

CAMBRIDGE PUBLIC SCHOOLS

Five Year Financial Forecast

Fiscal Years 2012 – 2016

Presentation to School Committee
December 21, 2010

Purpose of Five Year Financial Forecast

- ❖ Projections for revenues, expenditures and student enrollment over next five years.
- ❖ Planning tool for developing the FY12 operating budget.
- ❖ Longer-range planning tool as well

FY 2012 Financial Forecast Summary

(in Millions)

	<u>Revenues</u>	<u>Expenditures</u>	<u>Difference</u>
FY 2011 Adopted Budget	\$137.5	\$137.5	\$ 0
FY 2012 Estimated Increase	\$ <u>3.6</u> (2.6 %)	\$ <u>4.2</u> (3.1%)	<u>(\$600 K)</u>
FY 2012 Projected Budget	\$141.1	\$ 141.7	(\$600K)

FY 2012 Revenue Assumptions

- ❖ Financing Plan (revenues) developed with City fiscal staff
- ❖ Revenues increase 2.6%
- ❖ Property tax (\$116M) makes up 83% of revenue
- ❖ Property Tax support increase of 4%, plus additional allocation of \$600K
- ❖ Charter School assessment increase of \$501K

FY 2012 Revenue Projections

in Millions

Property & Local Taxes

Real Estate Tax - 4% increase \$4.5M	\$117.0
Additional Allotment	\$.6
Less: Charter School Increase	(\$.5)
Hotel/Motel, Fines & Forfeitures	<u>\$ 1.0</u>
	\$118.2

Intergovernmental Revenues

Chpt 70 Education Aid (decr 439K)	\$ 8.2
General State Aid	\$ 12.9
Medicaid Reimb	<u>\$.9</u>
	\$ 22.0

Miscellaneous Revenues

Debt Stabilizatio & Other	\$.8
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TOTAL REVENUE BUDGET	\$141.1
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FY 2012 Expenditures Assumptions

- ❖ Total expenditure increase of 3.1%.
- ❖ Projections assume providing the current level of services & no new programming
- ❖ FY 12 enrollment projections plus opening next level of Montessori
- ❖ Negotiated salary increases: FY12 0% COLA + steps
- ❖ Health insurance increase: 11%, Pension increase: 5.5%

Expenditure Assumptions-cont'd

- ❖ Student Transportation: \$5.9 M
- ❖ Energy costs: \$4.2 M
- ❖ SPED Tuition: \$13.0M (\$11.2 M in General Fund)
Projected 5% increase plus 38% reimbursement rate
for Circuit Breaker Grant
- ❖ Debt Service: \$632K = reduction of \$609K

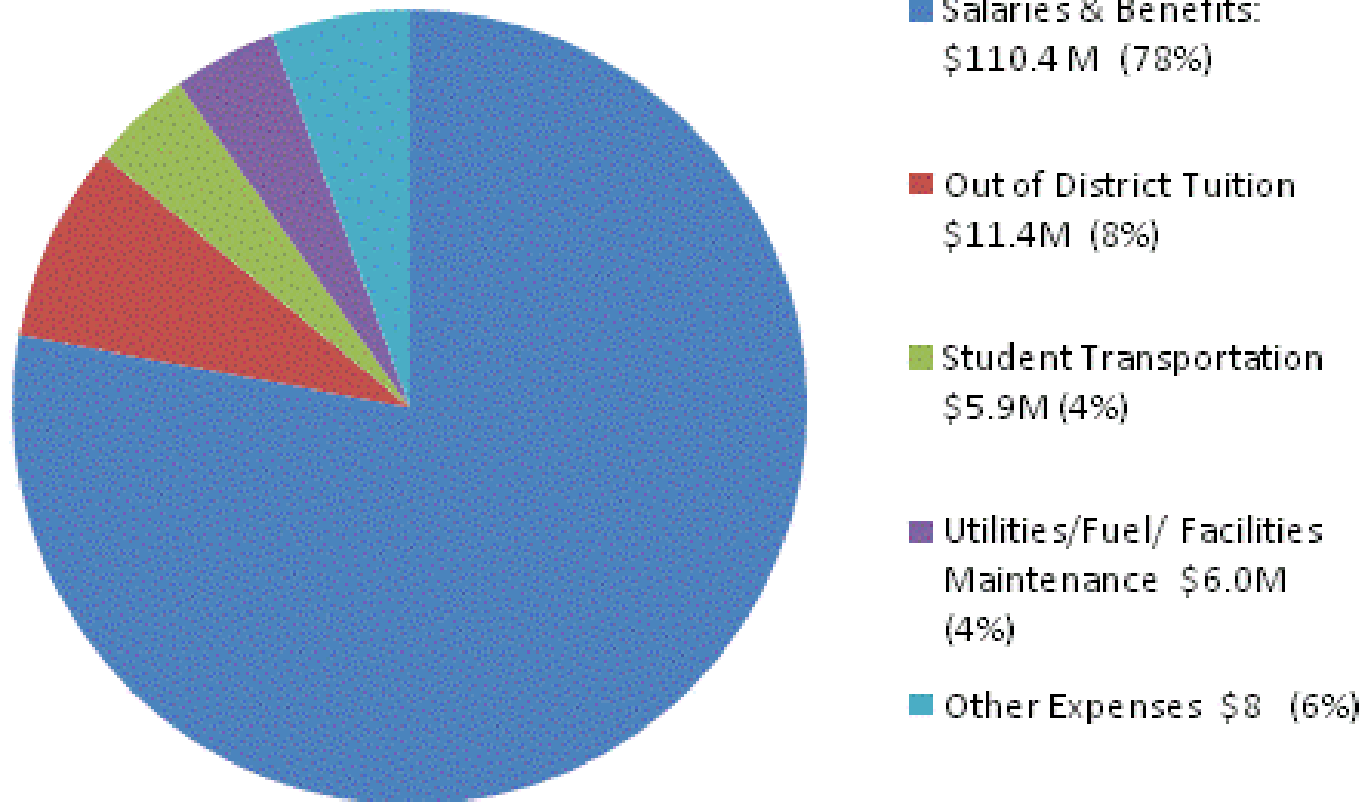
Summary of FY 12 Expenditure Increases

(in millions)

Current Year FY 2011 Adopted Budget		\$	137.5	
Salaries	\$	1.4		
Health/Dental Insur & Medicare	\$	2.1		
Pensions	\$	0.3		
Special Ed Tuition	\$	1.1		
Transportation	\$	0.1		
Energy	\$	(0.2)		
Debt Service	\$	(0.6)		
Total Estimated Expenditure Increases		\$	4.2	
Total Estimated FY 2012 Expenditures		\$	141.7	
Total Estimated FY 2012 Revenues			\$141.1	
Estimated Budget Shortfall		\$	0.6	

FY 2012 Estimated Expenditures

\$141.7 M



Current & Future Budget Constraints

Impact of Commonwealth of Massachusetts's budget on local aid for FY12 and future years

Current projections assume:

- ❖ 5% decrease in Chapter 70 (\$8.2M)
- ❖ Circuit Breaker funded at 38%
- ❖ Level funding of general state aid (12.9M)

Current & Future Budget Constraints

Health/Dental Insurance Costs

Avg. annual increase last 5 years: 8 %

Avg. annual increase total budget: 2 %

Projected Increases FY 12 -16: 11%

❖ FY11: \$18.4M = 13 % of budget

❖ FY16: \$31.8M = 19% of budget

Current & Future Budget Constraints

Special Education Tuition

	<u>FY 08</u>	<u>FY12</u>
Total Tuition	\$9.3 M	\$13.0 M
General Fund	\$7.7 M	\$11.2 M

FY08 ~ FY 12

General Fund SPED Tuition Increase: 45%

Total General Fund Budget Increase: 10%

❖ Loss of ARRA Funding

❖ Circuit Breaker Reimbursement reduced to 38% from 72%

Projections for FY 2013 – 2016

Revenue average rate of growth: 2.9%

Expenditure average rate of growth: 4.1%

Forecast for FY 2013 – 2016

- ❖ GAP between projected revenues and expenditures:

\$2.1 M in FY 2013

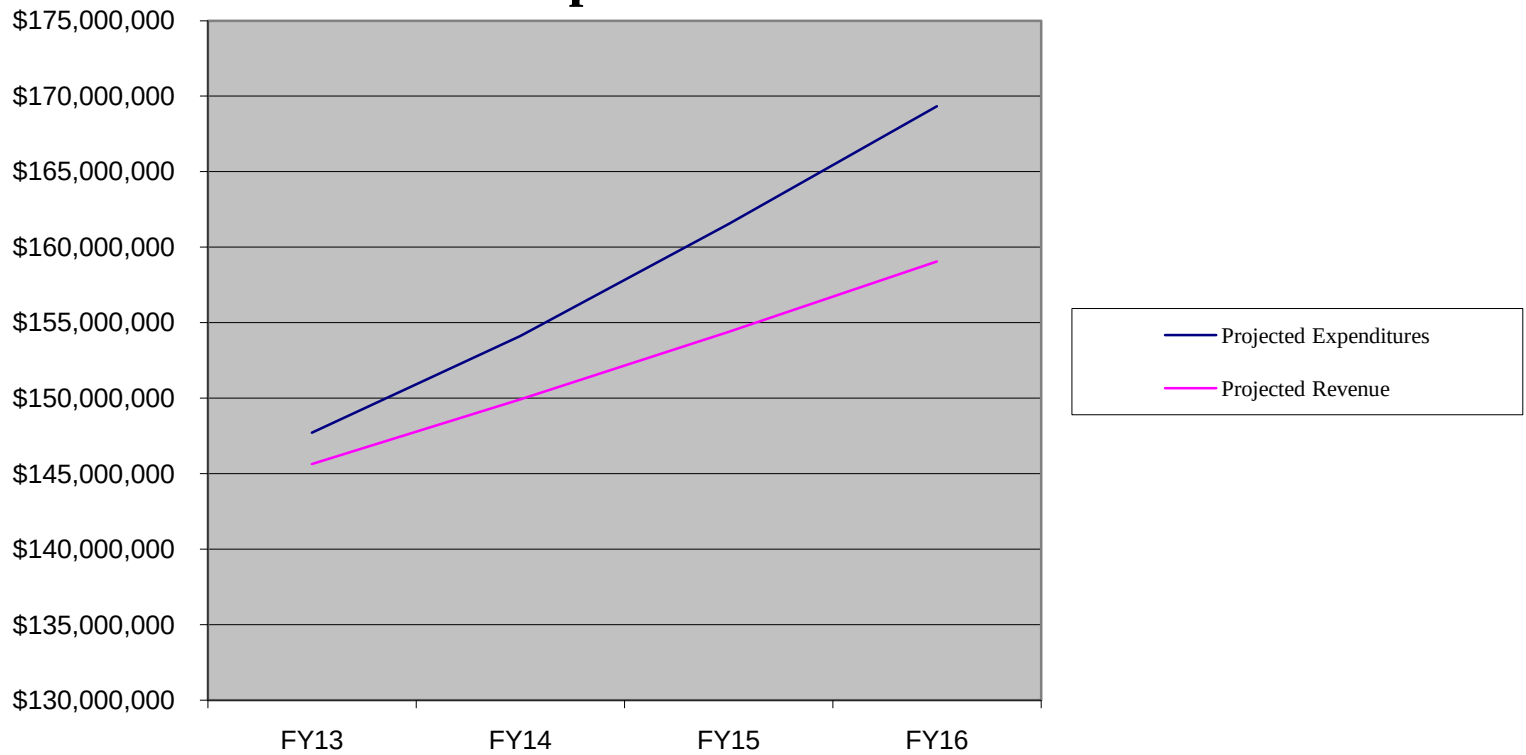
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\$10.3M in FY 2016

- ❖ 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 2012 will modify projected shortfalls in following years

FY 2012 - 2016 Expenditure and Revenue Gap

Growth in Revenues Compared to Growth in Expenditures



Student Enrollment

Student enrollment critical factor in budget development

- ❖ Enrollment determines staffing and staffing largely drives the budget
- ❖ FY 12 projected enrollment: increase of 160 pupils
- ❖ Based on enrollment patterns, net add'l elementary classrooms = 0

Student Enrollment-con'd

- ❖ Montessori program adds next level in FY12 (Gr. 4/5/6).
- ❖ Reserve positions included in estimates: 5 teacher and 5 aide positions

FY 2011 Enrollment

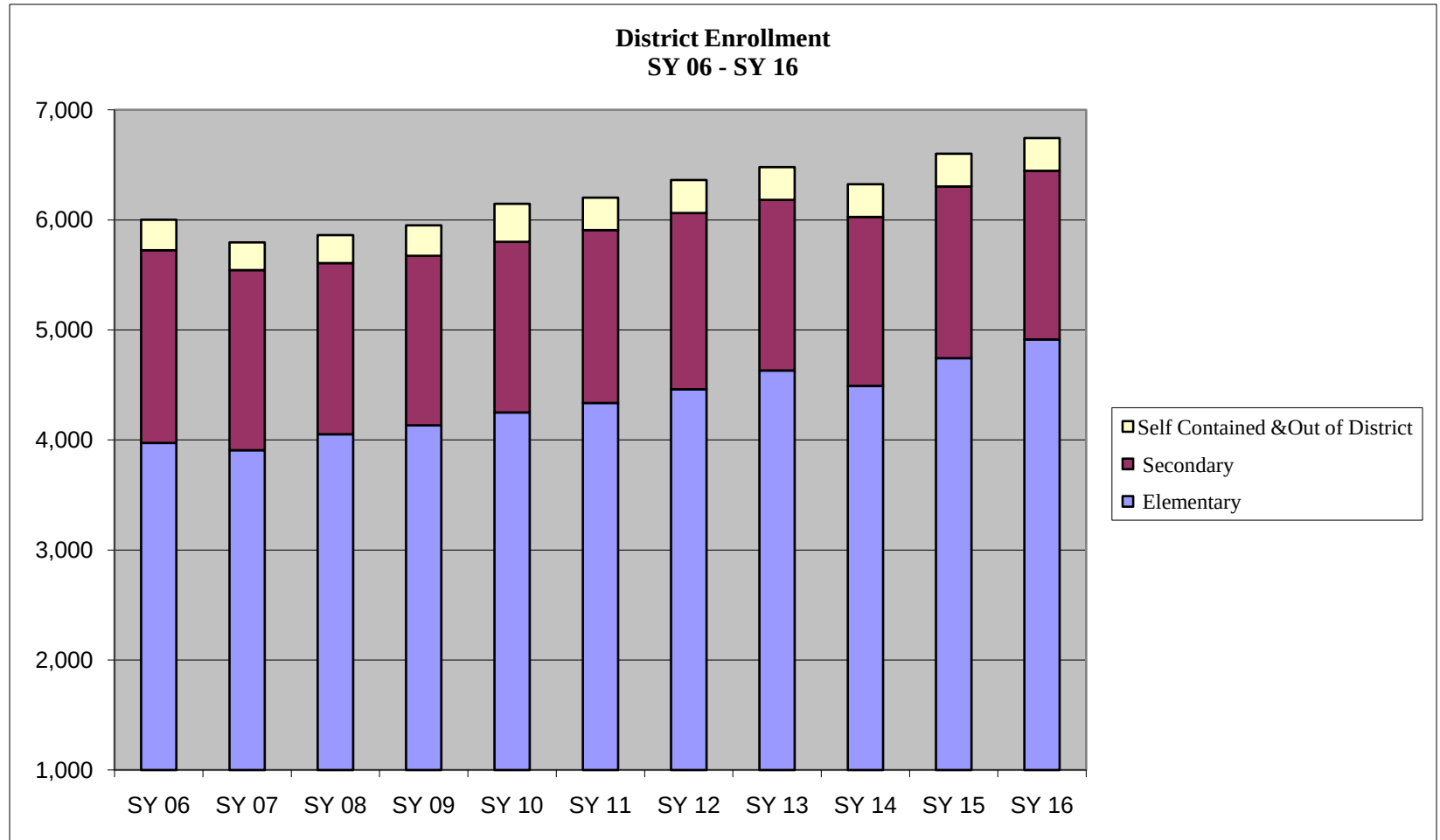
	<u>FY10</u>	<u>FY11</u>	<u>Inc</u>
Elementary*	4,367	4,439	72
Secondary*	1,583	1580	-3
Out of District	<u>187</u>	<u>183</u>	<u>-4</u>
TOTAL	6,137	6,202	65

**Self contained included*

FY 2012-16 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 06 -16 Enrollment History & Projections



FY 2012-16 Enrollment Projections

	Elem	Second	Self Contained &Out of District	Total	Change	% Chg
SY 11	4,337	1,571	294	6,202	65	1%
SY 12	4,462	1,602	298	6,362	160	3%
SY 13	4,632	1,550	298	6,480	118	2%
SY 14	4,491	1,536	298	6,325	-156	-2%
SY 15	4,745	1,560	298	6,603	279	4%
SY 16	4,914	1,534	298	6,745	142	2%