

CAMBRIDGE PUBLIC SCHOOLS

Five Year Financial Forecast Fiscal Years 2011 – 2015

Presentation to School Committee

January 5, 2010

Purpose of Five Year Financial Forecast

- The forecast is based on projections for revenues, expenditures and student enrollment.
- The primary purpose is to provide a planning tool for developing the FY11 School Department operating budget.
- Analyzing projections for a five year period allows for long-range financial planning.

FY 2011 Financial Forecast Summary

(in Millions)

	<u>Revenues</u>	<u>Expenditures</u>	<u>Difference</u>
FY 2010 Adopted Budget	\$133.6	\$133.6	\$ 0
FY 2011 Estimated Increase	\$ <u>3.9</u> (2.9 %)	\$ <u>7.6</u> (5.7%)	<u>(\$3.7)</u>
FY 2011 Projected Budget	\$137.5	\$ 141.2	(\$3.7)

FY 2011 Revenue Assumptions

- Financing Plan (revenues) developed with City fiscal staff
- Revenues increase 2.9%
- Property tax (\$112M) makes up 82% of revenue
- Property Tax support increase of 4%, plus additional allocation of \$1.4M
- Charter School assessment increase of \$501K

FY 2011 Revenue Projections

General Fund Revenues

Property Tax - 4% increase \$4.1M	\$111,358,066
Additional Allotment	\$1,497,705
Less: Charter School Increase	(501,311)
Hotel/Motel, Fines & Forfeitures	<u>\$1,036,000</u>
SUBTOTAL	\$113,290,460

Intergovernmental Revenues

Chpt 70 Education Aid/Lottery/Medicaid Reimb	\$22,703,200
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Miscellaneous Revenues

Free cash—level funded	\$300,000
Debt Stabilization fund (-1.6M)	<u>\$1,198,618</u>
SUBTOTAL	\$1,498,618

TOTAL REVENUE BUDGET	\$137,492,278
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FY 2011 Expenditures Assumptions

Expenditure increase of 5.7%.

Costs of providing the current level of services were adjusted for:

- Projected enrollment
- Negotiated salary increases: FY11 3% COLA FY12 0%
- Health insurance increase:11%, Pension increase: 3%

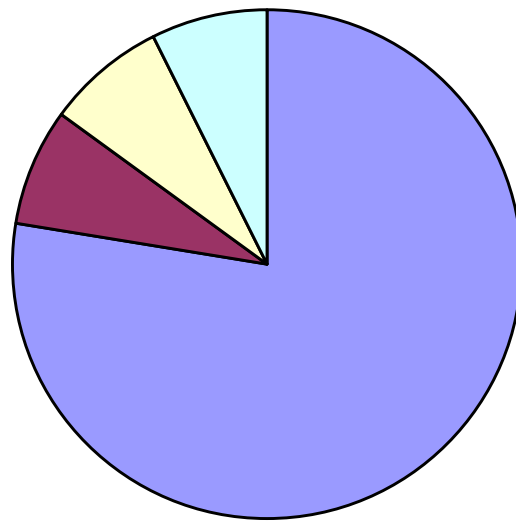
Assumptions-cont'd

- FY10 ARRA funded positions included in FY11 General Fund salary projections (\$450K)
- Contractual costs for regular student transportation and special education student transportation
- City contracts for fuel oil, electricity, and natural gas
- Projected 5% increase in special education out of district tuition plus slight increase in number of students
- Assumes a 38% reimbursement rate for Circuit Breaker Grant

Summary of FY 2011 Expenditure Increases (in millions)

Current Year FY 2010 Adopted Budget		\$	133.6	
Salaries	\$	4.5		
Health/Dental Insur & Medicare	\$	1.7		
Pensions	\$	0.1		
Special Ed Tuition	\$	2.1		
Transportation	\$	0.7		
Debt Service	\$	(1.5)		
Total Estimated Expenditure Increases		\$	7.6	
Total Estimated FY 2010 Expenditures		\$	141.2	
Total Estimated FY 2010 Revenues			\$137.5	
Estimated Budget Shortfall		\$	(3.7)	

FY 2011 Estimated Expenditures



- Salaries & Benefits: \$109.3 Million
- Transportation & Energy \$10.9M
- Special Education Tuition \$10.7M
- All Other \$10.3

Projections for FY 2012 – 2015

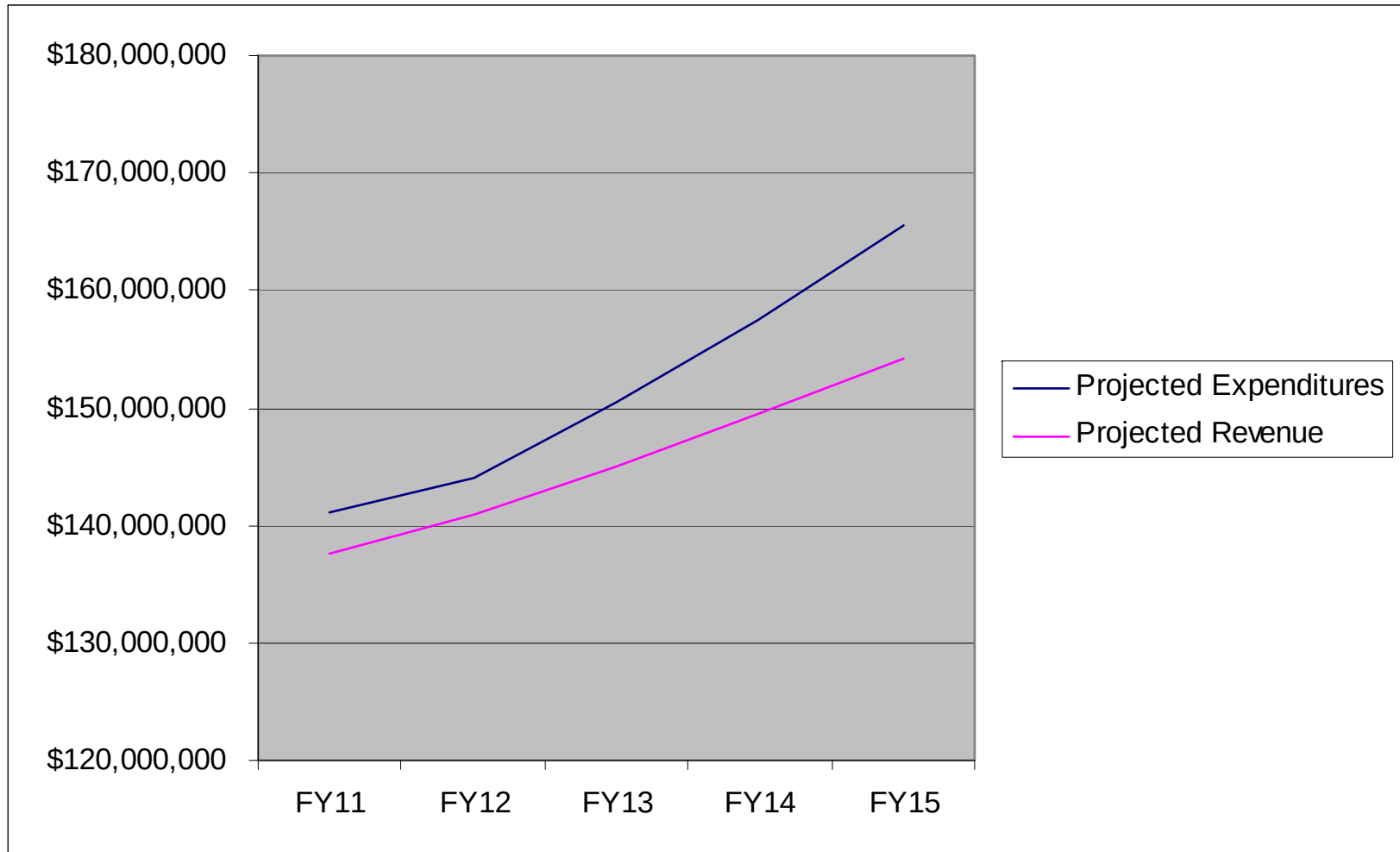
Revenue average rate of growth: 2.9%

Expenditure average rate of growth: 4.7%

Assumptions for FY 2012 – 2015

- GAP between projected revenues and expenditures:
\$3.4M in FY 2012
\$10.9M in FY 2015
- Projections reflect cumulative effect of differences between estimated revenues and expenditures over the five year period
- State law requires a balanced budget
- Steps taken to resolve the budget shortfall in FY 2011 will modify projected shortfalls in following years

FY 2011 - 2015 Expenditure and Revenue Gap



Student Enrollment

- Student enrollment is critical to budget development because enrollment determines staffing and staffing largely drives the budget
- In FY10, CPS added a net of 9 elementary classrooms, including 4 kindergartens, to respond to enrollment increases,
- For FY11, no new elementary classrooms projected
- Reserve positions included in estimates: 3 teacher and 3 aide positions

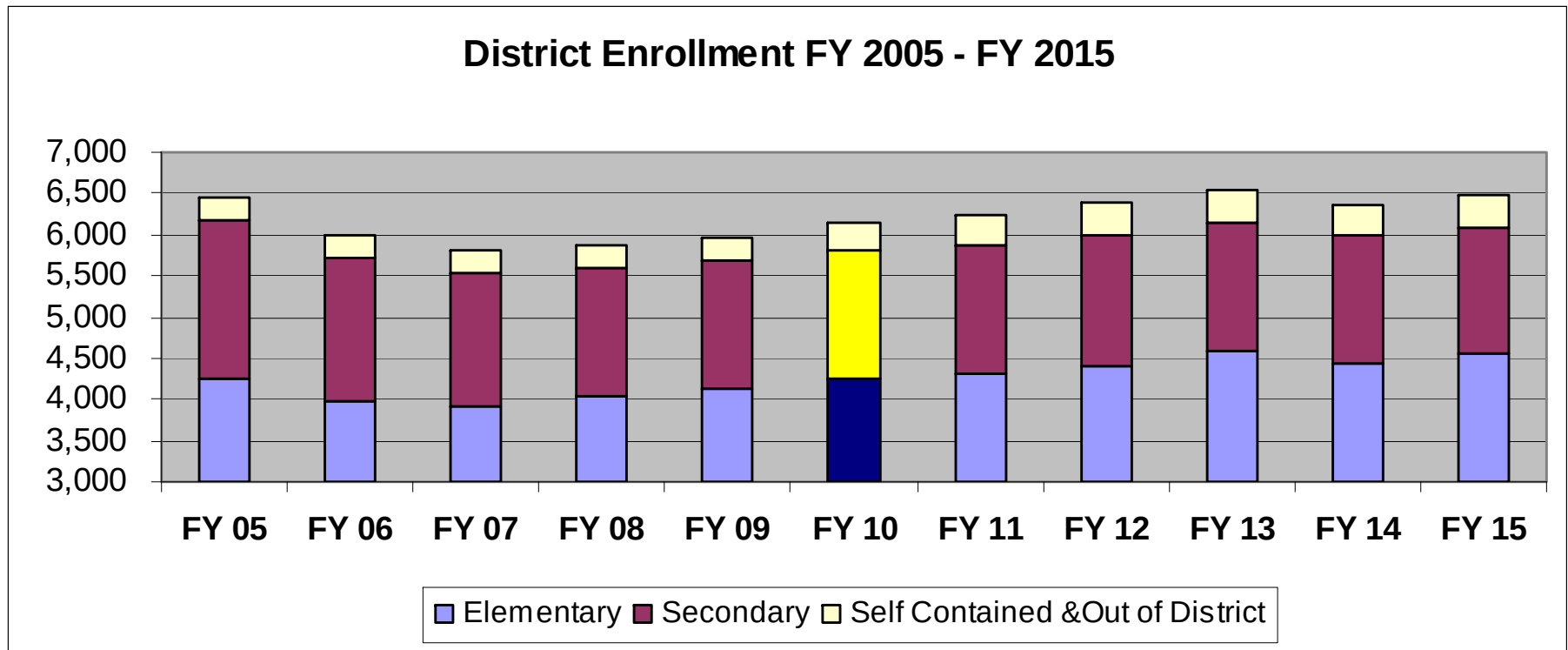
FY 2010 Enrollment

	<u>FY09</u>	<u>FY10</u>	<u>Inc</u>
Elementary	4,234	4,367	133
Secondary	1,540	1,583	43
Out of District	<u>176</u>	<u>187</u>	<u>11</u>
TOTAL	5,950	6,137	187

FY 2011-15 Enrollment Projections

- Methodology: A five year weighted average is used for Grades 1-12.
- Kindergarten projections are based on the number of births for Cambridge residents five years prior
- Enrollment is projected for each school by grade

FY 2011 -15 Enrollment Projections



FY 2011-15 Enrollment Projections

<u>Year</u>	<u>Elem</u>	<u>Second</u>	Self Contained &Out of District	<u>Total</u>	<u>Chg</u>	% Chg
FY 11	4,328	1,553	348	6228	91	2%
FY 12	4,436	1,580	348	6364	135	2%
FY 13	4,600	1,563	348	6512	148	2%
FY 14	4,457	1,552	348	6357	-155	-2%
FY 15	4,548	1,561	348	6458	101	2%