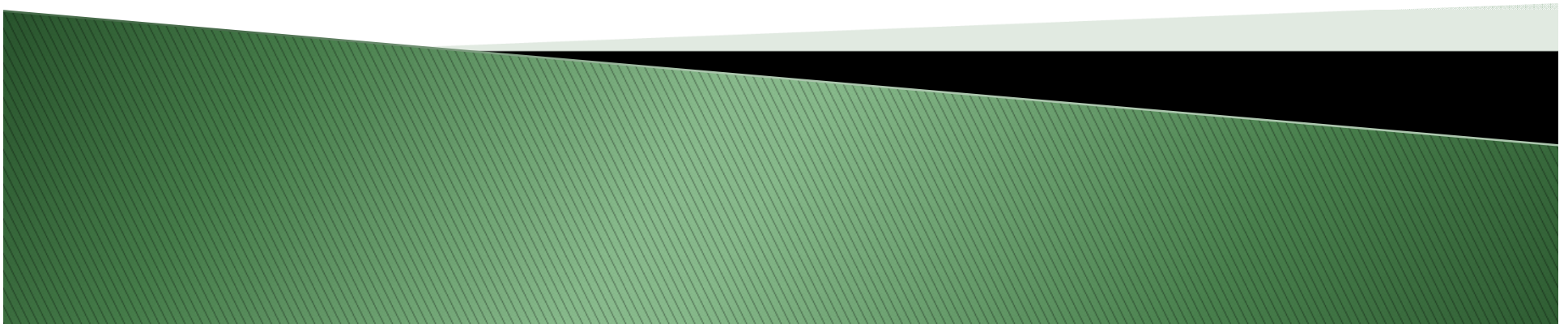


FY-18 Budget
Public Hearing
January 31, 2017

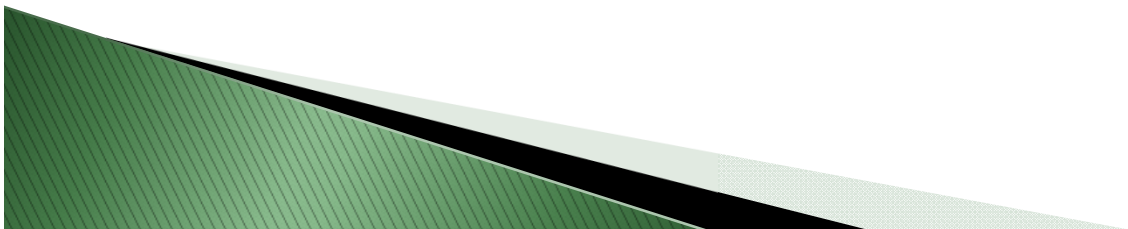


School Committee Goals

- ▶ Target resources to support the social/emotional needs of students and foster creativity and innovation across the District.
- ▶ Support the implementation of programs that enhance our organization's cultural proficiency and promote respect and appreciation for individual and cultural differences.
- ▶ Continue to focus on strengthening the Middle School as a separate entity and addressing its large class sizes.
- ▶ Develop and deliver a fiscally responsible budget that maintains educational quality, supports District goals, and aligns with our multi-year budget commitment to work within the confines of Proposition 2 ½.
- ▶ Begin Feasibility Study module of the MSBA process for the Memorial Building project and develop a capital plan to maintain Essex Elementary.
- ▶ Continue ongoing review of all District policies, updating existing policies and job descriptions where needed, and researching new recommendations

Budget Goals

- ▶ Develop and deliver a fiscally responsible budget that maintains educational quality, supports District goals, and aligns with our multi-year budget commitment to work within the confines of Proposition 2 ½
- ▶ Manage Enrollment
 - Strive to meet School Committee class size guidelines
 - Serve increasingly diverse student educational needs
- ▶ Exercise fiscal responsibility
 - Seek internal efficiencies to offset growth needs when possible
- ▶ Meet local, state and federal responsibilities while controlling growth



- ▶ Enrollment = 1,415
 - Per Pupil Expenditure = \$15,314 (123 in state)
 - Per Pupil Exp. State = \$14,936

- ▶ Active Faculty & Staff
 - Faculty = 147
 - Support Staff = 34.6
 - 12 Month Administrative = 23

- ▶ Facilities
 - 7 Days Weekdays 6am – 10pm / Weekends 9:00am – 9:00pm
 - School Sites = 3
 - Athletic Sites = 4

- ▶ Operations
 - Academic Teaching & Learning
 - Special Education
 - Social Services: Counseling, Health, Home Health, Homeless & Inter-agency support
 - Early Childhood
 - Network & Instructional Technology Management
 - Facilities Management
 - Food Services
 - Transportation
 - HR Management

Cape Ann PPE	
Gloucester	\$16,066
Rockport	\$16,128
HW	\$15,956
Ipswich	\$14,069
CA Avg.	\$15,507

Student Achievement
<ul style="list-style-type: none"> • 2016 MERHS Ranked 14th – <i>Boston Magazine Best High Schools</i> • 2016 MERHS Gold Medal School – <i>US News & World Report Best High Schools</i> <ul style="list-style-type: none"> • MERHS National Rank is 312 / National STEM Rank is 208 / State Rank is 12 (eliminate charter/magnets). • 2015 MERSD Ranked 16th – <i>Boston Magazine Best School Districts</i>

Considerations In Developing FY18 Budget

Student Needs

- Core Curriculum & Instructional Development
 - Materials
 - Instructional Technology
- Program Development
- Training & Support
- Staffing – Class Size
- Co-Curricular Activities

Fixed Costs

- Personnel Costs
- Insurance (Current & Retiree/OPEB)
- Utilities
- Transportation

Special Education

- In-District Programs
- Out of District Placement
- Transportation
- Support Personnel

Facilities

- Routine Custodial & Maintenance
- Essex Elementary Maintenance Capital Planning
- MHS Maintenance Capital Planning
- MSBA Feasibility w/ Spring 2019 full project vote

FY18 Operating Budget Overview

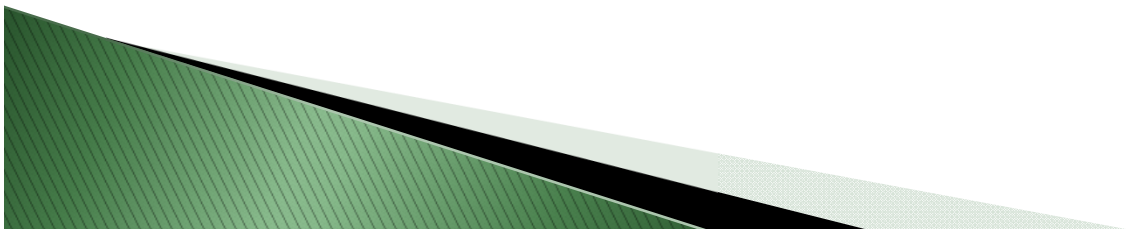
- ▶ In line with multi-year budget projections
 - Level services approach, maintains same level of program currently in place
 - Additional investment needs to be met through efficiencies/restructuring

- ▶ FY18 Level Services Budget = \$24.5 million
 - Measures spending increase from prior year
 - 3.31% (\$784K) spending increase from FY17 budget
 - Down from Tentative Budget increase of 3.73%
 - Below multi-year model assumption of 3.77%
 - Slightly above FY17 Budget of 3.14%
 - Teacher contract Cost of Living Adjustment (COLA) 0.25% > FY17
 - Assumed health insurance rate increase of 9.0%, offset by prior year savings

- ▶ FY18 Operating Assessment = 3.20%
 - Measures cost increase to towns after deducting “Other Revenue” (e.g., State Aid) from spending needs
 - Well below multi-year model assumption of 4.13%, and below FY17 Budget of 3.32% due to funding offset from growth in Other Revenue
 - Down from Tentative FY18 budget of 3.68%

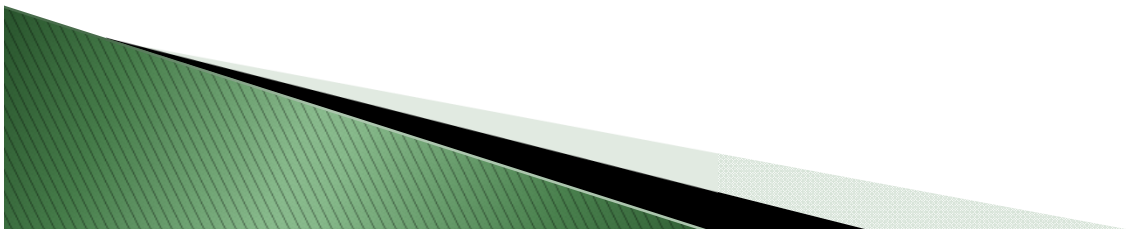
FY-18 Capital Budget Overview

- ▶ Total debt service of \$2,156,188, down 2.0% from FY17
 - Town assessments decline 2.2% to \$2.1 million
- ▶ Debt restructuring in FY17 took advantage of favorable interest rates to save taxpayers \$95-100K annually, and \$1.7 million over life of the bonds
 - Maintaining district's strong credit rating will save taxpayers' money on future construction project borrowing



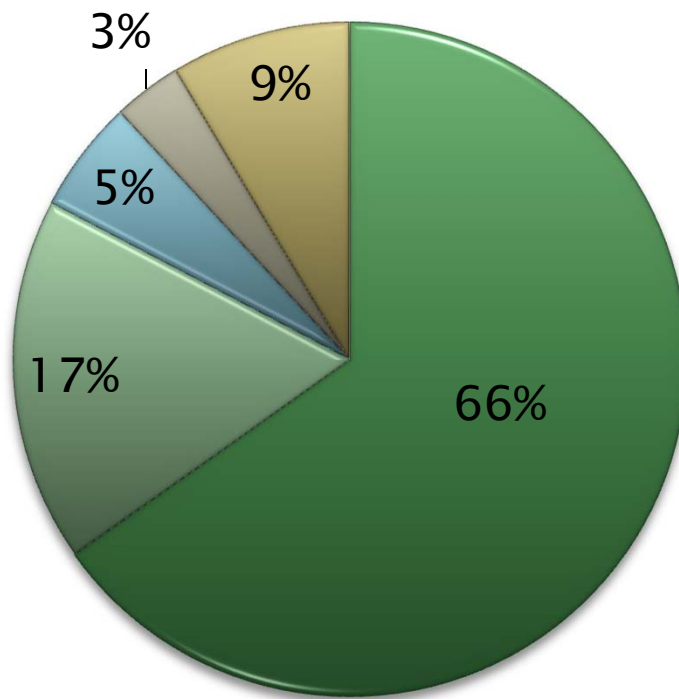
Budget Highlights: Spending Detail

	FY17	FY18	% of FY18 Spending	Inc. vs. FY17	
				\$	%
Personnel	\$15,608,469	\$16,075,642	65.7%	\$467,173	2.99%
Insurance & Pension w/ OPEB	\$3,979,321	\$4,105,000	16.8%	\$125,679	3.16%
Maintenance	\$1,289,577	\$1,291,820	5.3%	\$2,243	0.17%
Out-of-District Tuitions	\$771,983	\$858,547	3.6%	\$86,564	11.21%
Other	\$2,033,605	\$2,135,834	8.7%	\$102,229	5.03%
Total	\$23,682,956	\$24,466,844	100.0%	\$783,888	3.31%



Largest Budget Drivers

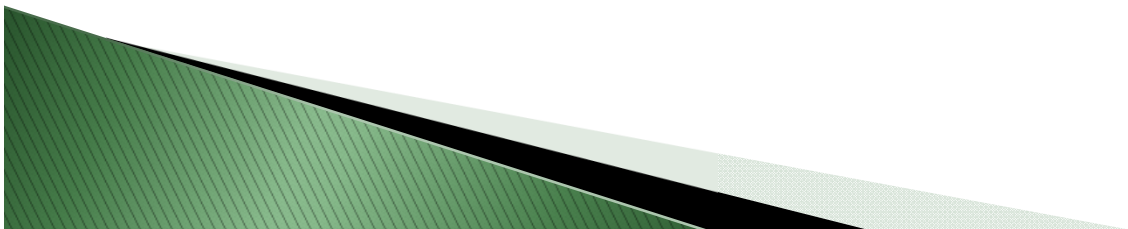
Largest Budget Drivers = 91% of District Budget



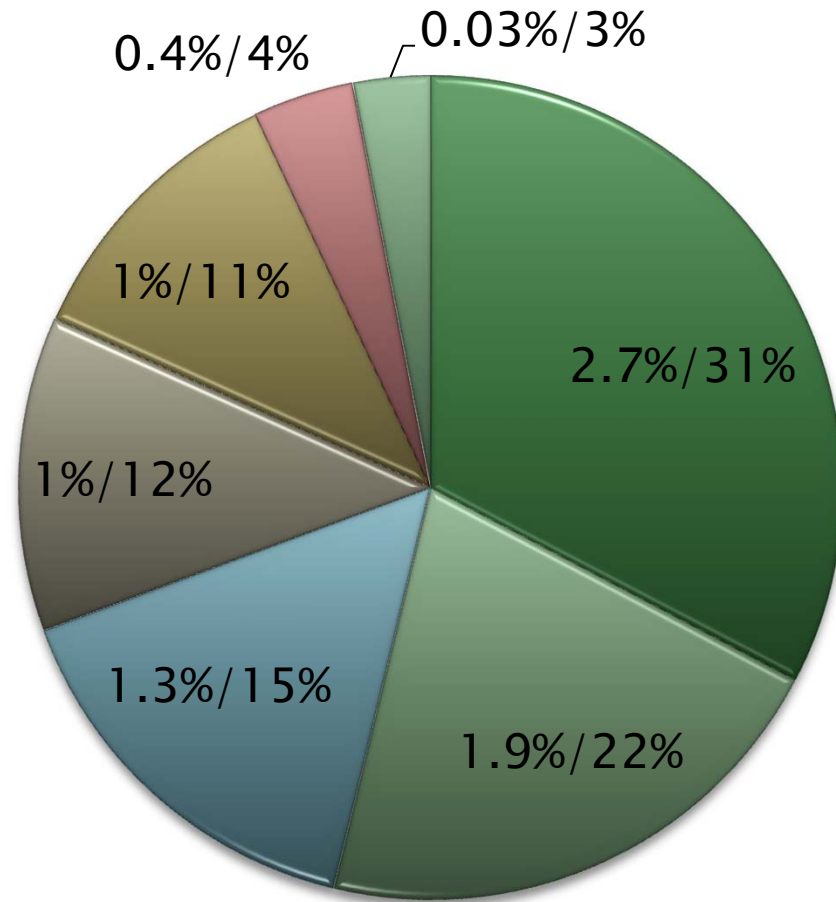
- Personnel
- Insurance/OPEB
- Maintenance
- Out of District
- Other

Budget Highlights: Largest Expenditures

- ▶ 91% of the budget is comprised of four key expenditure categories
- ▶ **Personnel (65.7%)**
 - 2.25% COLA w/final year of META contract + est. 1.5% steps/columns
 - Absorb losses in Federal Title I grant, elimination of state Full-Day K grant
- ▶ **Insurance & Pension w/ OPEB (16.8%)**
 - 9% rate increase + growth in retiree headcount, offset by prior year savings
 - Continued savings in active employee health insurance from recent restructuring
 - Insured Retirees = 122 (87 former employees+ 35 separately insured spouses)
 - Level funding OPEB trust at \$417K. Total contributions of \$1.2 million in 3 years, funded by employees' agreement to restructuring plan
- ▶ **Maintenance (5.3%)**
 - Continued level funding. Maintaining operating reserve for targeted investments as needed
- ▶ **OOD Tuitions (3.6%)**
 - Up 11.2% (\$86K) vs. FY17, but below FY16 actual. Age outs caused FY17 budget to be abnormally low



Largest Budget Drivers – Breakdown of “Other”

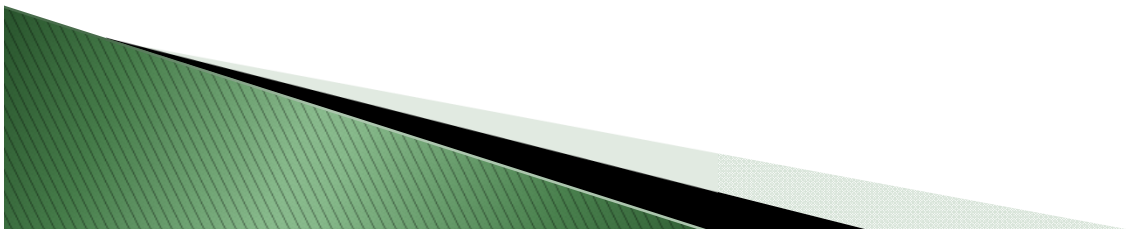


- Transportation
- Instructional Supplies & Materials
- Instructional & Network Tech.
- Special Ed Contracted (SLP/OT/PT, etc.)
- District/School Admin. & Legal
- Athletics & Student Activities

% of Budget/% of "Other"

Budget Highlights: Revenue

- ▶ 4.11% growth in non-assessment revenue lowers cost to towns
 - Adjust Chapter 70 State Aid and Regional Transportation to match FY17 actual, which was below budget
 - Plan to revisit fee structure for FY18 (athletics, transportation, building use)
 - Assume no change in School Choice enrollment/revenue (\$325K)



Staffing Not Included in Tentative Budget

Goal - prioritize and achieve through efficiency/restructuring

Staffing Accomplished In FY17	Staffing Requested FY18
<p><u>Staffing</u></p> <ul style="list-style-type: none"> • 1.0 Counselor – Middle School (Reorganization) • 1.0 Health Wellness – High School (Reorganization) • Math Tutor – Memorial School (Reorganization) <p><i>All positions achieved by reorganization/restructuring</i></p>	<p><u>Staffing</u></p> <p><u>Priority 1 – Health/Safety/Compliance</u></p> <ul style="list-style-type: none"> • .4 Adjustment Counselor – Essex Increase to FT [FTS] • <i>IRWL Grades 2/3 – District Program @Memorial School [FTS]</i> <ul style="list-style-type: none"> • 1.0 IRWL Teacher • 1.0 Reading Teacher <p><u>Priority 2 – Best Practice/Comparable Programs</u></p> <ul style="list-style-type: none"> • .6 Music • 2.0 Math Specialist – Memorial School & Essex Elementary • 1.0 Reading Specialist – Memorial School <p><u>Priority 3 – Investment</u></p> <ul style="list-style-type: none"> • 1.0 STEM Teacher – HS • 1.0 Humanities Teacher – High School <p style="text-align: right; margin-top: 20px;">FTS = Funded Through Reorganization/Restructuring</p>

School	Amount	Year Proposed	Item Description
EES	\$150,000.00	FY-18	Fire alarm upgrades
EES	\$ 16,000.00	FY-15	Install 4 additional exterior cameras. Priority is Eagle's Nest
EES	\$15,000.00	FY-17	Courtyard siding and sill repair
EES	\$10,000.00	FY-17	Patch & Skim soffits
EES	\$ 9,600.00	FY-15	Install Motion and Door Contacts (has been changed to install panic button that would directly notify police during an emergency Contact Protection 1)
EES	\$7,000.00	FY-15	Replace rotting landscape ties Eagle's Nest
EES	\$6,100.00	FY-17	Repair asphalt on playground
EES	\$ 5,600.00	FY-17	Replace handicap ramp at door 11.
EES	\$5,000.00	FY-18	Fire suppression kitchen
EES	\$3,500.00	FY-18	Rebuild stairs and landing at the end of the portable
EES	\$3,000.00	FY-18	Flexible seating furniture upgrades to support 4th & 5th grade classrooms
Memorial	\$7,000.00	FY-18	Repair asphalt on in rear parking lot and ramp
Memorial	\$27,200.00	FY-18	Replace carpet that is beyond end of life with adhesive backed carpet squares: Rooms A 1, 2 & 3; B 6, 7, 8, 9 & 10.
Memorial	\$ 5,500.00	FY-13	Dishwasher replacement
Middle/High	\$10,000	FY-17	Drain and replace glycol for HS HVAC system
Middle/High	\$7,000.00	FY-18	Replace 20hp pump motor for boiler
Middle/High	\$2,120	FY-18	Air phone installation at loading dock door
District	\$40,000.00	FY-15	Replace Facilities Truck (lease)

FY18 Budget in Line with Multi-Year Projections

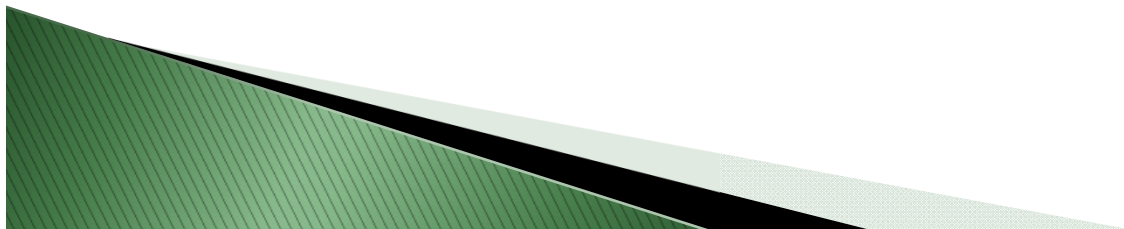
	Actual	Budget	1	2	3	4	5
	FY-15	FY-16	FY-17	FY-18	FY-19	FY-20	FY-21
Personnel (Heads & Rate)	\$14,269	\$14,953	\$15,439	\$16,042	\$16,635	\$17,250	\$17,886
<i>Yr/Yr Growth</i>	0.27%	4.80%	3.25%	3.90%	3.70%	3.69%	3.69%
Expenses	\$7,380	\$8,408	\$8,569	\$8,871	\$9,170	\$9,461	\$9,761
<i>Yr/Yr Growth</i>	3.25%	13.93%	1.91%	3.53%	3.37%	3.17%	3.18%
Total Spending	\$21,649	\$23,361	\$24,008	\$24,913	\$25,805	\$26,710	\$27,647
<i>\$ Growth</i>	\$270	\$1,713	\$647	\$905	\$892	\$905	\$937
<i>Total Growth</i>	1.26%	7.91%	2.77%	3.77%	3.58%	3.51%	3.51%
State Aid	\$2,882	\$2,840	\$2,886	\$2,929	\$2,973	\$3,018	\$3,063
<i>Yr/Yr Growth</i>	2.1%	-1.4%	1.6%	1.5%	1.5%	1.5%	1.5%
Fees & Other	\$83	\$43	\$53	\$58	\$58	\$58	\$64
<i>Yr/Yr Growth</i>	184.7%	-48.3%	23.3%	10.0%	0.0%	0.0%	10.0%
S. Choice: Annual Revenue	\$360	\$400	\$325	\$325	\$325	\$325	\$325
<i>Yr/Yr Growth</i>	-15.3%	11.2%	-18.7%	0.0%	0.0%	0.0%	0.0%
Reserves: Choice, E&D	\$697	\$0	\$0	\$0	\$0	\$0	\$0
<i>Yr/Yr Growth</i>	98.9%	-100.0%	NM	NM	NM	NM	NM
Town Assessments	\$18,422	\$20,078	\$20,744	\$21,600	\$22,449	\$23,309	\$24,195
<i>Yr/Yr Growth</i>	3.50%	8.99%	3.31%	4.13%	3.93%	3.83%	3.80%
Total Revenue	\$22,444	\$23,361	\$24,008	\$24,913	\$25,805	\$26,710	\$27,647
<i>Total Growth</i>	4.75%	4.09%	2.77%	3.77%	3.58%	3.51%	3.51%

MERSD Historical Budget Growth

Spending Growth	FY-09	FY-10	FY-11	FY-12*	FY-13	FY-14	FY-15	FY-16**	FY-17	FY-18
Tentative Budget	NA	NA	9.90%	3.24%	4.95%	6.04%	5.76%	3.00%	3.42%	3.73%
Final Budget	2.96%	4.20%	4.22%	1.27%	4.98%	3.92%	3.53%	6.52%	3.14%	3.31%
Assessment Growth	FY-09	FY-10	FY-11	FY-12	FY-13	FY-14	FY-15	FY-16	FY-17	FY-18
Tentative Budget	NA	NA	12.61%	6.38%	5.74%	6.89%	6.90%	3.80%	3.63%	3.68%
Final Budget	4.68%	5.18%	4.00%	0.18%	2.50%	3.26%	3.50%	8.99%	3.32%	3.20%

**FY12 Final Budget reflects failed override and level funding from towns, offset slightly by increased State Aid*

**FY16 Override increased total spending 4.0% (6.52% in General Fund only)*

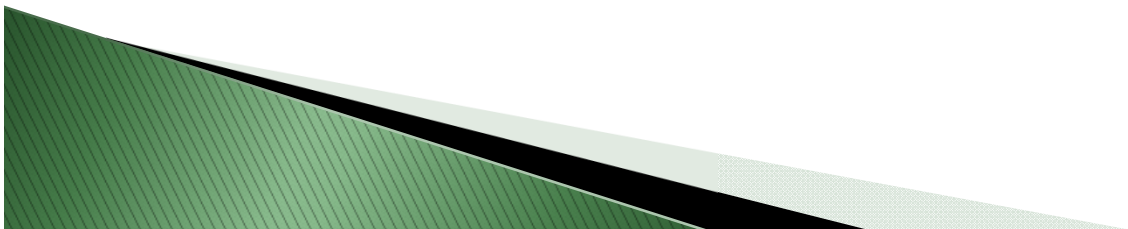


MERSD Reserves Through Time

	GF Budget	Reserves % of Budget	All Reserve Funds Combined			Balance at End of Fiscal Year			Change from Prior Year		
						School		Undesignated	School		Undesignated
			Ending Total	Source/(Use)	% Change	Choice	Stabilization	GF Balance	Choice	Stabilization	GF Balance
2007	\$15,428,555	4.3%	\$661,569	(\$31,464)	-4.5%	\$626,392	\$132,265	(\$97,088)	(\$581)	\$2,265	(\$33,148)
2008	\$16,140,541	5.1%	\$829,081	\$167,512	25.3%	\$662,406	\$252,290	(\$85,615)	\$36,014	\$120,025	\$11,473
2009	\$17,241,803	9.3%	\$1,609,046	\$779,965	94.1%	\$1,016,365	\$167,290	\$425,391	\$353,959	(\$85,000)	\$511,006
2010	\$17,904,405	10.6%	\$1,899,711	\$290,664	18.1%	\$1,295,864	\$167,290	\$436,557	\$279,498	\$0	\$11,166
2011	\$18,875,493	11.7%	\$2,200,285	\$300,574	15.8%	\$1,616,835	\$163,610	\$419,840	\$320,971	(\$3,680)	(\$16,717)
2012	\$19,115,710	11.6%	\$2,226,248	\$25,963	1.2%	\$1,609,000	\$75,743	\$541,505	(\$7,835)	(\$87,867)	\$121,665
2013	\$20,067,616	10.6%	\$2,124,443	(\$101,805)	-4.6%	\$1,441,056	\$161,448	\$521,939	(\$167,944)	\$85,704	(\$19,566)
2014	\$20,854,407	8.5%	\$1,781,679	(\$342,764)	-16.1%	\$1,295,512	\$161,448	\$324,719	(\$145,544)	\$0	(\$197,220)
2015	\$21,555,355	9.5%	\$2,044,573	\$262,894	14.8%	\$1,505,037	\$161,448	\$378,088	\$209,525	\$0	\$53,369
2016	\$22,961,205	10.5%	\$2,421,271	\$376,698	18.4%	\$1,621,388	\$161,448	\$638,435	\$116,351	\$0	\$260,347
<i>Current</i>											

Next Steps

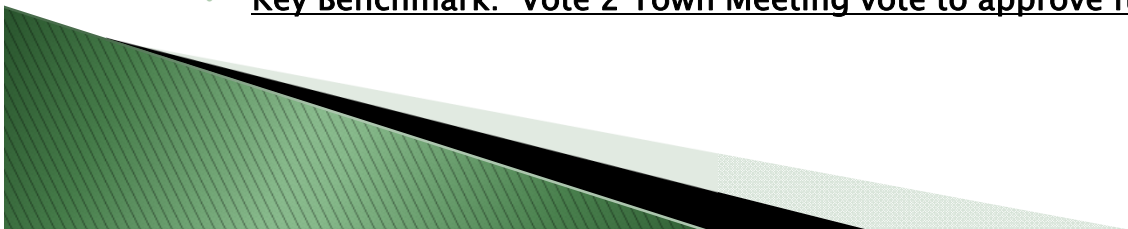
- ▶ Public Input – tonight
- ▶ Finalize Budget
 - SC Meeting – February 7th @ 7:00pm
- ▶ February/March:
 - Fees Review (athletics, building use, food service)
 - Treasurer certifies apportionment
 - Identify areas for restructuring to generate funding for unmet needs that are not currently included in FY18 budget
- ▶ April/May:
 - Taxpayers vote on MERSD budget at Annual Town Meetings



Elementary Facilities

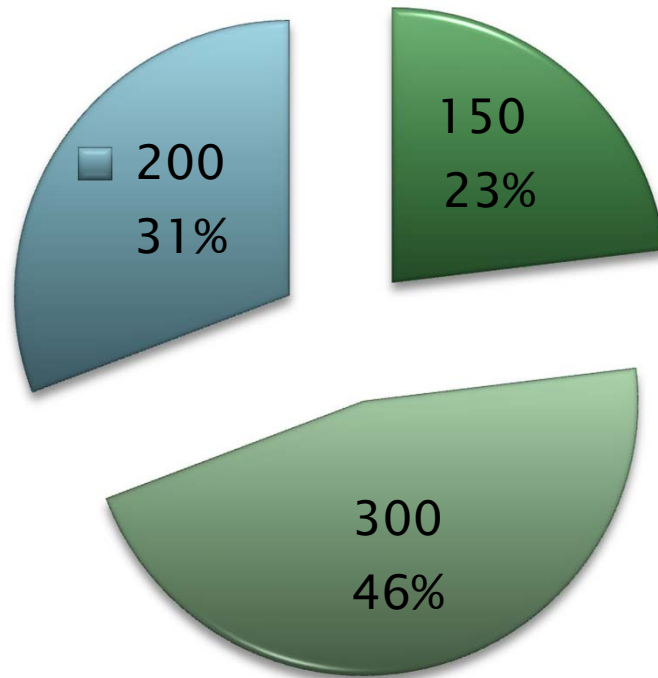
Memorial Building Project Timeline

- ✓ **Successful Statement of Interest Process**
- ✓ **Memorial School accepted into the Mass Building Authority (MSBA) grant program**
- ✓ **Spring 2016 Phase 1 Eligibility Process**
 - ✓ Seat a building committee and conduct enrollment study
 - ✓ Key Benchmark: Vote 1: Town Meeting vote to approve funding a feasibility study
- ▶ **Likely timeline – Estimated 4–6 Year Process for complete project**
 - **December 2016 – April 2017**
 - Phase 2 – Hire Project Manager according to MSBA guidelines
 - **Summer 2017 – Spring 2019**
 - Phase 3 & 4 – Feasibility Study & Schematic Design: approx. 15 mos. depending on scope of study
 - **Spring 2019**
 - Phase 5: Funding the Project
 - Key Benchmark: Vote 2 Town Meeting vote to approve funding of building construction project



Funding Feasibility

Portion of MERSD Feasibility Study
Estimated Budget of \$650,000

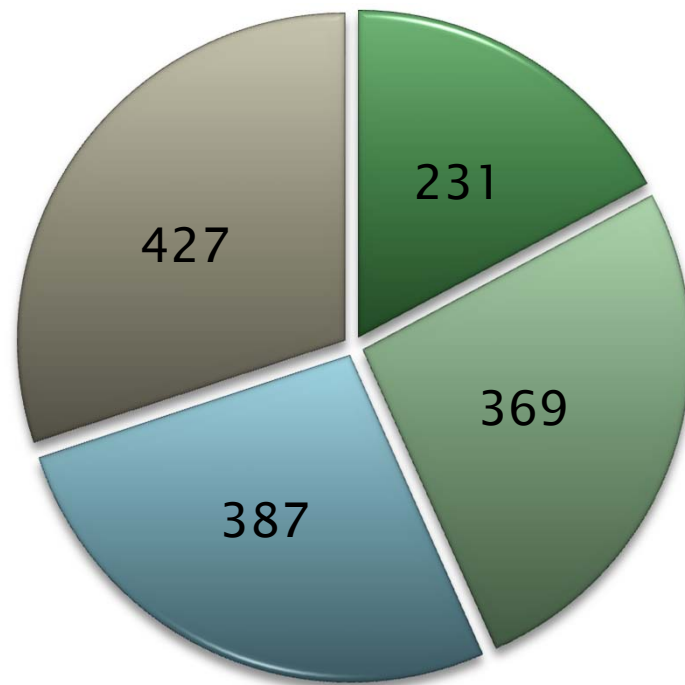


- Essex
- Manchester
- MERSD

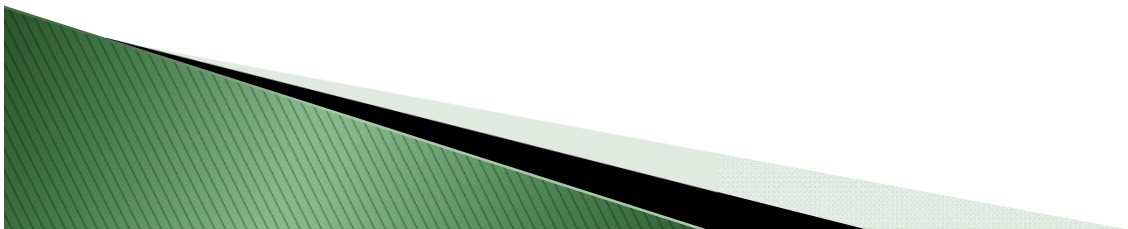
Data

Budget Considerations

Enrollment By School



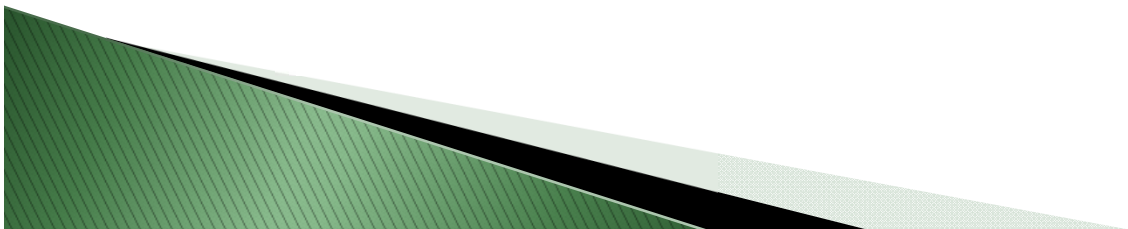
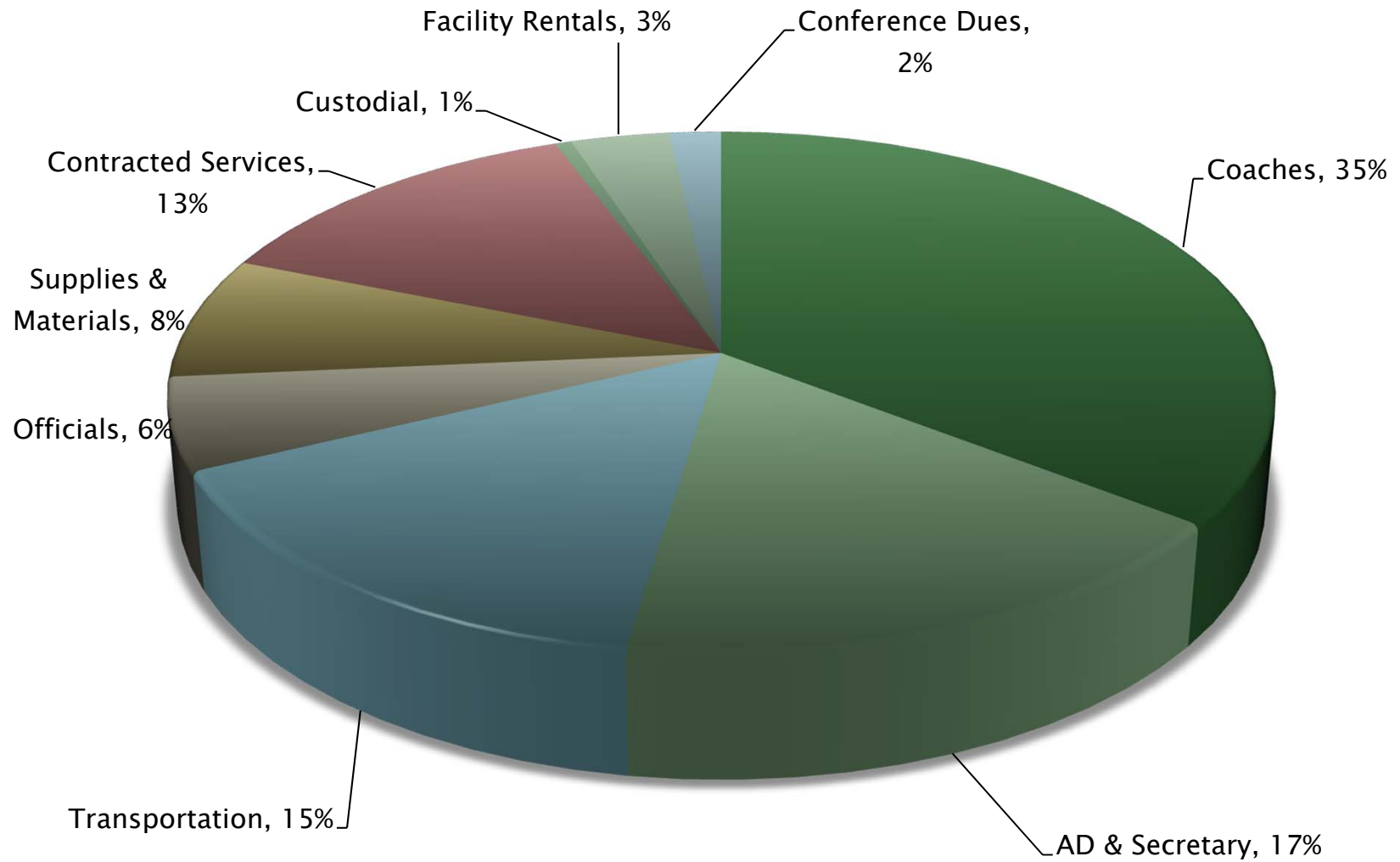
- EES
- Memorial
- Middle School
- High School



Personnel Costs

	Avg. Teacher Salary	Category of Comparable
Community		
Concord-Carlisle	\$100,731	High-Performing
King Philip	\$69,091	DART
Weston	\$93,953	High-Performing
Winchester	\$74,033	High-Performing
Newburyport	\$78,278	DART
Groton-Dunstable	\$78,291	DART
Harvard	\$83,504	DART
Norwell	\$76,313	DART
Hamilton-Wenham	\$73,336	DART
Medway	\$85,216	DART
Ipswich	\$68,727	Regional
Cohasset	\$82,963	DART
Gloucester	\$72,400	Regional
Rockport	\$74,556	Regional
Georgetown	\$66,512	DART
State Average	\$74,703	
State Median	\$73,185	
		Source: Department of Elementary & Secondary Education (DESE) DART = DESE's "District Analysis & Review Tools"
Manchester Essex	\$72,385	
MA State Avg.	\$74,703	

FY-16 Athletic Spending Overview

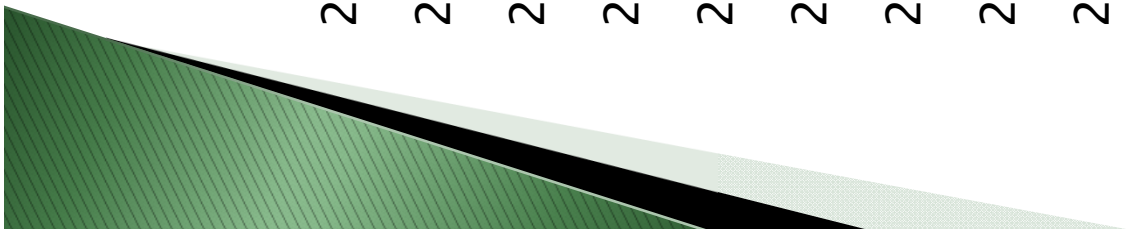
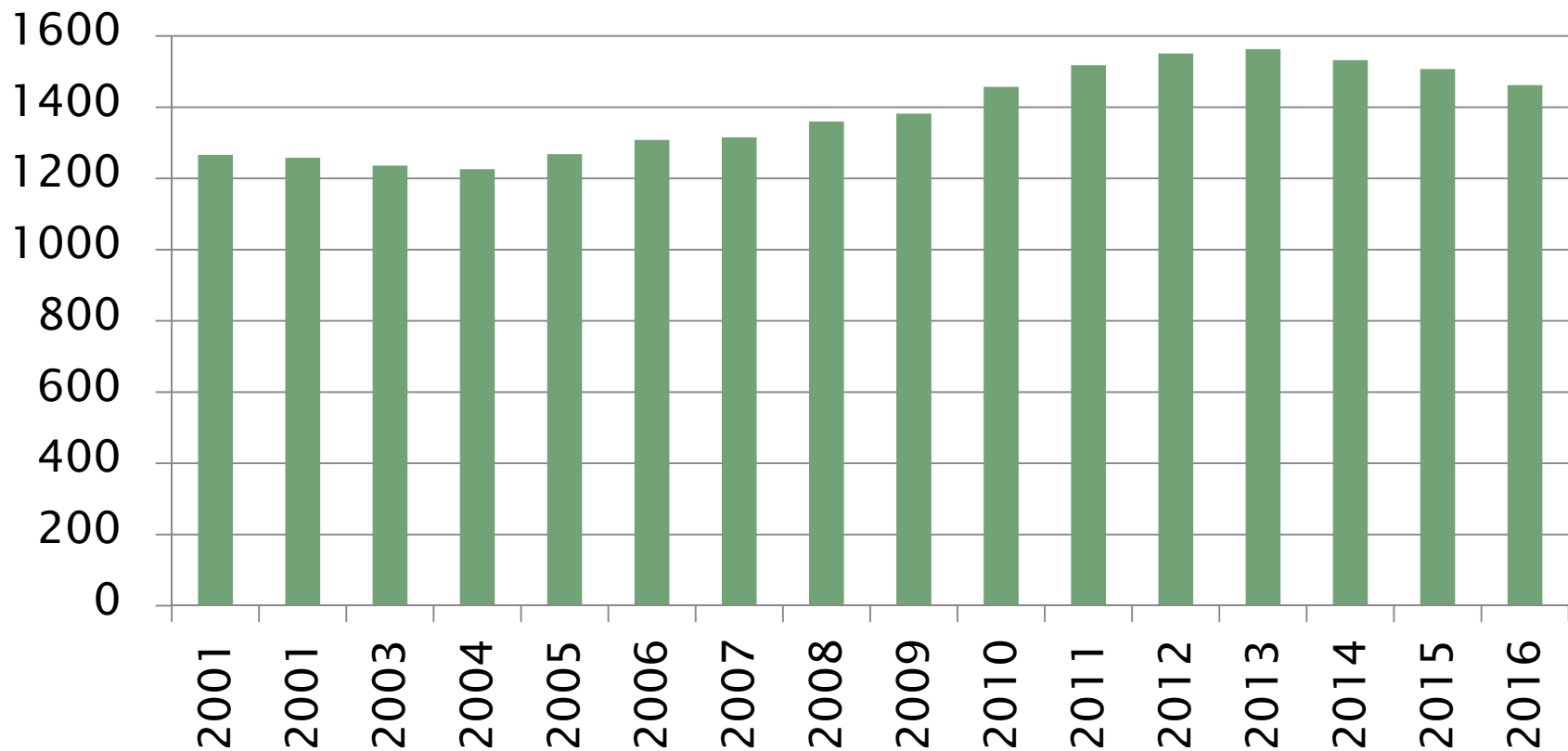


Cost per Sport, FY15

MERSD Athletics Review FY15											
Sport	# Athletes	Per Sport					Per Student Athlete				
		Direct Cost	+ Indirect	= Gross Cost	- Gate	= Net Cost	Direct	+ Indirect	= Gross	- Gate	= Net Cost
Sailing	22	\$27,896	\$5,129	\$33,024	\$0	\$33,024	\$1,268	\$233	\$1,501	\$0	\$1,501
HS Basketball	42	\$53,521	\$9,791	\$63,312	\$12,956	\$50,356	\$1,274	\$233	\$1,507	\$308	\$1,199
Swim	25	\$19,643	\$5,828	\$25,471	\$0	\$25,471	\$786	\$233	\$1,019	\$0	\$1,019
Football	40	\$40,926	\$9,325	\$50,251	\$10,204	\$40,048	\$1,023	\$233	\$1,256	\$255	\$1,001
Tennis	32	\$22,508	\$7,460	\$29,967	\$0	\$29,967	\$703	\$233	\$936	\$0	\$936
Baseball	30	\$19,792	\$6,994	\$26,785	\$0	\$26,785	\$660	\$233	\$893	\$0	\$893
Ski	44	\$26,084	\$10,257	\$36,341	\$0	\$36,341	\$593	\$233	\$826	\$0	\$826
HS Soccer	87	\$47,633	\$20,281	\$67,914	\$0	\$67,914	\$548	\$233	\$781	\$0	\$781
Softball	28	\$15,104	\$6,527	\$21,631	\$0	\$21,631	\$539	\$233	\$773	\$0	\$773
Lacrosse	73	\$37,467	\$17,018	\$54,485	\$0	\$54,485	\$513	\$233	\$746	\$0	\$746
Cross Country	42	\$20,613	\$9,791	\$30,404	\$0	\$30,404	\$491	\$233	\$724	\$0	\$724
Golf	23	\$10,971	\$5,362	\$16,333	\$0	\$16,333	\$477	\$233	\$710	\$0	\$710
MS Soccer	18	\$8,351	\$4,196	\$12,547	\$0	\$12,547	\$464	\$233	\$697	\$0	\$697
MS Basketball	42	\$19,282	\$9,791	\$29,073	\$0	\$29,073	\$459	\$233	\$692	\$0	\$692
HS Field Hockey	52	\$23,711	\$12,122	\$35,833	\$0	\$35,833	\$456	\$233	\$689	\$0	\$689
Indoor Track	64	\$28,549	\$14,920	\$43,469	\$0	\$43,469	\$446	\$233	\$679	\$0	\$679
MS Field Hockey	56	\$12,964	\$13,055	\$26,019	\$0	\$26,019	\$231	\$233	\$465	\$0	\$465
Total	720	\$435,014	\$167,846	\$602,861	\$23,160	\$579,701	\$604	\$233	\$837	\$32	\$805

Budget Considerations

Annual Enrollment



MERSD At A Glance

Essex

- ▶ 231 Students
- ▶ 25.6 Teachers
- ▶ 15.2 Support Staff

Memorial

- ▶ 369 Students
- ▶ 37.8 Teachers
- ▶ 12.4 Support Staff

Essex Elementary

Memorial School

MERSD At A Glance

Middle School

- ▶ 387 Students
- ▶ 1 Principal
- ▶ 35.8 Teachers
- ▶ 5 Support Staff

High School

- ▶ 427 Students
- ▶ 1 Principal
- ▶ 1 Asst. Principal/AD
- ▶ 46.8 Teachers
- ▶ 2 Support Staff

Middle School

High School

Estimating Cost of Feasibility Study

- ▶ Appropriation estimate based on conversations with MSBA and review of expenditures for similar sized communities
- ▶ Portion of cost reimbursed by MSBA
- ▶ Reimbursement Rates Determine Winter 2016

School	Cost	Notes
Westport	\$700,000	K-8 School
Ipswich	\$950,000	Additional Costs for Consolidation Study
Bourne	\$750,000	Consolidation
Hanover	\$500,000	Similar Project – Single School /Same Site
Needham	650,000	Similar Project – Single School /Same Site
Quincy	650,000	Similar Project – Single School /Same Site
Dedham	650,000	Similar Project – Single School /Same Site