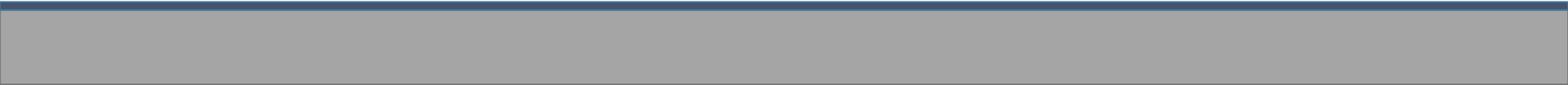


FY27 Budget

FIVE YEAR OUTLOOK

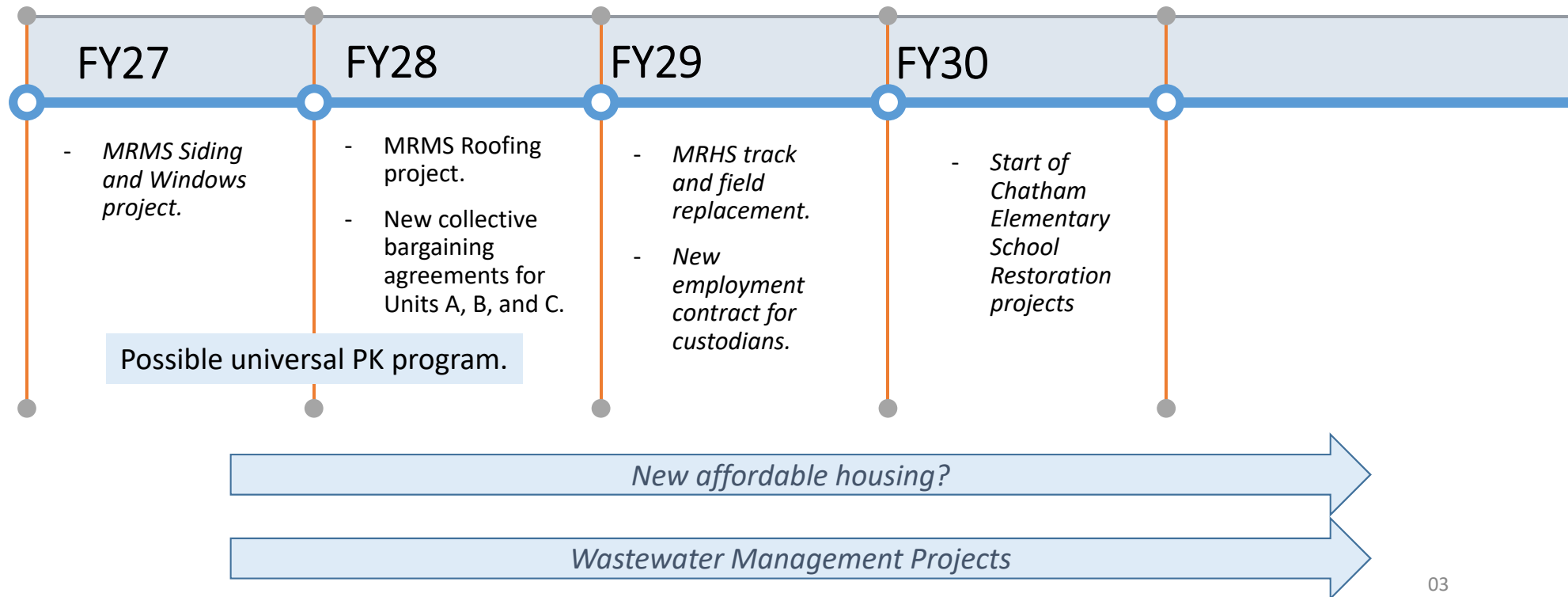
10/23/2025



Why look ahead?

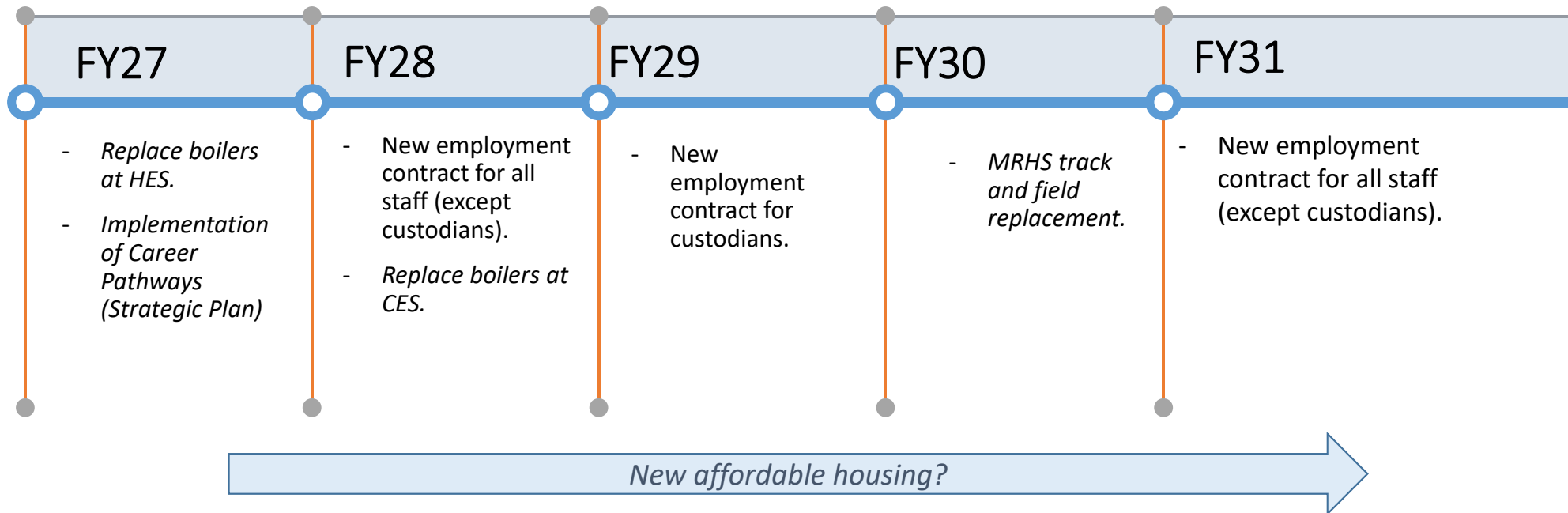
- To prepare for upcoming challenges.
- To help the district make strategic decisions about the use of funds.
- Comparing our forecasts to actual figures improves our understanding of the factors impacting the district's expenditure.

Potential upcoming events with budget impact

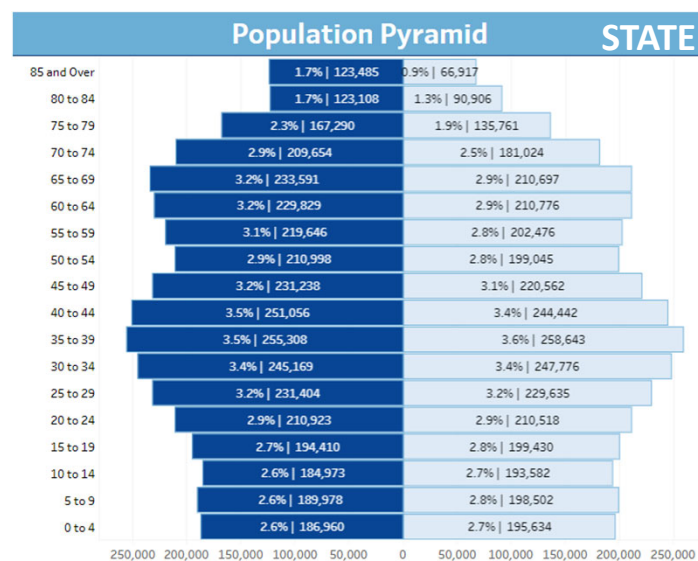
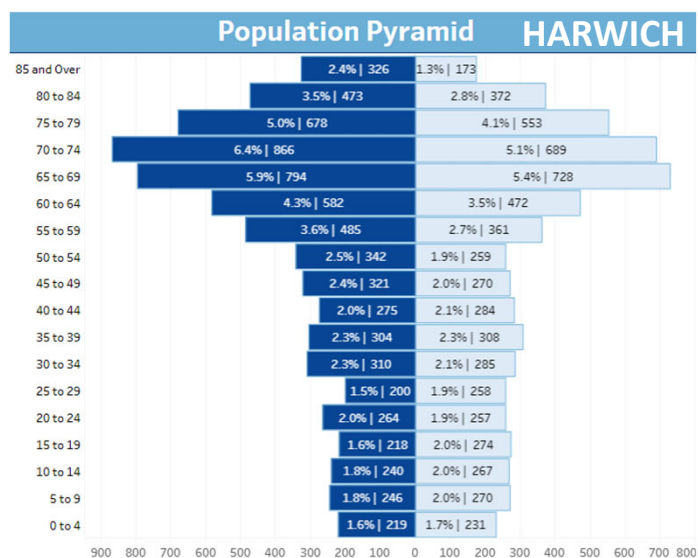
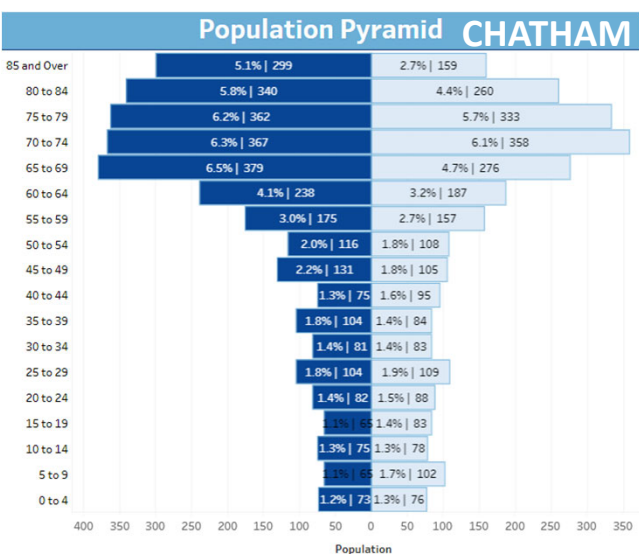


What happened with the major items that were highlighted last year?

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

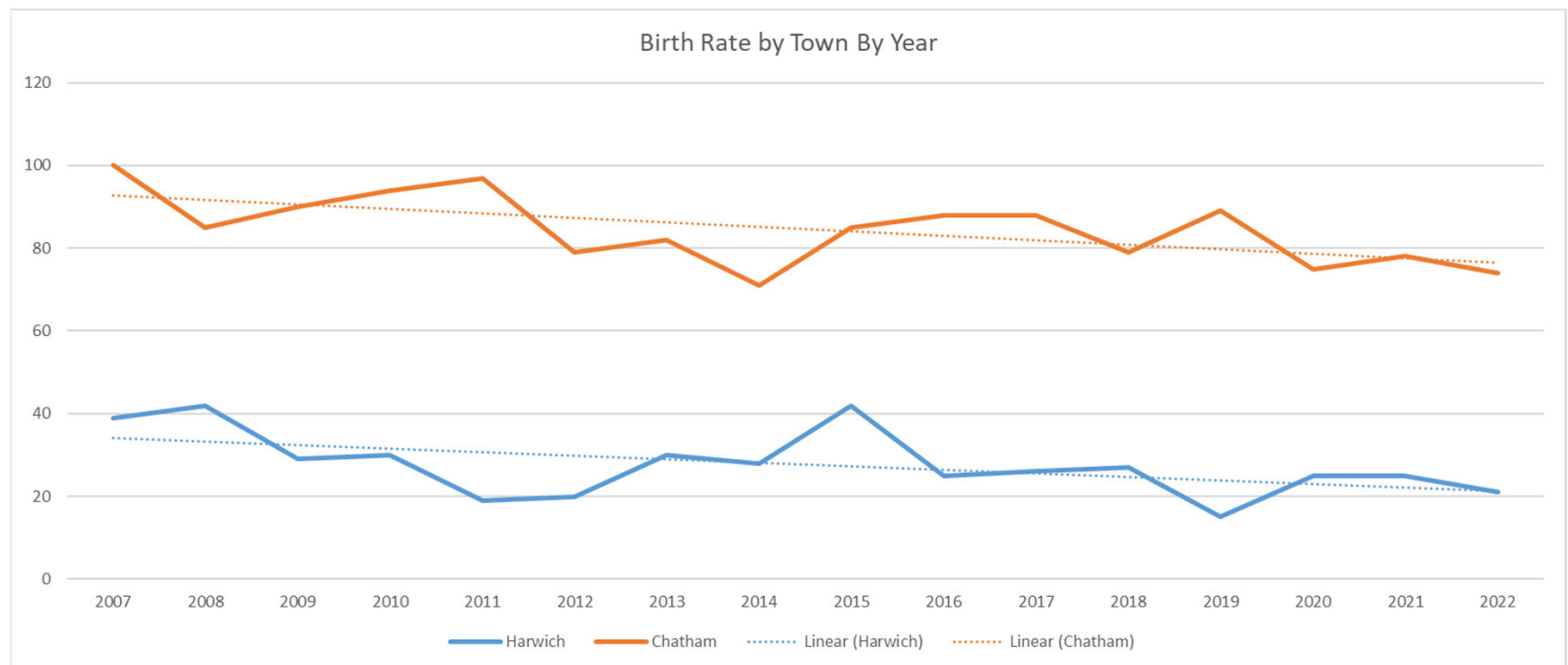


UMass Donahue Institute, with MA state departments, produces 2030 population projections for all MA municipalities.

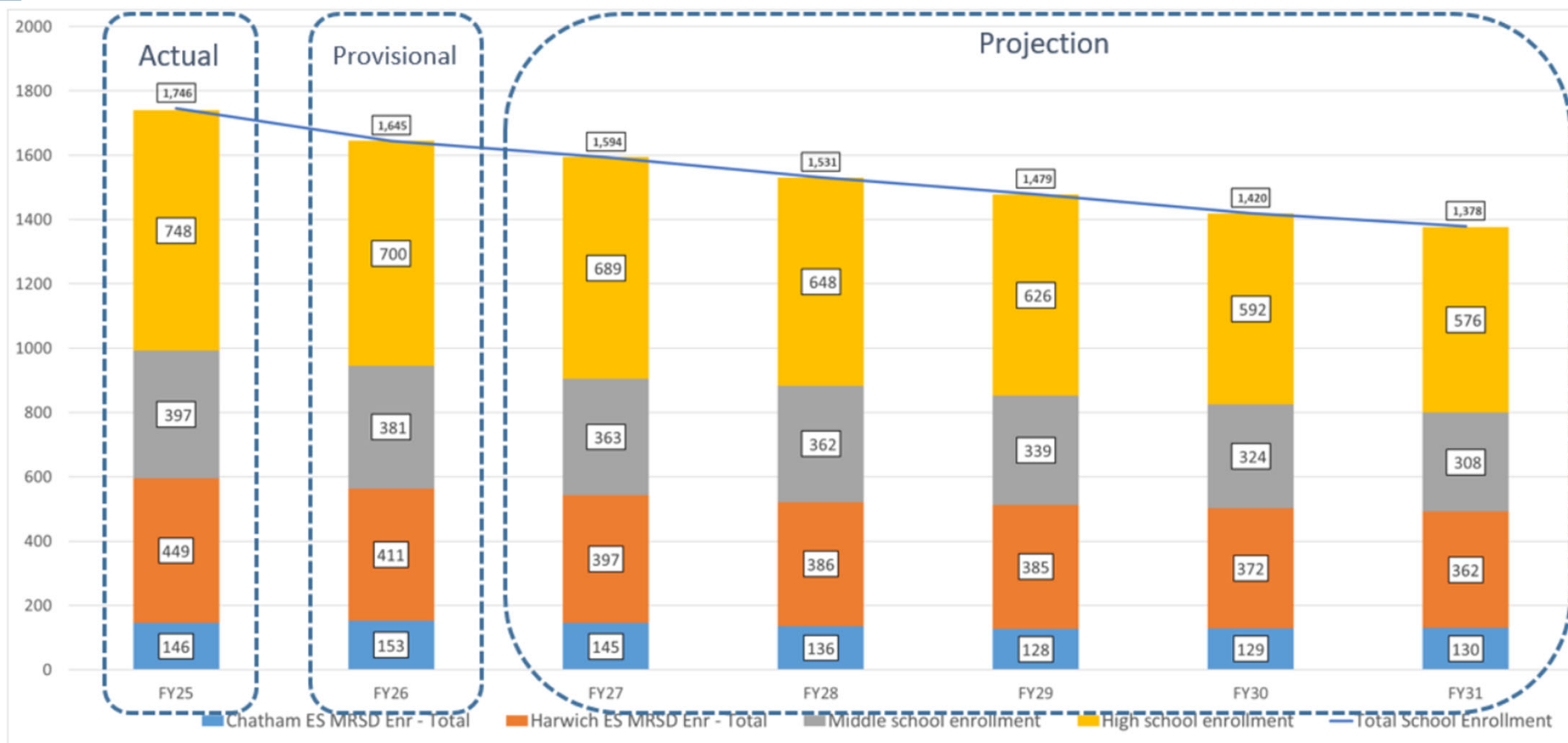


Sex
 ■ Female ■ Male

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.



The estimates made during the FY2026 budget process, projected higher enrollment than actually experienced this year.

School	Projected Enrollment	Actual Enrollment (Provisional)
Chatham Elementary School	158	153
Harwich Elementary School	423	411
Monomoy Regional Middle School	375	381
Monomoy Regional High School	710	700
TOTAL	1,666	1,645

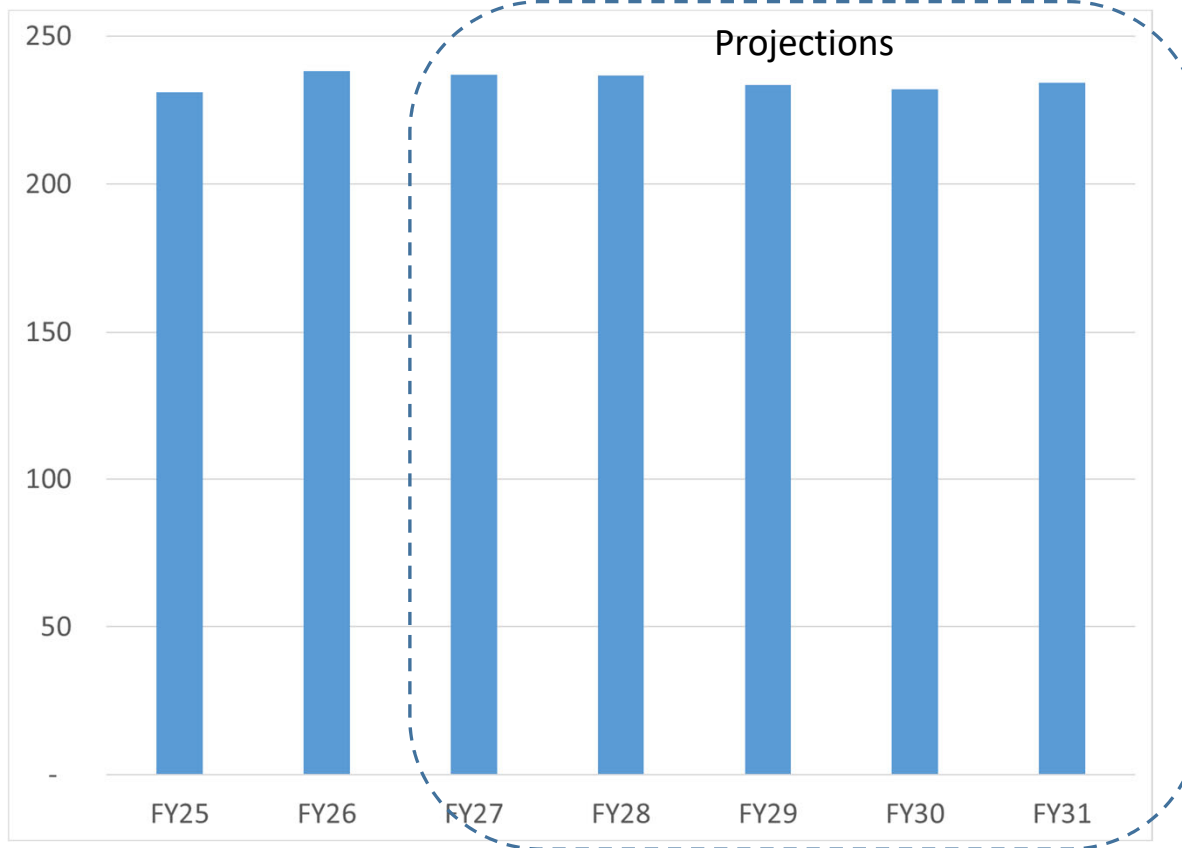
Falling enrollment will impact the District in multiple ways.

Financial
Stability

Operational
Efficiency

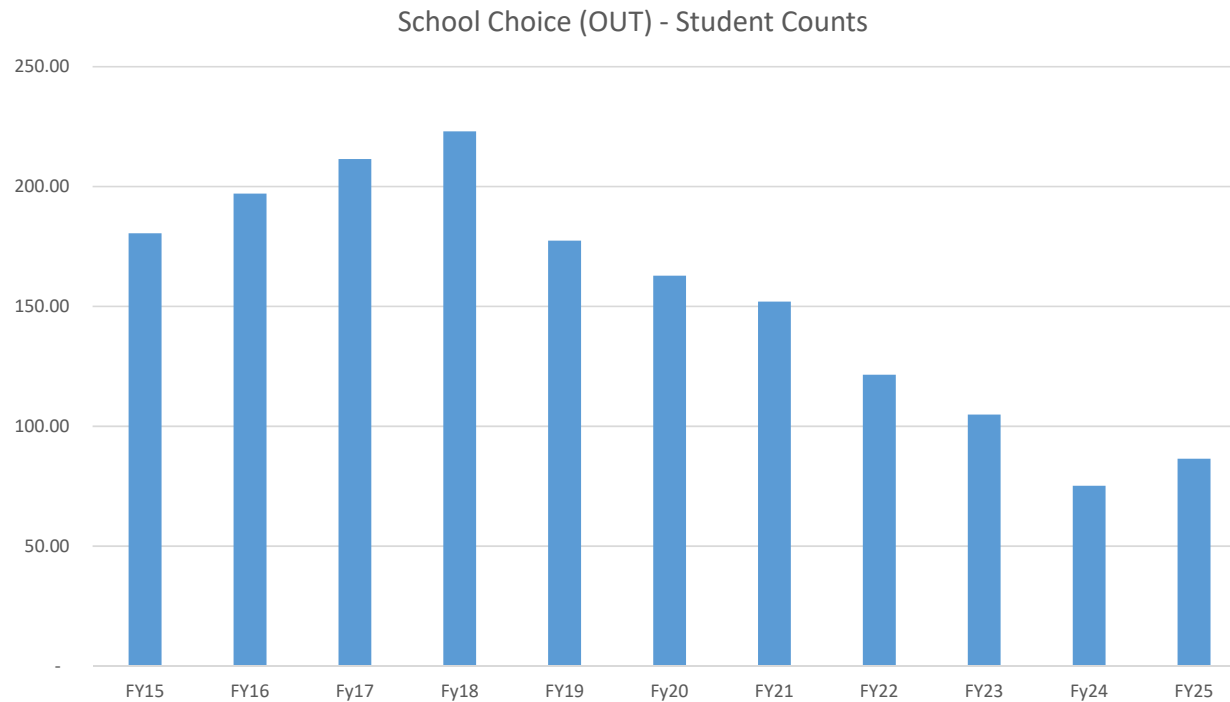
Staffing and
Programming

School Choice students IN the District has increased slightly from FY2025, contrary to previous projections. Updated projections suggest more level experience.



Revenue that the District receives for School Choice IN students plays an important part in offsetting the budget – up to \$1.7M in FY2026.

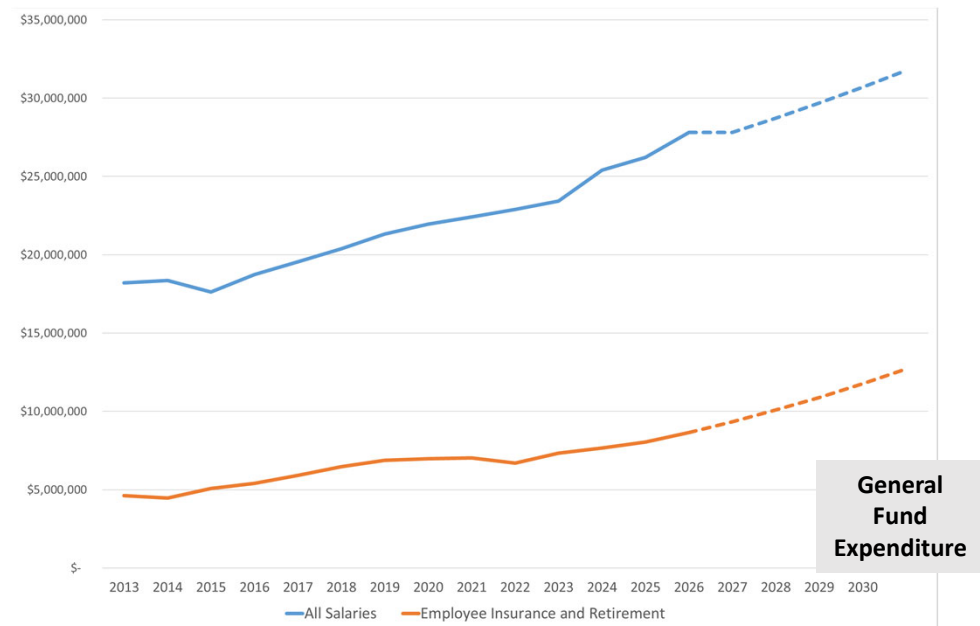
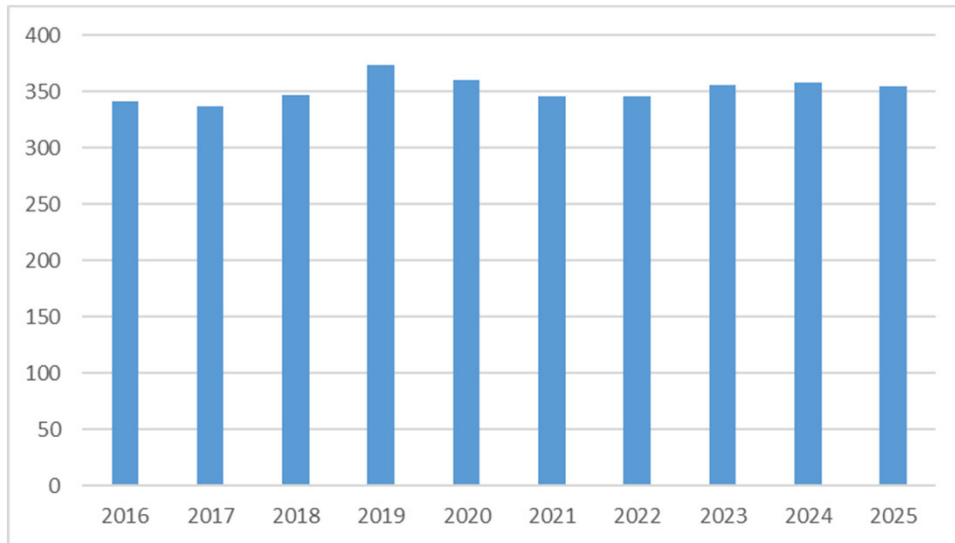
School Choice students Out: as the number of school choice students exiting the district levels off, there will no longer be a year to year reduction in the budget.



School Choice out numbers increased from FY2024 to FY2025, suggesting that the previous downward trend may be levelling out. This will impact District budget which has benefited from reductions in recent years.

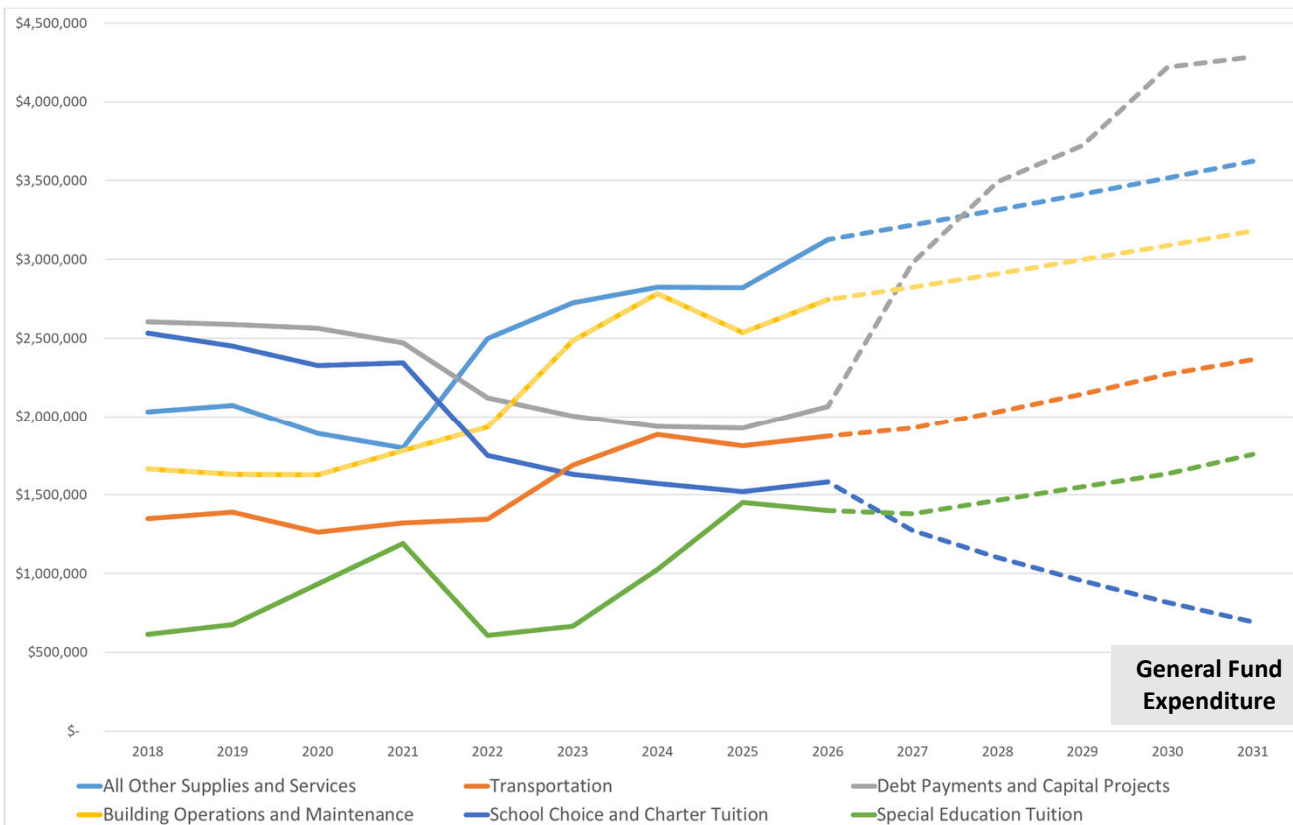
Staffing: In the short term, there will be significant pressure on salaries. Looking further ahead there is likely to be a reduced demand for staff overall. The projections below are based on linear forecast for salaries based on the 10 year history and 8% a year increase for health insurance.

**Staffing (FTE)
October 1 State Report**



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 from FY2022 to FY2024, however, since then the cost has fallen. The cost of utilities is expected to offset the reduction in maintenance costs, resulting in an overall increase estimated at 3%.

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 of 3% 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.

Transportation: This is susceptible to changes in gas prices and recruitment pressures driving up wages, however as the District works with the Cape Cod Collaborative to provide transportation services this helps to keep costs down. This forecast also includes an increase in lease payments for new buses.

Debt payments and capital projects: The total includes reductions in the high school debt payments plus possible debt and capital projects proposed in the District's five year capital plan.

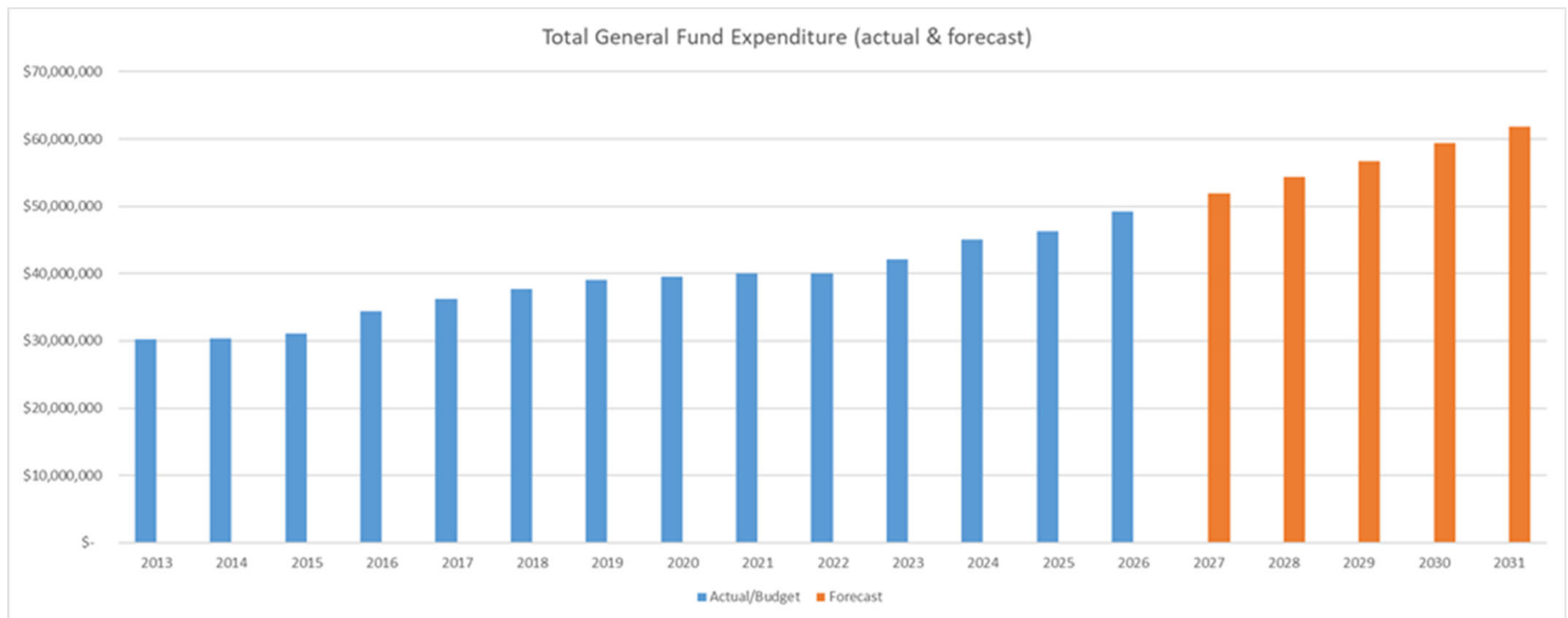
Special education tuition: This expenditure is very difficult to estimate, although lower overall enrollment would suggest a reduction, the level and intensity of student needs are increasing. These costs are also offset by state funding through the Circuit Breaker program.

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



Source: U.S. Bureau of Labor Statistics.

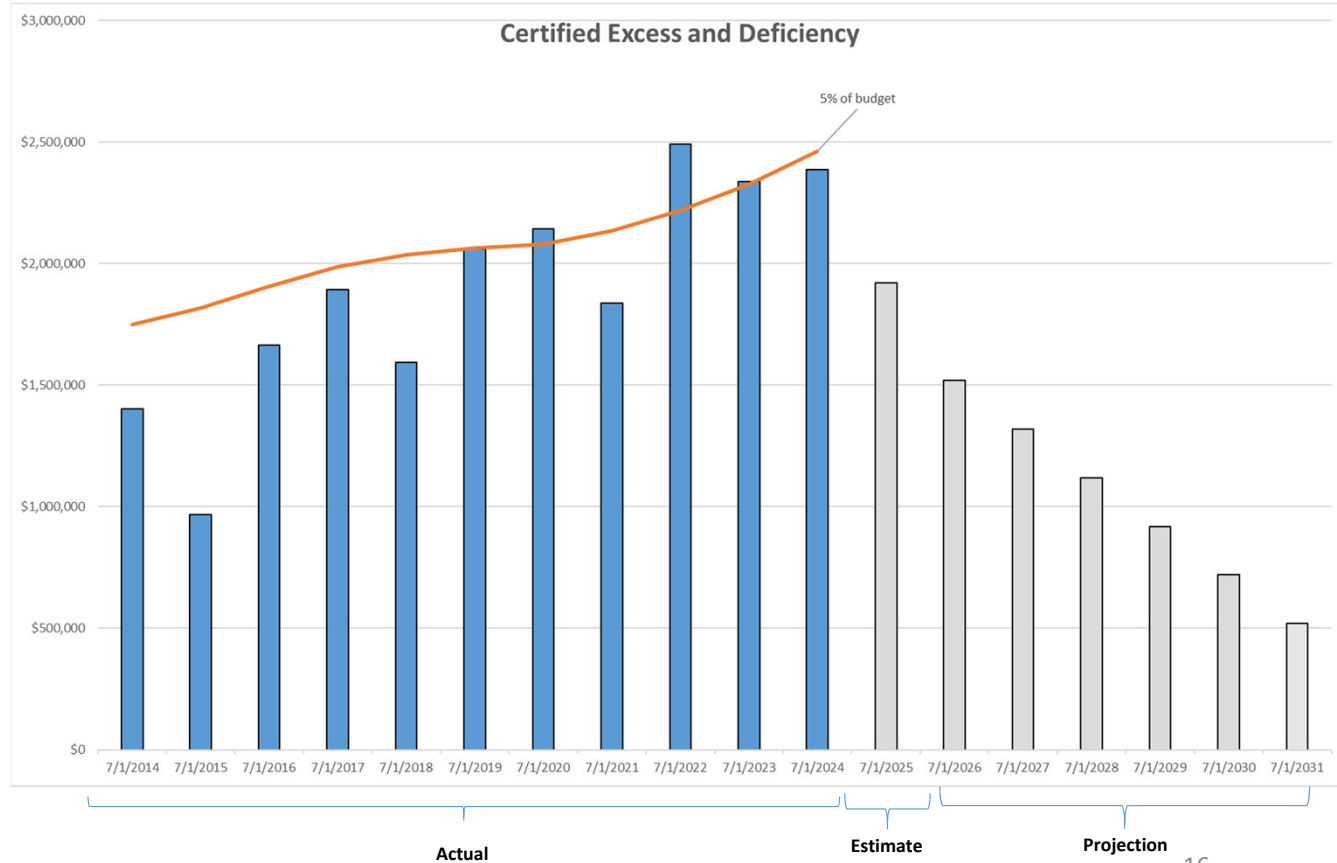
The net effect of the expenditure forecasts suggest a steady increase in the next five years – this does not account for significant staffing or program changes outside the previous experience.



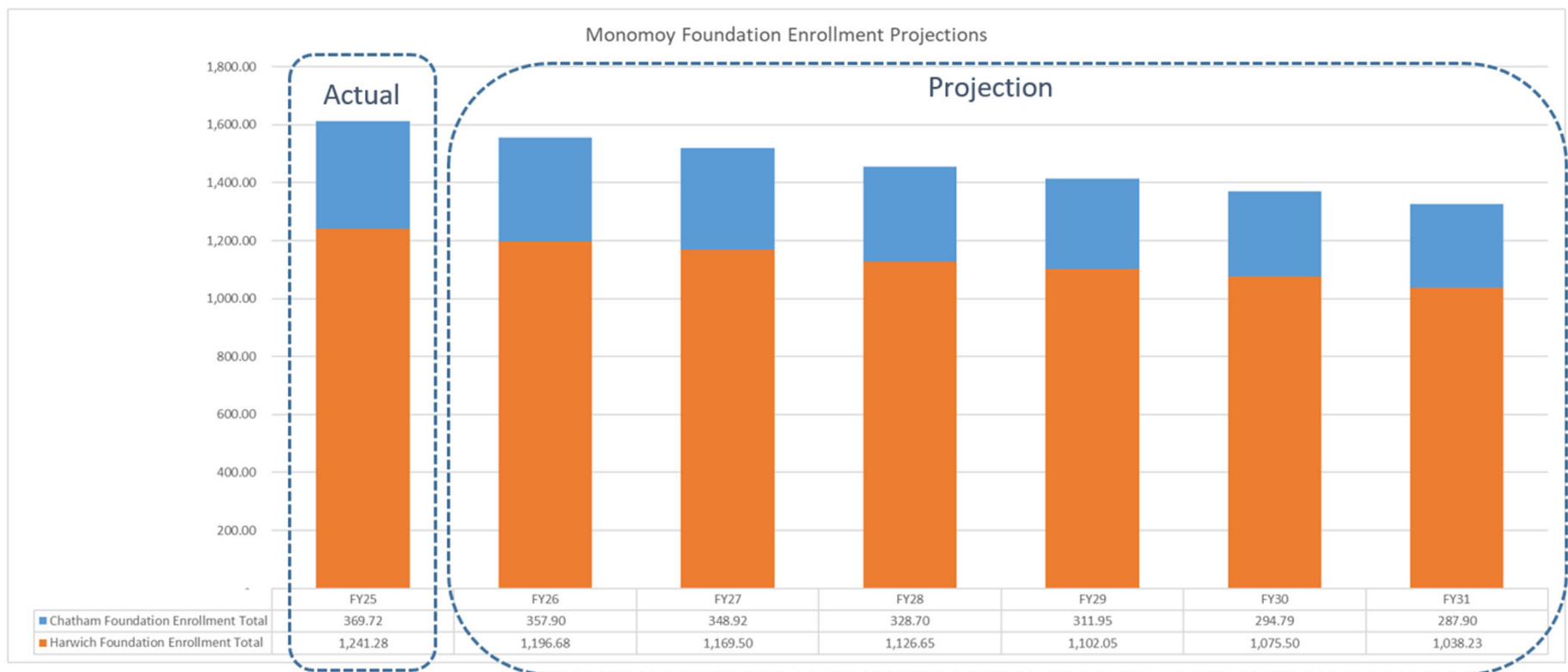
The district's Excess and Deficiency funds can be used to offset the budget and reduce assessments. However, if more funds are budgeted than added to the fund each year, the balance will be depleted until it can no longer be drawn upon.

For FY2026, the use of Excess and Deficiency was increased from the \$800,000 used the previous year to \$1,000,000. This has led to a forecast reduction in available E&D funds to offset the FY2027 budget.

If the District continues to rely on the Excess and Deficiency, and does not experience year to year surpluses (which contribute to E&D) the balance will continue to fall and eventually will not be available to offset assessments.



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.



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.

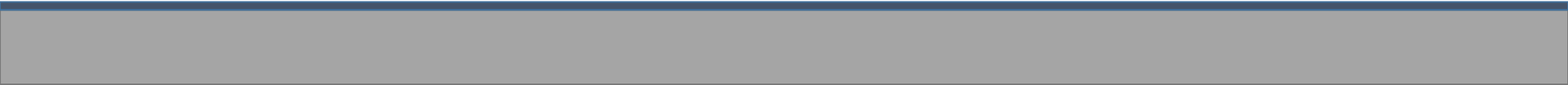
MAJOR CHALLENGES

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

FY27 Budget

FIVE YEAR OUTLOOK

10/23/2025



Five Year Outlook

Why look ahead?

Developing projections and forecasts for the future helps the District to prepare for upcoming challenges, to make strategic decisions about the use of funds, and, by comparing forecasts to actuals, to understand the factors impacting the district's financial health.

Upcoming Events with Budget Impact

Previous Year's Outlook

Last year, the District's 5 year outlook, highlighted the following items

Year	Event	Update
FY25	USA Government Elections	The new Government's policies have yet to have a direct financial impact on the district, however, the draft federal 2026 budget, which would impact FY2027 grants, may include reductions in federal grant awards, and indirectly impact the District's health insurance costs.
FY26	New employment contract for custodians	A new custodian contract was agreed with annual increases of 3.5%/3%/3%, and some changes to the grids, including removing steps 1 and 2.
	Nauset RSD High School Renovation completed	This was expected to impact school choice numbers – both the number of Nauset students choosing to attend Monomoy schools, and students going in the other direction. For FY2026, preliminary information suggests that overall the school choice enrollment has not declined, although information is not available yet on whether or not there has been a notable change of the home towns of those students.
	MRMS Siding and Windows Replacement	Having received approval from the School Committee and both Towns this project is going ahead. Construction is expected to begin in FY26 and the first debt payments will be made in FY27.
	MRMS Roof Replacement project	This project was accepted into the MSBA's accelerated repair program. It is currently in the feasibility stag. This project will require approval at 2026 Annual Town Meetings.
FY27	HES Boiler Replacement	Based on an assessment of the condition of this boiler, and prioritization of all capital projects, this project has been postponed until FY2033 (see Capital Plan section).
	Implementation of Career Pathways	State grant has been approved. The plan is to launch one pathway in FY27 and the second in FY28 (pending grant funding for implementation).
FY28	New Collective Bargaining Agreements for Units A, B and C.	Negotiations are expected to start in the fall of FY2027.
FY29	CES Boiler Replacement	Based on an assessment of the condition of this boiler and prioritization of all capital projects, this project has been postponed until FY2035 (see Capital Plan section).
FY30	MRHS track and field replacement	This project has been brought forward to FY2029 in light of an increase in the need for repairs for the track. This will continue to be monitored.

Current Year Outlook

Year	Event	Description
FY27	MRMS Siding and Windows Replacement	This project is expected to complete construction around August 2026 and debt payments to begin in FY2027.
	Universal PreK Program	The District is investigating the possibility of extending the current pre-kindergarten programs to all pre-k aged students in Harwich and Chatham. The district currently offers a limited Pre-K program (PUPS) and a special education Pre-K program.
FY28	MRMS Roof Replacement project	This project is expected to complete construction around August 2027 and debt payments to begin in FY2028.
	New Collective Bargaining Agreements for Units A, B and C.	Negotiations are expected to start in the fall of FY2027.
FY29	MRHS track and field replacement	This project has been brought forward to FY2029 in light of an increase in the need for repairs for the track. This will continue to be monitored.
	New collective bargaining agreement for the Custodians	Negotiations expected to begin in FY2028.
FY30	Chatham Elementary School Restoration	The first phase in major repairs to CES. Year one to include replacement of all siding, trim and windows. Year two would include replacement of roof.

In addition there are a number of ongoing events and projects that may directly or indirectly impact the District:

- Wastewater Management / Sewer Projects
 - o Both member towns have major sewer expansion projects underway, these will have significant financial and environmental impacts.
- Affordable Housing
 - o Both member towns are actively pursuing projects to increase the availability of affordable housing. Though there are several hurdles to implementation, if successful, these projects could have an impact on enrollment at the District's schools, as well as impact town finances.

Resident Population Trends

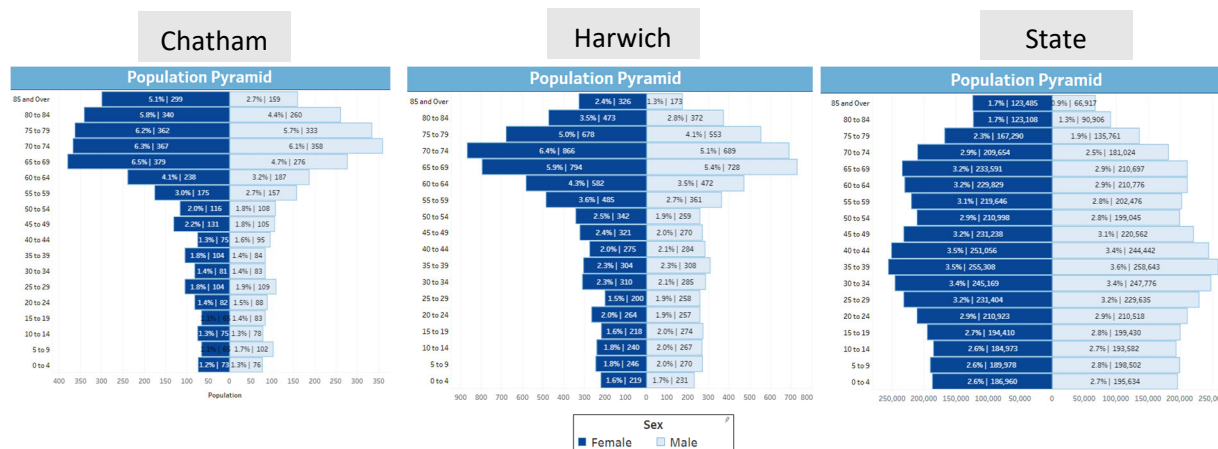
Population trends impact enrollment, hiring and funding for the District.

From 2010 to 2020, towns in the Lower and Outer Cape saw an increase in their year-round populations. In that time, the population of Harwich grew by 9.8% and that of Chatham grew by 7.7%².

² Cape Cod Commission. (2024, January 12). *Economic & Demographic Trends on the Lower & Outer Cape*. Cape Cod Commission. <https://www.capecodcommission.org/about-us/newsroom/economic-and-demographic-trends-on-the-lower-and-outer-cape/> Accessed October 17, 2025.

Since then increases have slowed³, and the total population is expected to stay level or decline slightly⁴.

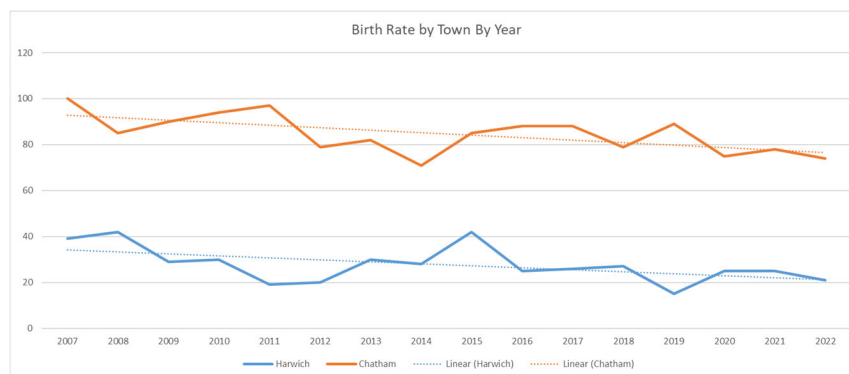
At the same time that the population has grown, the number of school age children has fallen. This trend is expected to continue for the coming 5 years. UMass Donahue Institute, with MA state departments, produces population projections for all MA municipalities. The charts below compare these projections for Harwich and Chatham⁵. These projections make assumptions about how existing trends will continue in to the future.



The implications of these demographic trends for the District are lower enrollment, more challenging staff hiring, and a lower proportion of the local community with a direct link to the District.

Birth Rates

The state tracks the number of births in each town each year. The data to CY2022 is available and is provided below. This is not a reliable indicator of Kindergarten enrollment five years later as it does not account for moves in and out of each town in the following years, however, it does provide an indicator of general trend. As shown, since 2007, there has been a general decline in the number of births, Harwich by 26% and Chatham by 46%.



³ United States Census Bureau. Annual Estimates of the Resident Population: April 1, 2020 to July 1, 2024. Population Division. May 2025.

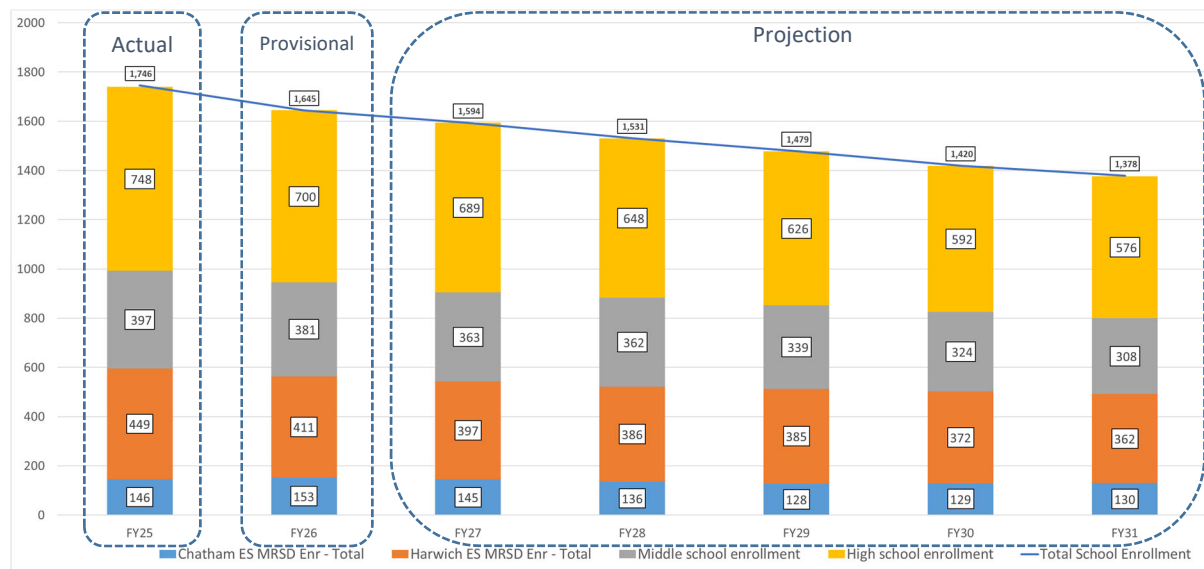
⁴ United States Census Bureau. 2023 American Community Survey 5-Year Estimates. December 2024.

⁵ UMass Donahue Institute, Economic and Public Policy Research. (2024). Population Projections. University of Massachusetts Amherst. Retrieved October 17, 2025, from <https://donahue.umass.edu/business-groups/economic-public-policy-research/massachusetts-population-estimates-program/population-projections>

Enrollment Projections

The District prepares projections of enrollment for the year coming years. The District uses a ‘seven year weighted average cohort survival method’ to project future enrollment. This approaches uses previous 7 years data of how many students each grade progress to the subsequent grade. For PK, the previous year’s enrollment is used as the basis, for Kindergarten it’s the birth rate five years earlier. Neither of these are adequate but help build a general picture.

Based on preliminary FY2026 enrollment (these will be finalized in November 2026), current and projected enrollment is provided below.



The figures suggest that from FY26 to FY31, total enrollment at Monomoy Regional School District will fall by 16.20%, composed of a fall of 17.72% at MRHS, 19.04% at MRMS, 11.95% at HES, and 15.14% at CES.

How reliable are these projections?

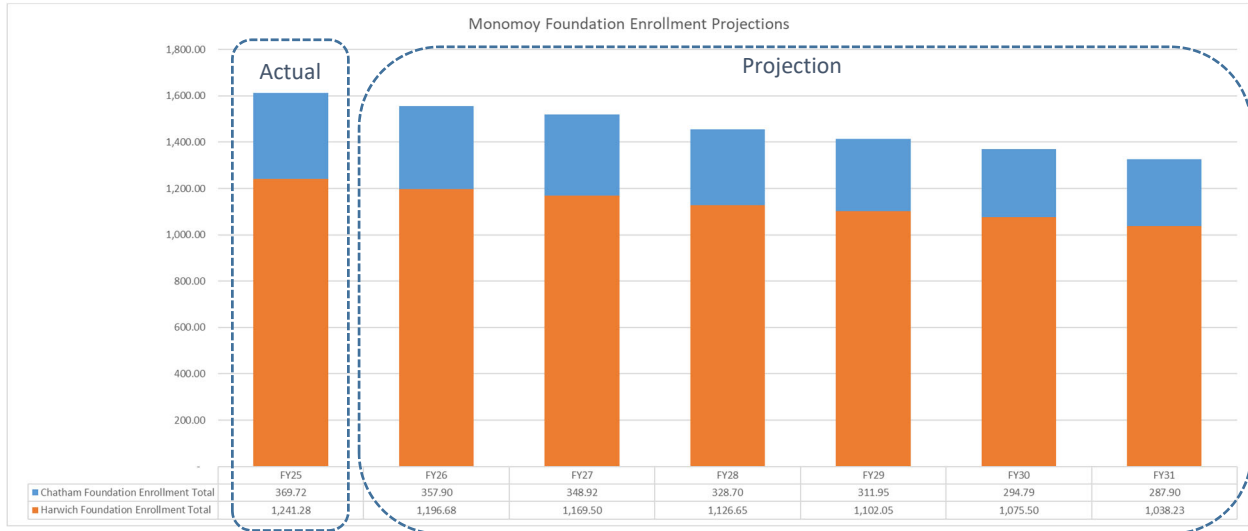
The projections for grades 5 and above are all based on existing enrollment e.g. grade 5 students in FY2031 are in Kindergarten in FY26. However, projections for the pre-kindergarten and kindergarten enrollment projections are based on previous years’ enrollment and birth rate figures, both poor indicators of enrollment, and with each year in the projection, the greater the proportion that is determined by these less reliable figures.

How accurate were the projections for FY2026?

School	Projected Enrollment	Actual Enrollment (Provisional)
Chatham Elementary School	158	153
Harwich Elementary School	423	411
Monomoy Regional Middle School	375	381
Monomoy Regional High School	710	700
TOTAL	1,666	1,645

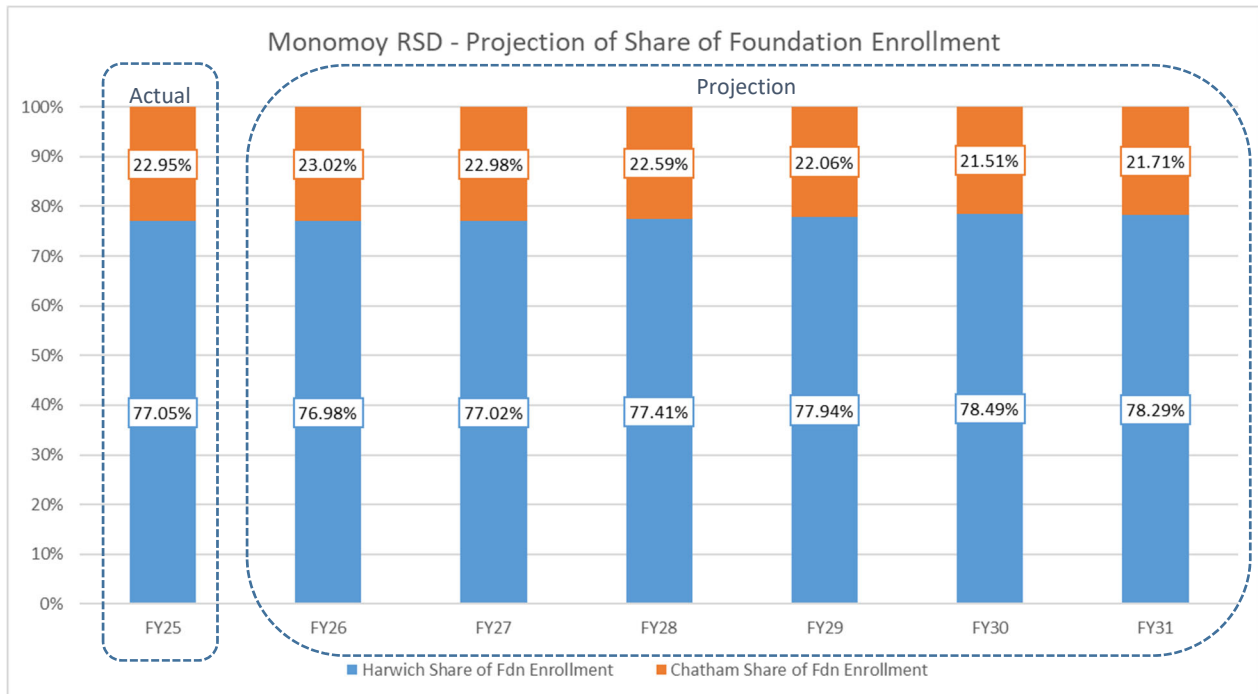
The FY26 provisional enrollment figures are lower than the projections for FY26 based on the previous seven years. This means that the weighted average cohort survival for the previous seven years was higher than that for FY2026. Whether FY2026 is an anomaly or reflects an increase in the rate of decline is not clear at this stage.

Foundation Enrollment



Foundation enrollment is not yet available for FY2026, so these projects are based on data up to FY2025. Based on this data, foundation enrollment is expected to fall from FY2025 to FY2031 by 17.68% in total, composed of a fall of 22.13% for the Town of Chatham and 16.36% for the Town of Harwich.

The different rates of decline will impact each town's share of foundation enrollment.



How does falling enrollment impact the budget

Although the impact of declining enrollment on budget and staffing is not a one-to-one, linear relationship (see section below on how enrollment impacts the budget), significant declining enrollment will impact the District in a number of ways:

1. Funding and Financial Stability

- a. **State Funding:** Although the State Chapter 70 formula is based on foundation enrollment, there is a 'hold harmless' provision that ensures all districts will be held to the previous year's funding plus a 'per-pupil minimum'. Therefore, although the district's state funding will not go down, the increases will decline as the enrollment does.
- b. **Federal Funding:** The major ESSA grants (Title 1, 2, and 3) are based on the number of low income students while the IDEA grant is based on the number of special education students. Although both these groups are increasing as a percentage of the total number of students, the actual number may begin to decline.
- c. **Local Assessments:** As the Town of Harwich's share of the foundation enrollment increases, the current formula will require them to fund a larger portion of the budget.
- d. **Fixed Costs:** Many of the costs related to running the District do not relate directly to the number of students in the district. For example, the costs of building maintenance, utilities, administration) are all based on the number of schools buildings, not the number of students.

2. Operational Efficiency

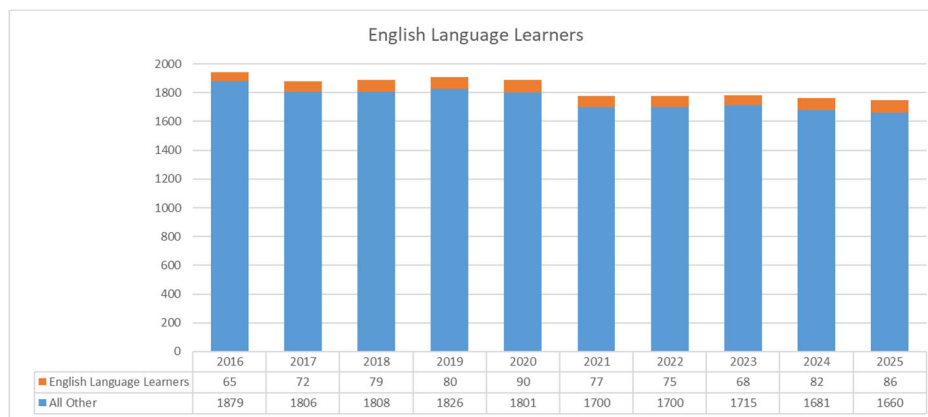
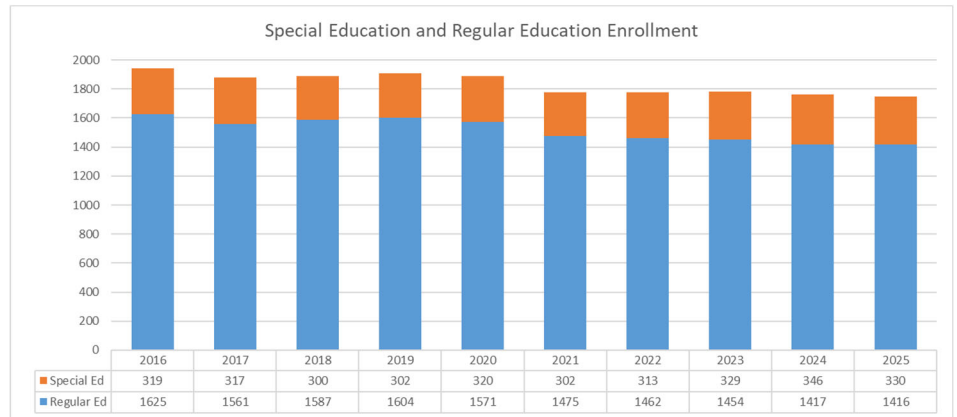
- a. **Transportation:** Although the District may have to transport fewer students, the geographical spread is less likely to change significantly, meaning that the District will need to maintain a similar number of buses/routes, or the students will be required to spend longer on the bus.
- b. **Part time Positions:** With fewer students, there may be needs which do not justify a full time position, however, part time positions can be difficult to fill – this can often lead to individuals holding multiple positions. This requires a different approach to employee management and professional development.

3. Staffing and Programming

- a. **Staffing Levels:** It is likely that fewer classroom teachers are required, however, there is also a growing need for specialists to meet the needs of students (see below).
- b. **Maintaining Programs:** Continuing to offer a wide range of programs to students can be more difficult with lower enrollment, as programs tend to require a critical number of students to run effectively and it will be difficult for the District to maintain a high number of staff while enrollment falls.
- c. **Opportunity for Redesign:** Falling enrollment presents the opportunity for the district to make changes to how the District's programs are designed and organized.
- d. **Class Size:** Falling enrollment can lead to smaller classes, however, there may also be staffing reductions which can lead to higher class sizes.

Student Demographics

The number of students with special education needs, has grown in real terms as well as in relation to the total number of students.

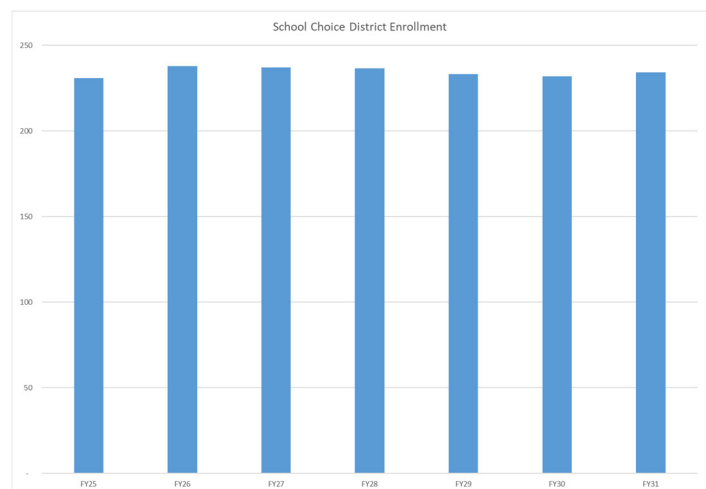


The number of English Language Learners has also stayed relatively consistent although growing as a percentage of the total student body.

School Choice (IN)

During the FY2026 budget preparation, School Choice enrollment in Monomoy Regional School District was expected to fall as it had from FY2022 to FY2025. However, FY2026 school choice enrollment seems to be slightly increased from FY2025. This has produced more stable projections.

Previous projections did not take account of the possibility that, as enrollment from Harwich and Chatham fell, this would free up seats for School Choice students.

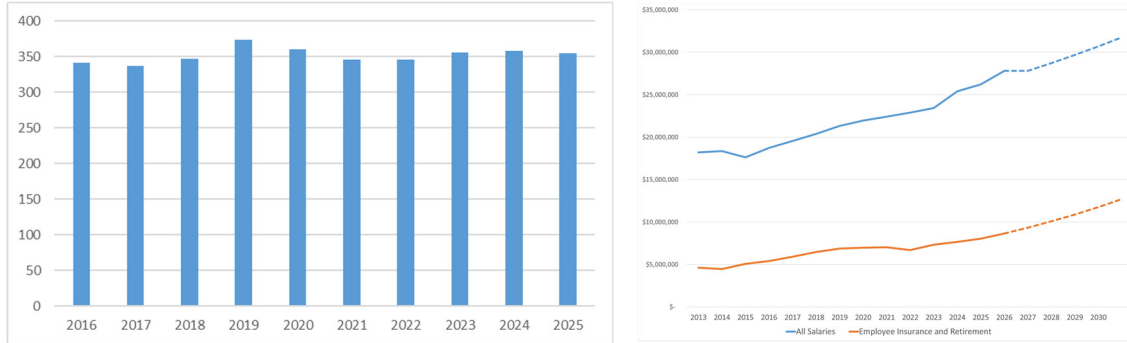


School Choice (OUT)

The number of students leaving the District to attend other public schools under the School Choice program has fallen in the year. This is due to both to overall enrollment falling and also Monomoy Regional School District providing a more compelling reason for students to stay. The grades with the

highest school choice out proportions were in the upper grades, from decision made prior to the district forming – those grades have graduated over the last few years.

Staffing Cost Projections

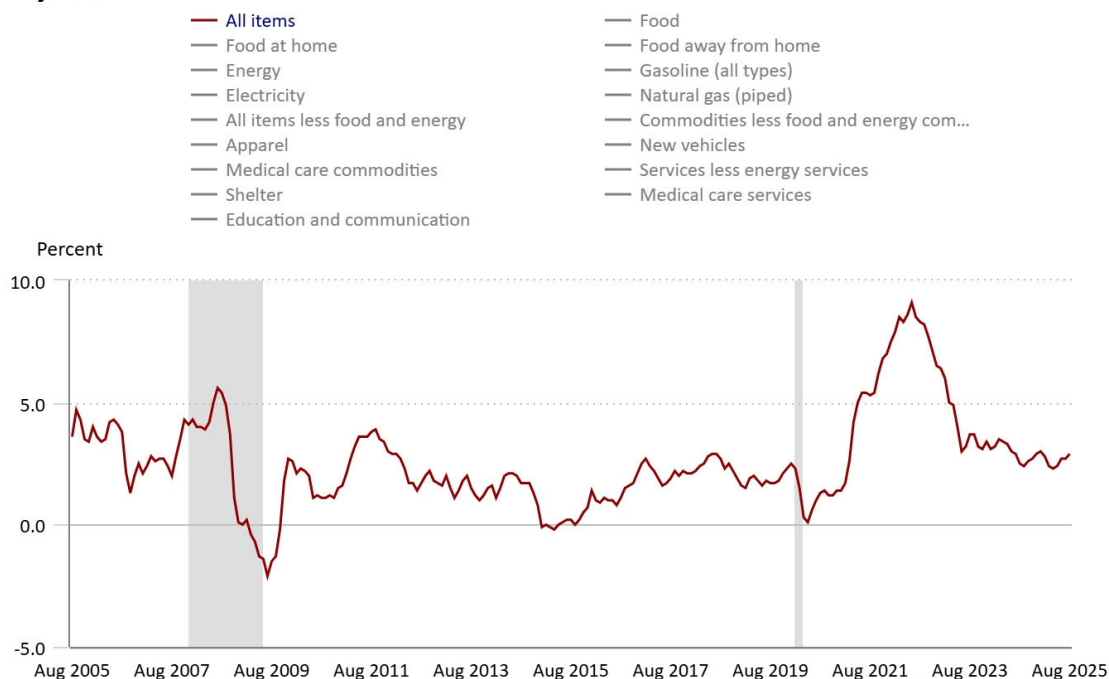


FY2026 staffing figures are not yet available. However, FY2025 saw a small decrease in the number of staff (based on October 1 state reporting). From FY2016 to FY2025, there was an average increase of expenditure on salaries of 4%. The projection in the chart on the right assumes a 3% year on year increase. Employee insurance and retirement costs have increased on average 5% since FY2015, however, this projection is based on 8% year in year increases, in light of recent increase in health insurance costs.

Non Staffing Cost Projections

All costs (including salaries) are directly or indirectly impacted by inflation. The latest figures provided by the US Bureau of Labor Statistics suggest that inflation is around 2.7% (to the end of July) and has been much more stable since August 2023 (see chart below).

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

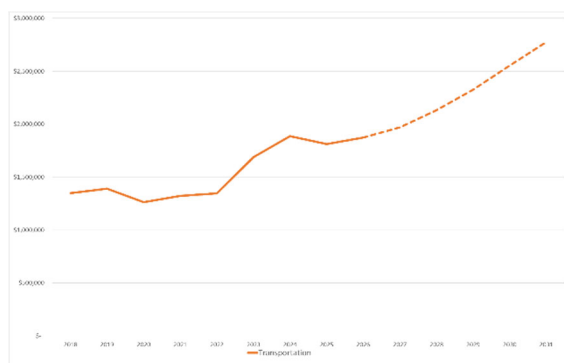


Source: U.S. Bureau of Labor Statistics.



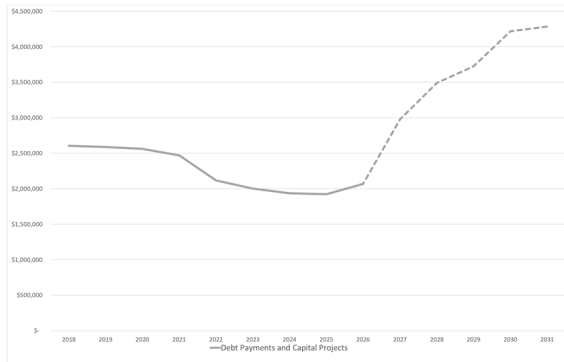
The following sections provide an overview of major categories within the budget. The figures presented are based on general fund expenditure only, and do include expenditure from grants or other funds.

Transportation



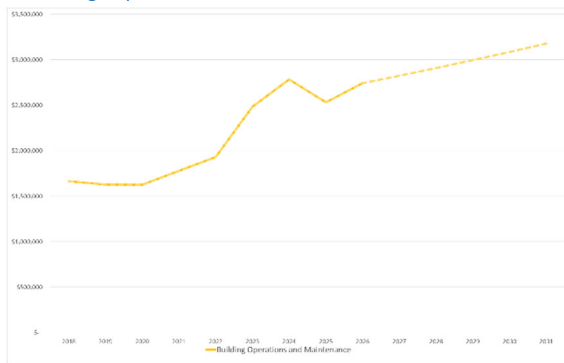
This is susceptible to changes in gas prices and recruitment pressures driving up wages, however as the District works with the Cape Cod Collaborative to provide transportation services this helps to keep costs down. This forecast also includes an increase in lease payments for new buses.

Debt and other Capital Projects



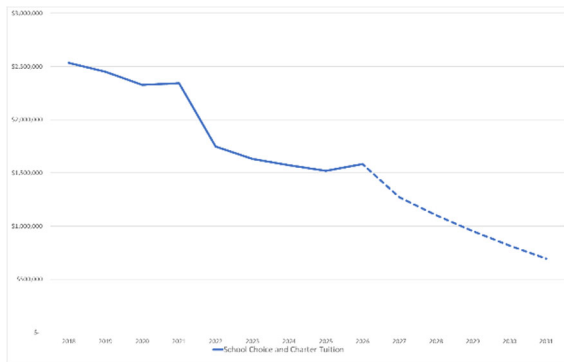
The total includes reductions in the high school debt payments plus possible debt and capital projects proposed in the District's five year capital plan.

Building Operations and Maintenance



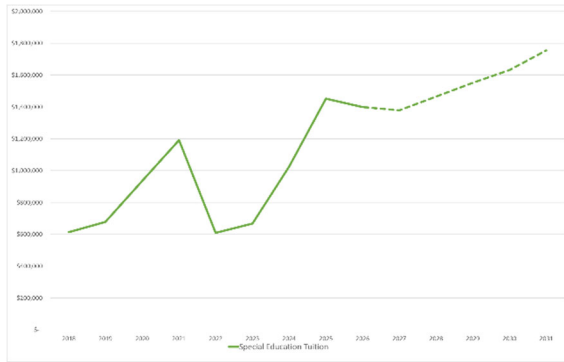
The cost of running and maintaining our buildings has increased significantly from FY2022 to FY2024, however, since then the cost has fallen. The cost of utilities is expected to offset the reduction in maintenance costs, resulting in an overall increase estimated at 3%.

School Choice and Charter Tuition



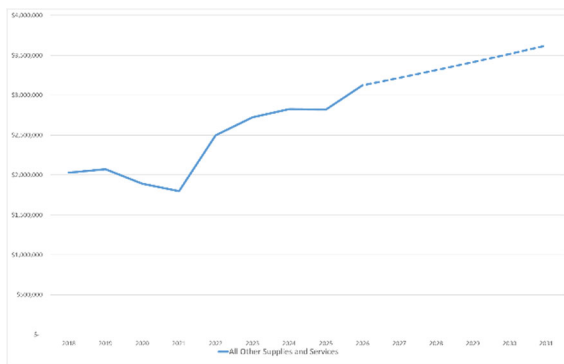
Expected to fall as the number of school choice students coming to the district falls. Charter tuition is expected to remain steady.

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. These costs are also offset by state funding through the Circuit Breaker program.

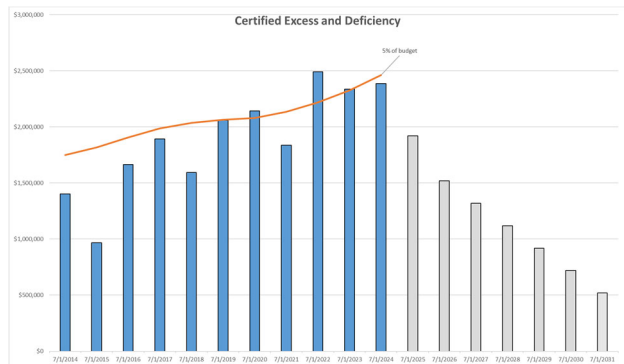
All Other Supplies and Services



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 of 3% reflecting the trend since FY21.

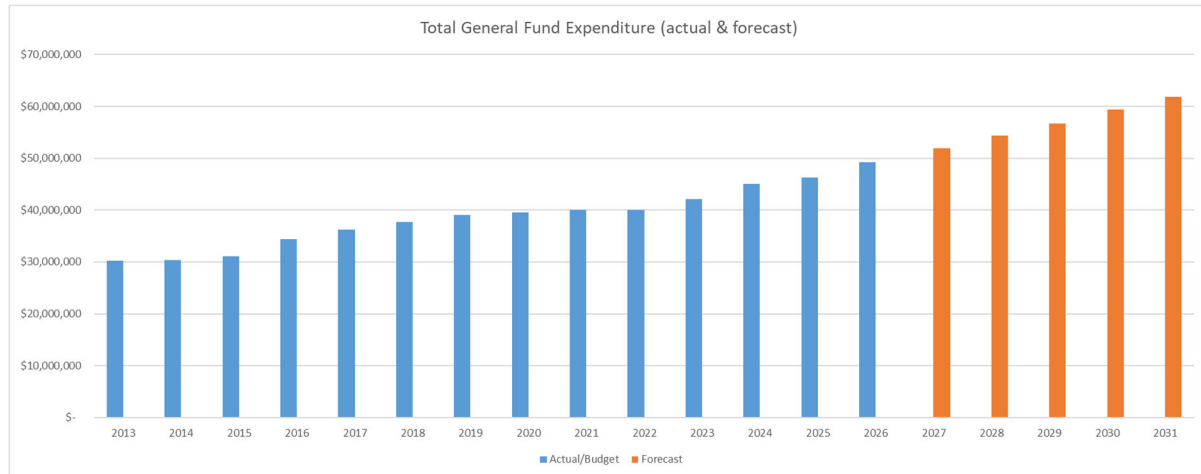
Excess and Deficiency (E&D)

For FY2026, the use of Excess and Deficiency was increased from the \$800,000 used the previous year to \$1,000,000. This has led to a forecast reduction in available E&D funds to offset the FY2027 budget. If the District continues to rely on the Excess and Deficiency, and does not experience year to year surpluses (which contribute to E&D) the balance will continue to fall and eventually will not be available to offset assessments.



Summary Outlook

The net effect of the changes outlined above is an average increase of 4.7% over the next five years (FY2027-FY2031). This does not include any significant changes from prior years, except where noted above. For example, this does not include potential increases in specialists, or an influx of enrollment due to increased availability of affordable homes, nor does it include unexpected program or capital needs.



How might these forecasts impact future budget decisions?

- How might significant reduction in enrollment affect these trends? Fewer classroom teachers may be required but the changes will be slow and sporadic.
- How can the District maintain program offerings as enrollment falls?
- There may continue to be 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.
- E&D 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.