

# FY16 Monomoy Budget: Efforts to Close the Gap, Projected Shortfalls, and Recommendations

1

**INFORMATION FOR THE JOINT CHATHAM AND  
HARWICH SELECTMEN AND MONOMOY  
REGIONAL SCHOOL COMMITTEE**

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**FEBRUARY 18, 2015**



**To promote clarity and transparency, the budget numbers have remained constant since Jan. 14, 2015. Required adjustments to these numbers, based on knowns today, are noted.**

# Monomoy's Budgetary Priorities and Guidelines

2

- **Continue to deliver on the “Promise of Monomoy”**
  - Maintain our improved curricula,
  - Maintain the expanded opportunities,
  - Maintain enhanced educational experiences of our children, while
  - Keeping school expenditures lower, than if the towns continued to operate their schools independently
- **Maintain School Committee Class Size Guideline**
  - 19±2 students per class at the middle & high school level
  - 18±1 at the elementary level
- **Address staffing and programmatic needs to meet projected enrollment increases at the middle & high school**

# Factors Driving Budget Increase Over Previous Year

3

Fewer School Choice Dollars Available	\$ 1,050,722
Staff Contractual Obligations with Steps	\$ 399,858
Other Post Employment Benefits (OPEB)	\$ 142,411
Service and Maintenance Contracts MRHS	\$ 191,000
Insurance (Health, Property, Liability)	\$ 324,343
Reduction in Circuit Breaker Funds	\$ 95,688
Capital Improvements	<u>\$ 348,000</u>
	\$ 2,552,022

*The contracts with most staff (Units A and B), have an end date of June 30, 2015. This draft budget does not include any negotiated increases.*

# Having Fewer School Choice Dollars in FY16 is No Surprise

4

Monomoy's FY15 budget presentations to both towns explicitly warned of an over reliance of School Choice funds to "balance" the FY15 budget.

The remainder of the School Choice account, built up by tuitions received for students from other districts, was used to offset costs for FY15.

\$2,557,722 in FY15 costs were offset by the School Choice account. An anticipated \$1,507,000 in school choice tuitions will be received to offset the FY16 budget.

The \$1,050,722 difference between the School Choice funds used to offset FY15 and tuitions anticipated to be received in FY16 accounts for roughly half of the district's fiscal challenge.

# FY16 Budget Assumptions

5

- 8% increase in Health Insurance
  - (now know to be a 10% = an increase of \$60,000)
- 10% increase in Property, Worker's Compensation and Liability Insurance
- Level Revenues – use FY15 Cherry Sheet numbers
  - Level Chapter 70 Aid
  - Level Transportation Aid
- No change to Minimum Contribution Requirements

# \$36,049,770 Draft Level Service Budget Assessments

Both the Monomoy Regional School Committee and the Superintendent were concerned that the gap was too large for our towns to support.

A Reduced Staffing Budget was drafted.

<b>TOTAL FY16 DRAFT LEVEL STAFF ASSESSMENT</b>	<b>Harwich</b>	<b>Chatham</b>	<b>Total</b>
Operating Budget	\$21,656,678	\$7,748,674	\$29,405,352
Transportation	\$378,140	\$126,653	\$504,793
Capital	\$256,302	\$91,698	\$348,000
	\$22,291,120	\$7,967,025	\$30,258,145
Debt	\$1,840,128	\$658,348	\$2,498,476
<b>FY15 Assessment</b>			
Operating Budget	\$19,486,696	\$7,069,729	\$26,556,425
Transportation	\$350,715	\$123,224	\$473,939
Capital	\$0.00	\$0.00	\$0.00
	\$19,837,411	\$7,192,953	\$27,030,364
Debt	\$569,017	\$210,459	\$779,476
<b>Increases in Assessment</b>			
	Harwich	Chatham	
Operating Budget	\$2,169,982	\$678,945	\$2,848,927
Transportation	\$27,426	\$3,428	\$30,854
Capital	\$256,302	\$91,698	\$348,000
	\$2,453,710	\$774,071	\$3,227,781
% Increase	12.37%	10.76%	11.94%
Debt	\$1,271,110	\$447,890	\$1,719,000
2.5% of Assessment Increase	\$495,935	\$179,824	\$675,759
<b>Over and above 2.5% by</b>	<b>\$1,957,774</b>	<b>\$594,248</b>	<b>\$2,552,022</b>

# FY16 Revised Draft General Fund Budget with Reductions

7

FY16 Draft Level Service Budget	\$36,049,770
Reductions	<u>-\$ 1,011,803</u>
FY16 Draft Reduced Staff Budget	\$ 35,037,967



<b>Reduced Staff Operating Budget</b>	<b>\$ 32,289,491</b>
Capital	\$ 250,000
CM/HS Debt	\$ 158,341
MRHS Debt	\$ 2,340,135

The revised draft is a REDUCED STAFFING budget, incorporating a 10 FTE reduction.

# Revisions to the FY16 Draft Budget

8

<b>Description</b>	<b>FY16 Draft Reduced Staff Budget</b>	<b>FY16 Draft Level Staff Budget</b>	<b>Dollar Difference Revised to Draft</b>
Salaries and Wages	\$9,176,420	\$9,806,949	(\$597,718)
Contract Services	\$384,004	\$368,686	\$15,319
Supplies and Materials	\$476,961	\$521,218	(\$44,257)
Custodial Supplies	\$69,500	\$70,543	(\$1,043)
Other Expenses including Utilities	\$660,029	\$740,313	(\$80,284)
Retirement Contributions Barnstable and OPEB	\$898,550	\$1,144,060	(\$245,510)
Insurance	\$3,852,351	\$3,785,440	\$66,911
Technology	\$8,213	\$22,630	(\$14,418)
Rental-Lease equipment	\$78,008	\$96,808	(\$18,800)
Virtual High School Tuition	\$6,000	\$0	\$6,000
<b>Total Dollar Difference Revised to Draft</b>	\$16,608,766	\$17,522,567	(\$913,803)
Capital Improvement	\$250,000	\$348,000	(\$98,000)
<b>TOTAL REVISIONS</b>			<b>(\$1,011,803)</b>

These revisions are as of 1/14/2015 and the FY16 Budget will continue to be updated.

# Staff Reductions within the Budget

9

- Cover as much of the funding gap with reductions and efficiencies “out of the classroom”
- Begin reducing Harwich Elementary School from 6 sections per cohort to 5 sections by reducing/eliminating kindergarten school choice in
  - 6 elementary sections per cohort in Harwich and 3 elementary sections per cohort in Chatham is not sustainable
  - 18 students/class x 9 sections/cohort = 162 students per cohort
  - This would have potential high school enrollment at 810 in future years
  - 18 students/class x 8 sections/cohort = 144 students and future high school enrollment sustainably hovering around 700.
  - What’s lost: 1 FTE and \$30,000 in school choice tuition, each year for the next four years.
- Shift from an 8-block schedule at the high school to a 7-block schedule
  - Both students and staff have advocated for a 7-block model, data support this shift
  - Reduces roughly 6 FTE
  - The districts and charter we generally compete with each run 7-block schedules
  - What’s lost: A second elective block, limits choices, particularly for band/choral students
- Reduce 3 FTE from middle school
  - Keeping the academic program in place, but bringing class sizes in the 6<sup>th</sup> grade, 7<sup>th</sup> grade, and Languages closer to the School Committee guidelines of 19±2
- Reduce 1 FTE clerical staff position from the district

# Cumulative Staff Reductions

10

As the district has regionalized, there has been a progressive reduction of staffing, which has reduced the cost to run our schools. Despite the staffing reductions, the program that is in place and will be in place with a FY16 Reduced Staffing Budget continues to deliver both savings and improvements to the curricula, educational program, and opportunities for our children.

FY13-14 Budgets	-10 FTE
FY15 Budget	-15 FTE
<u>FY16 Reduced Staffing Budget</u>	<u>-10 FTE</u>
	-35 FTE

**Given the pressures of school choice and the potential loss of students to charter schools and other districts, it is important to maintain our programs.**

<b>Revised Reduced Staff Operating Budget with Reductions and Revenue Adjustments</b>		
<b>\$ 32,289,491</b>		
Revenues (FY15 numbers)		
Chapter 70	(\$2,708,296)	
E&D	(\$600,000)	← Leaves 2.4% E&D
Charter School	(\$142,833)	
Medicaid	(\$86,000)	
Interest	(\$4,000)	
Miscellaneous Revenues	<u>(\$124,500)</u>	
	(\$3,665,629)	
Transportation	<u>(\$844,313)</u>	
	(\$4,509,942)	
<b>Total Revised Operating Assessment</b>		<b>\$27,779,549</b>

Using \$600,000 of E&D leaves \$801,630 in this reserve account, but use of E&D beyond roughly \$250,000 likely creates a fiscal cliff in FY17. The school district would prefer not to replace one fiscal cliff (from School Choice) with another.

	<b>Harwich</b>	<b>Chatham</b>	<b>Total</b>
Required Minimum Contribution per DESE	\$11,428,918	\$4,089,455	\$15,518,373
<b>CURRENT FY15 AMOUNTS</b>			
	Harwich	Chatham	← In FY16, the 3-year avg. of foundation enrollment* shifts by .65% towards Harwich
	73.65%	26.35%	
Funds Needed to Support District Budget	\$9,030,356	\$3,230,820	\$12,261,176
Operating Assessment Per Member*	\$20,459,274	\$7,320,275	\$27,779,549
	Harwich	Chatham	\$844,313
	74.91%	25.09%	
Less State Transportation Aid			\$339,520
Transportation Assessment Per Member (3-year avg. of attending students)	\$378,140	\$126,653	\$504,793
	Harwich	Chatham	
	73.65%	26.35%	
Debt Assessment Per Member*	\$1,840,128	\$658,348	\$2,498,476
	Harwich	Chatham	
	73.65%	26.35%	
Capital Assessment Per Member*	\$184,125	\$65,875	\$250,000

**Total Revised Reduced Staff Operating Assessment \$27,779,549**

# \$ 35,037,967 Draft Reduced Staff Budget Assessments

Consensus from the Monomoy Regional School Committee is that the school budget cannot be reduced below this point without detrimentally impacting the educational program. As is, these reductions are beginning to erode the “Promise of Monomoy”

<b>TOTAL Revised Reduced Staff FY16 ASSESSMENT</b>	<b>Harwich</b>	<b>Chatham</b>	<b>Total</b>
Operating Budget	\$20,459,274	\$7,320,275	\$27,779,549
Transportation	\$378,140	\$126,653	\$504,793
Capital	\$184,125	\$65,875	\$250,000
	\$21,021,540	\$7,512,802	\$28,534,342
Debt	\$1,840,128	\$658,348	\$2,498,476
<b>FY15 Assessment</b>			
Operating Budget	\$19,486,696	\$7,069,729	\$26,556,425
Transportation	\$350,715	\$123,224	\$473,939
Capital	\$0.00	\$0.00	\$0.00
	\$19,837,411	\$7,192,953	\$27,030,364
Debt	\$569,017	\$210,459	\$779,476
<b>Increases in Assessment</b>			
	Harwich	Chatham	
Operating Budget	\$972,578	\$250,546	\$1,223,124
Transportation	\$27,426	\$3,428	\$30,854
Capital	\$184,125	\$65,875	\$250,000
	\$1,184,129	\$319,849	\$1,503,978
% Increase	5.97%	4.45%	5.56%
Debt INCREASE	\$1,271,110	\$447,890	\$1,719,000
2.5% of Assessment Increase	\$495,935	\$179,824	\$675,759
<b>Over and above 2.5% by</b>	\$688,193	\$140,025	\$828,219

# Budget Unknowns

- Chapter 70 State Aid and Required Minimum Contributions are unknown. The school budget will need to be further supported if state aid drastically shifts.
- The bulk of the staff reduction comes from shifting from an 8-block to a 7-block schedule at the high school – this will involve running an entirely new schedule and may require minor staffing adjustments/additions after course registration to ensure all students get the courses they need.
- The district has extended to its teachers and clerical staff an early retirement incentive. If staff elect for this option, it could potentially close the gap by an additional \$200,000, and help reduce budgets in future fiscal years.

# Superintendent's Recommendations

15

- Earmark the retirement incentive to offset health insurance increases and possible revenue shortfall
- Support the FY16 Reduced Staff budget as further cuts will negatively impact programs, increase class sizes and reduce offerings....compromising the “Promise of Monomoy”
- Consider offering to voters an option to “enhance” the school budget. This would ideally allow the restoration of half, but not all, of the staff reductions and allow for less E&D to be used in FY16 (thereby eliminating a fiscal cliff)
  - Priorities: Middle School staffing (+2.5 FTE) to support students staying in district and strategic additions (+2.5 FTE) to high school staffing to ensure the breath of course offerings remains at reasonable class sizes