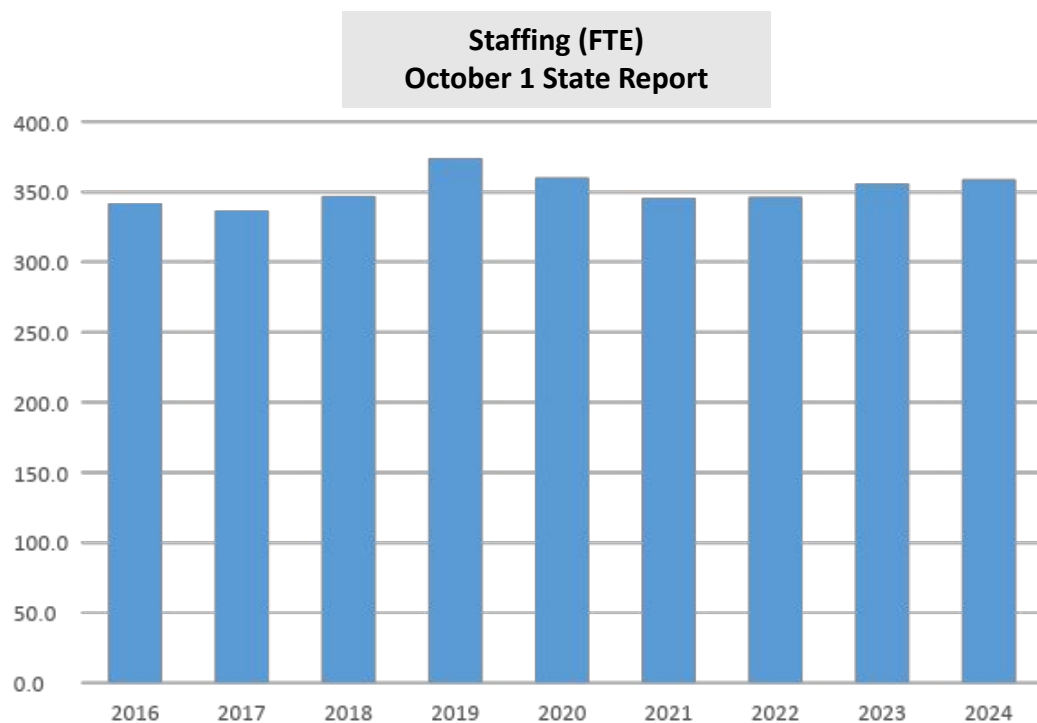
Low Income Status

School Choice enrollment has also changed significantly in recent years – this will impact the district's revenue and costs.



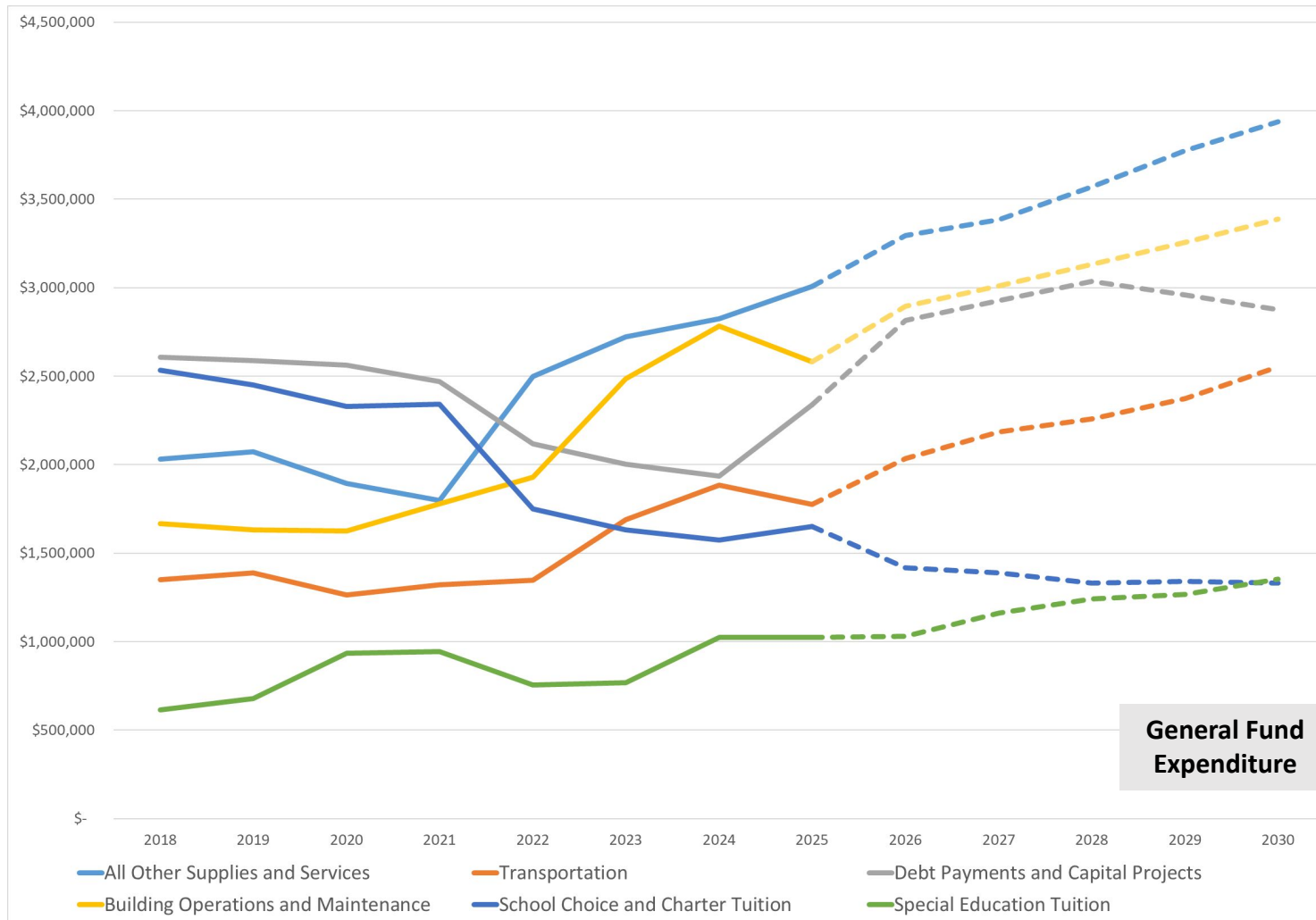
The decline is due to fewer places available in the district as the number of sections at the elementary schools fall.

Staffing: In the short term, there will be significant pressure on salaries. Looking further ahead there is likely to be a reduced demand for staff overall. After declining since FY19, staffing increased from 2022 to 2024.



Although enrollment figures are expected to decrease, student needs, particularly special education needs, have increased recently and are driving demand for staff.

Supplies and services: The chart below shows non-staffing expenditures from all funds.



Building operations and maintenance: The cost of running and maintaining our buildings has increased significantly in recent years. Our projection assumes that the current levels are the 'new normal' and these will increase with inflation.

All other supplies and services: This includes all instructional materials and technology, property insurance and other administration costs. These costs increased significantly after COVID. The forecast assumes then steady increase reflecting the trend since FY21.

School Choice and Charter Tuition: Expected to fall as the number of school choice students coming to the district falls. Charter tuition is expected to remain steady. Possible impact of new DY middle school and the new Nauset High School (2026).

Transportation: This which is susceptible to changes in gas prices and recruitment pressures driving up wages. Also, new bus leases may also increase costs.

Debt payments: The total includes reductions in the high school debt payments (including from financing) plus addition of major capital projects at the Middle School, and replacing boilers at 3 schools. The capital plan will be discussed at a future School Committee meeting.

Special education tuition: This expenditure is very difficult to estimate, although lower overall enrollment would suggest a reduction, the level and intensity of student needs are increasing.

Capital planning is an area that benefits from a multi-year plan. Monomoy RSD expects a number of significant capital projects in the coming 5 years.

Item	Expected Useful Life	CES	HES	MRMS	MRHS
Boilers	20 years	28	1 is 22 y.o. 2 are 34 y.o.	28	12
Generators	20 years	29	22	29	12
Roof	20 years	29	22	28	12
Windows	20 years	29	22	28	12
Doors	20 years	29	22	28	12
Elevator	20 years	N/A	22	28	12
Hot water tank	15 years	4	22	7	12
Pumps	20 years	28	22	9, 14 and 7 y.o.	12
Auditorium	10 years	N/A	N/A	N/A	12
Turf Field	15-20 years	N/A	N/A	N/A	12
Track	15-20 years	N/A	N/A	N/A	12

12-month percentage change, Consumer Price Index – all items. Inflation is much less significant now than it was a couple of years ago.



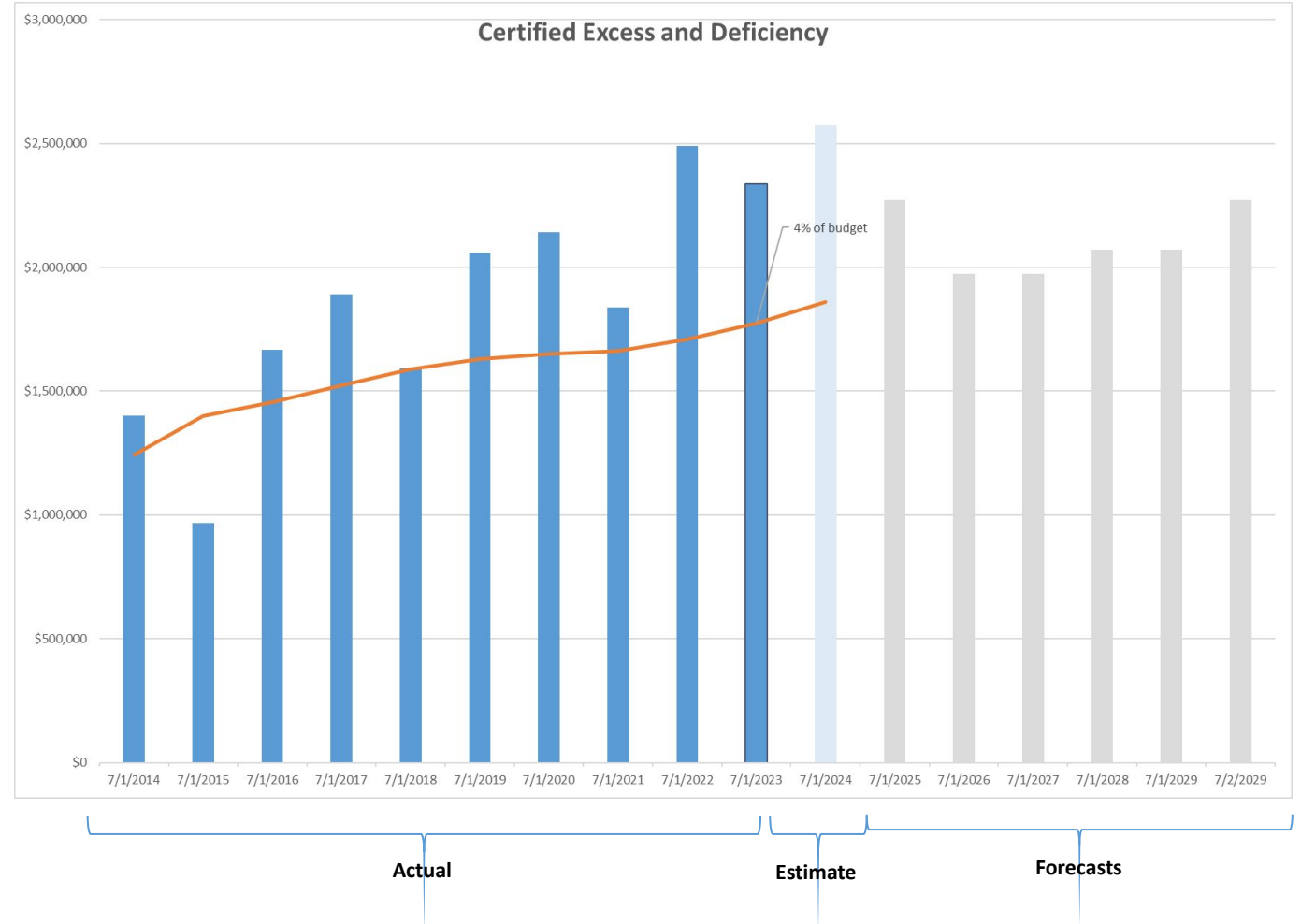
12-month percentage change, Consumer Price Index, selected categories, not seasonally adjusted

Source: U.S. Bureau of Labor Statistics.

The district's Excess and Deficiency funds can be used to offset the budget and reduce assessments. However, if more funds are budgeted than added to the fund each year, the balance will be depleted until it can no longer be drawn upon.

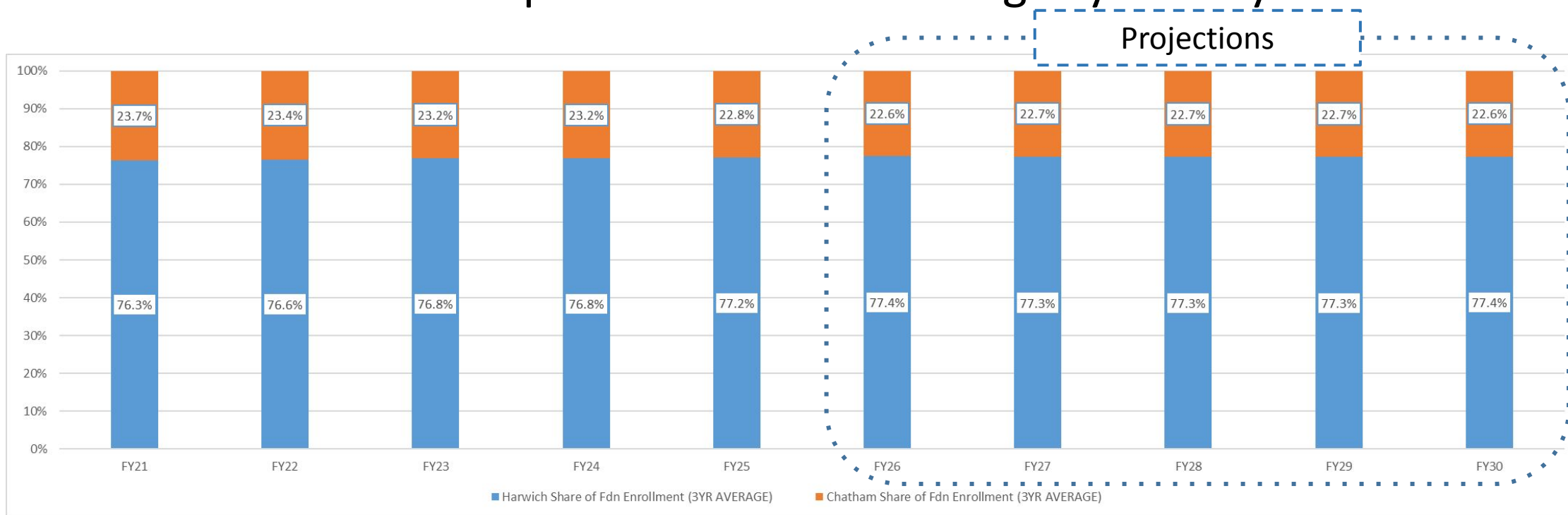
The district's plan is to maintain the end-of-year E&D at 4% of the budget while minimizing the impact on the budget year to year. This chart shows the impact of reducing the E&D offset from \$800K in FY24 to \$300K in FY30.

The FY24 excess and deficiency has not been certified yet but it is expected to be positively impacted by FEMA reimbursement received this year and interest on savings above budget.

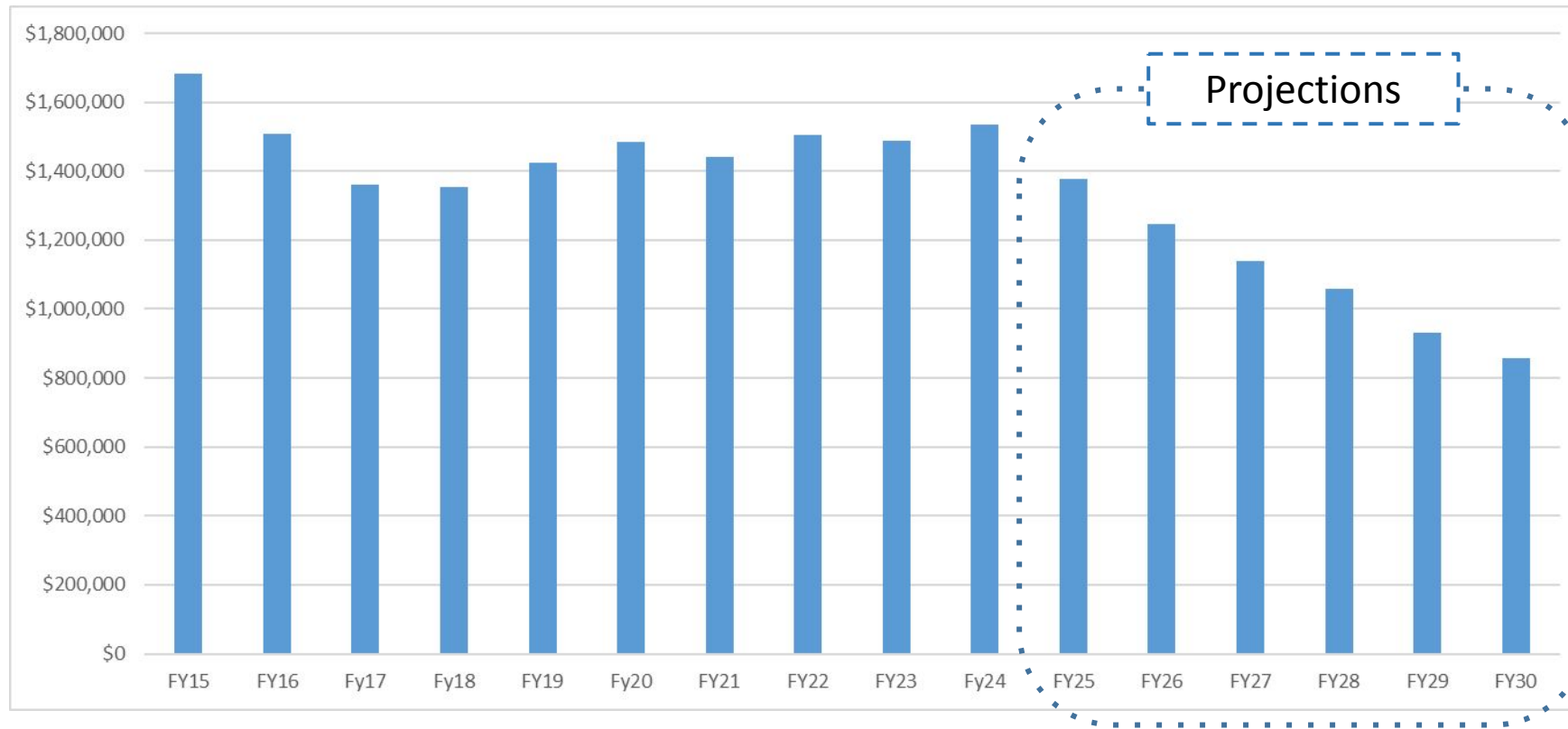


Assessments: As students from Harwich make up a larger percentage of Monomoy foundation enrollment, Harwich will receive a higher percentage of the overall assessment. The projections of foundation enrollment are significantly impacted by estimates of PK and K enrollment.

- Each town's share of enrollment will impact the assessment for that year.
- Part of the assessment is based on a running 3 year average share of enrollment which helps to smooth out changes year to year.



School Choice Revenue: as the number of school choice students coming into the district goes down, the tuition the district receives will fall.



If School Choice does fall as quickly as current enrollment in the earlier grades suggests the total impact on the budget could be over \$500K by 2030

How might the trends and forecasts impact future budget decisions?

- As enrollment goes down, fewer classroom teachers may be required but the changes will be slow and sporadic.
- We may continue to see an increase in the need for specialist positions to meet the changing needs of students.
- Managing level services and moving forward with the Strategic Plan will be more difficult as enrollment contracts.
- These initiatives, and the changing needs of students, may drive up professional development costs.
- As the district invests in capital infrastructure we should expect an increase in debt and capital payments. Capital needs will put pressure on the budget, at least in the short term.
- Other costs such as building maintenance will also put pressure on instructional budgets.
- Excess and deficiency should be monitored closely to avoid a steep budget impact in future years.
- Changes in the local economy, and affordable housing would impact these projections.

MAJOR CHALLENGES

- Capital investment
- Increasing (and changing) student needs
- Increasing cost of recruitment & retention
- Contracting enrollment
- Falling School Choice revenue

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Potential upcoming events with budget impact

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