

# MERSD Budget

- MERSD operational budget is managed to deliver a stable and predictable spending and assessment growth rate from which apportionment is factored.
- MERSD manages key drivers and wild cards to maintain the agreed upon target of 3.5% spending/assessment growth.
- The mechanics of apportionment can inflate or deflate the apportionment growth rate as town enrollments fluctuate.
- The operational budget has been historically been developed to provide level services.



# Regional Agreement

- Governance Document
- Establishes Budget Timeline & Apportionment Formula
  - School Committee Approves Detailed Budget
  - Town Meeting Approves Assessment
- References Lease Agreements for Facilities by Town

*See MERSD Budget Documents for Apportionment Formula*

## Budget Timeline

### November/December

- District-Town collaboration meetings
- Schools and departments submit budgets
- District formulates tentative budget
- Superintendent's budget is presented to School Committee for review, revision, and adoption
- Public Hearing held to solicit community feedback on School Committee's adopted Tentative Budget

### January/February

- School Committee and leadership team revise budget to meet assessment goals established through District-Town collaboration meetings
- A second public hearing is held to solicit feedback on final budget proposal
- Final budget is adopted and submitted to towns

### March

- School Committee and leadership team monitor and refine budget variables
- Attend Town board meetings to seek support for budget requests

### April/May

- Budgets are presented and voted on at Town Meeting
  - ▶ Manchester: April 2020
  - ▶ Essex: May 2020

# Budget Architecture

## Operating Budget

*Historically funded with neutral impact to the operational budget.*

**Investments & Program Enhancements**

**Preventative Spending & Common Practices**

**Required Spending**

## Capital Budget

- Debt Service on MHS & Memorial School
- Excluded from Proposition 2 ½ limits by taxpayer vote in both Essex & Manchester
- Known/pre-fixed, multi-year payment schedule for both towns
- Structured to decline each year

## Expense Structures Driven By Local, State, and Federal Policy or Mandate

### Required

Facilities Four Sites  
Community Determination / Regional Agreement

Facility Operations and Maintenance  
Personnel

### Required Spending

Transportation

Statute for Regional School Districts

- K-12 Greater than 2 Miles
- Reimbursement 70-80% 1.5+ Miles

Optional Fee Based Service 1.0-1.5 miles

### Required Spending

Salary & Health Benefits

- Salary\*
- Health Care\*
  - Minimum 50% Contribution by Statute (active and retirees) - Statute
  - 20% remainder is subject of bargaining\*
- OPEB Contractual Contribution
  - Town Agreement to pre-fund OPEB Trust
- Non-META Pension Contribution – Statute

\*Mandated Subject of Collective Bargaining

- Must be ratified by both Teachers' Association and School Committee
- Benchmarked against comparables
- Structured to fit within levy limit which may require other budget offsets

## Expense Structures Driven By Local, State, and Federal Policy or Mandate

**Required Spending** Special Education IDEA – Federally Mandated Obligations and Associated Costs  
Required but Variable

- & Preventative Spending**
- By regulation, managed through Collaborative Team Process (parents/teachers/students) outcomes are based on needs of the students – annual evaluation
  - Resulting IEP is a legal obligation
  - Potential Outcomes
    - Services
    - Dedicated Personnel Out of District Placement (Day) & Transportation
    - Out of District Placement / Residential

**Required Spending** Core Program – State Mandated Minimum Offerings

- Time on Learning
  - 900 Hours Elementary
  - 990 Hours 6-12
- K-8 English, Math Science, Social Studies
- 9-12 MASSCore (see appendix)

Determination of program + Enrollment = Staffing Size

**Common Practices** School Day Programming: Art, Digital Learning, Music (general, band, chorus), Health & Wellness, Advanced Placement, Environmental Studies, ASR, Global Studies, HS Elective Programs, etc.

- Current program is consistent with region and high performing school programs

SEL / Whole Child Supports: Counseling, Intervention, Academic Support

- Current program is consistent with region and high performing school programs

After School Programing: Athletics, Clubs, & Activities

- Athletics is fee based with 40% financial support directly from user fees
- There has been a moratorium on athletics offerings expansion since FY11

# School Committee Goals

- Provide for the health and safety of students and faculty while maintaining the robust educational program MERSD and our member towns value, specifically during the COVID crisis.
- Manage the District's budget and budget reserves, allocating resources for both near- and long-term financial health of the District.
- Continue to manage the construction of the new Memorial School, ensuring it remains on time and on budget. Ensure parity between Essex Elementary School and Memorial School in key facility-related areas in order to maintain educational parity (technology, security, and playground). Plan and execute construction of the Essex Eagle's Nest playground.
- Stand up the appropriate working groups and establish goals and benchmarks to address the commitment of the School Committee made in adopting the anti-racist policy.
- *Resolved: that Manchester Essex Regional School District and the school districts in the Commonwealth must guarantee that racist practices are eradicated, and diversity, equity, and inclusion is embedded and practiced for our students, families, faculty, and staff.*

# Budget Goals

- Provide for the health and safety of students and faculty while maintaining the robust educational program MERSD and our member towns value, specifically during the COVID crisis.
- Target resources to support the unique educational, logistical, and social/emotional needs of students across the District during the COVID Crisis.
- Develop and deliver a fiscally responsible budget that strives to balance maintaining educational quality, District goals, and recognizes the confines of Proposition 2½.
- Manage Enrollment & Staffing
  - Strive to meet School Committee class size guidelines
  - Serve increasingly diverse student needs
- Exercise fiscal responsibility
  - Seek internal efficiencies to offset growth needs when possible
- Meet local, state, and federal responsibilities

## Considerations In Developing 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
- MSHS Maintenance Capital Planning
- Support Memorial Building Project



# Key Terms

- Spending Growth: *percentage/\$ increase in spending approved by School Committee from one year to the next*
  - Assessment: *percentage/\$ increase in annual charge to Essex & Manchester after deducting state revenue from spending.*
  - Apportionment: *split of assessment between Essex & Manchester based on formula defined in the Regional Agreement.*
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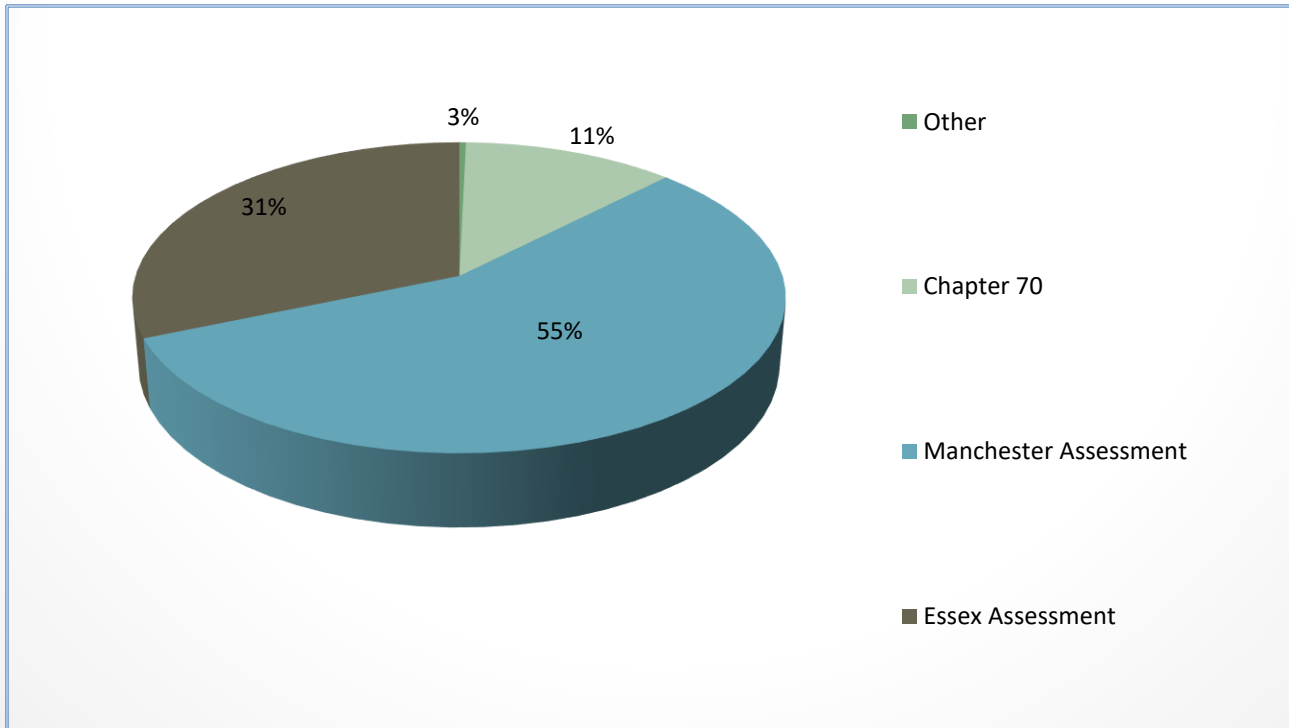
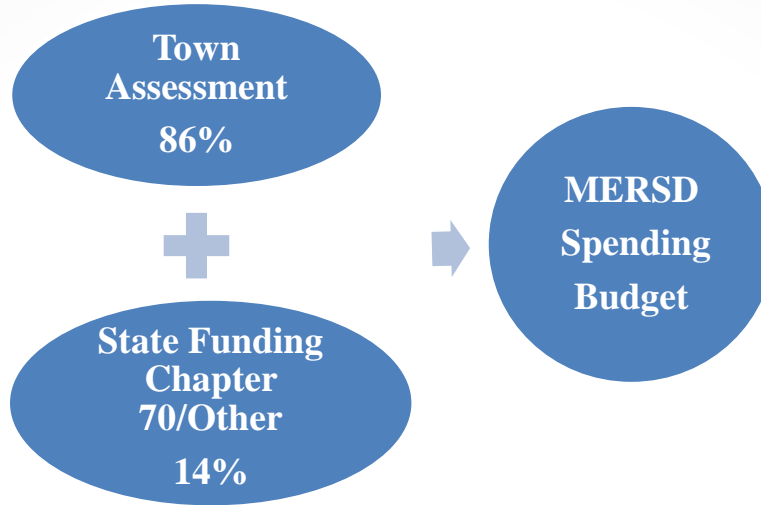
# Key Terms

- Level Services: *Provision of the same program scope, class size, course offerings, and services from one year to the next.*
  - For service provision to be level (same range of services) from year-to-year it may be necessary to increase the number of staff to meet the need.
    - Ex. Special Education Services total number of enrolled students may decrease but the number of students who need specialized programming, small group, or one-one assistance may increase. This will show an increase in staffing (Tas or specialized teachers)
    - For us to take a reduction in general ed staffing we typically need the reduction of approximately 20 student at one grade level.

# Spending

- MERSD operational budget is managed to deliver a stable and predictable spending and assessment growth rate from which apportionment is factored.

# FY21 Revenue Sources



# Stable & Predictable Spending and Assessment Growth

Spending & Assessments have been stable over time

Average Annual Increase		
	5-Yr	10-Yr*
<b>Spending</b>	3.15%	4.04%
<b>Assessment</b>	3.17%	3.60%
<b>*Includes FY16 override</b>		

Level Service Reductions are an annual step in budgeting

Reductions to Close Annual Gap			
FY 18	FY 19	FY 20	3 Yr. Total
\$410,000	\$679,000	\$565,000	\$1,654,000

Reserve Funds provide temporary bridge prior to eventual correction

- Potential for 80% reduction by FY23 (\$3.4 Million)

# Key Drivers

## Personnel - 65% of spending

- Stable FTE
- Managed to align with spending/assessment targets:

### META COLA since 2005

**2.11% 18-Year Average**

**2.03% 10-Year Average**

**w/est. 1.5%**

### for Step/Column

**3.61%**

**3.53%**

# Key Drivers (contd.)

- Insurance & OPEB Trust – 20% of spending
  - Industry growth of 6-8%/yr does not align w/assessment targets
  - Ongoing negotiation of MERSD benefits to match external comparables
    - Changes in MERSD contribution rate:
      - FY09 – moved from 85% to 80%
      - FY16 – moved to 75% with new hires at 70%
    - Changes in plan design:
      - Introduced \$1K/\$2K deductibles in FY20
      - 10% premium savings with employer funded HRA

HRA	Annual MERSD Contribution		
	Total	75%	70%
Individual	<b>\$10,421</b>	\$7,816	\$7,295
Family	<b>\$28,138</b>	\$21,104	\$19,697

# Key Drivers (contd.)

- Insurance & OPEB Trust – 20% of spending (continued)
- OPEB = Retiree Health Care, mandated by statute
  - 164 insured retirees now > 159 insured active employees
  - 12% annual growth over past 5 years
  - \$3.5 million contributions funded in partnership with META via negotiated changes to health plans
  - Annual OPEB = 96.48% of actuarially determined annual contribution to achieve full funding

	% of		Employer		% of		
	Heads	Heads	Contr. %	FY21 Cost	Cost	Per Head	
Grandfathered Plan	25	15%	80%	\$451,669	43%	\$18,067	<i>No longer available to new retirees</i>
Active Employee HRA	8	5%	75%	\$124,471	12%	\$15,559	<i>For new retirees prior to Medicare eligibility</i>
Medicare Plan	131	80%	80/75%	\$464,218	45%	\$3,544	
	<b>164</b>	<b>100%</b>		<b>\$1,040,358</b>	<b>100%</b>	<b>\$6,344</b>	



# Key Drivers (contd.)

## Out of District Tuition & Transportation – 5.2% of Budget

- Special Education IDEA – Federally Mandated Obligations and Associated Costs / Required but Variable
- Much smaller in total size but can grow beyond the limits of Proposition 2.5.
- Changes in placements for move-ins difficult to predict
- Several students with mandated placements > \$100K annually per student.
- Investment in district based programming (staffing) to meet students need and manage OOD costs
  - MERSD's in-district programs offset potential spikes in costs, saving more than \$1.5 million annually.

# Assessment

- MERSD manages key drivers and wild cards to maintain the agreed upon target of 3.5% spending/assessment growth.

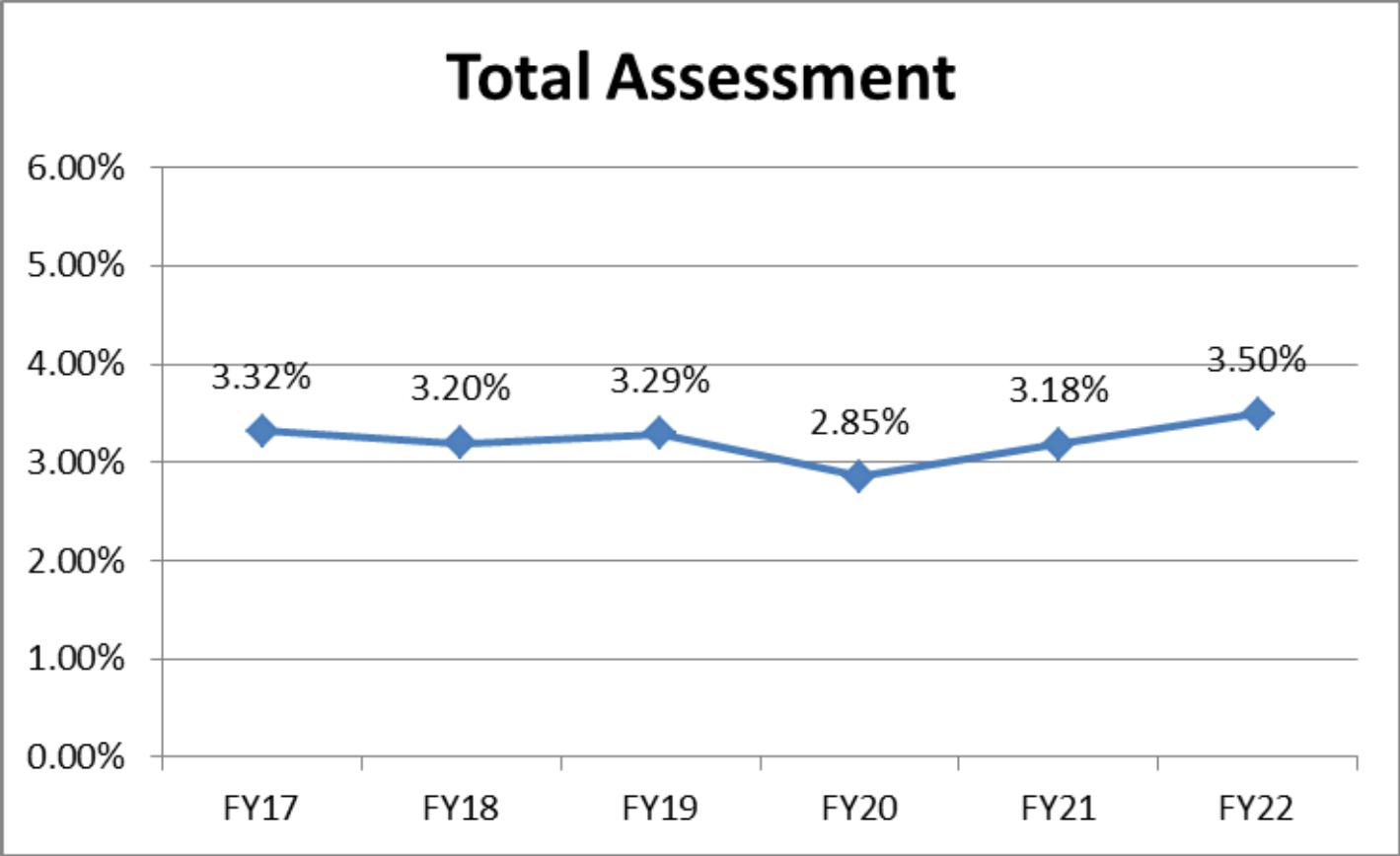
# Multi-Year Budget

	2.5% COLA	Actual	Actual	Budget	Budget	Forecast 1	Forecast 2	Forecast 3	Forecast 4
(\$ in 000)		FY-19	FY-20	FY-21	FY-22	FY-23	FY-24	FY-25	FY-26
<b>Personnel</b>		<b>\$16,308</b>	<b>\$16,805</b>	<b>\$17,372</b>	<b>\$17,984</b>	<b>\$18,643</b>	<b>\$19,327</b>	<b>\$20,036</b>	<b>\$20,772</b>
Yr/Yr Growth		1.54%	3.05%	3.37%	3.53%	3.66%	3.67%	3.67%	3.67%
<b>All Other Operating Expenses</b>		<b>\$8,952</b>	<b>\$9,207</b>	<b>\$9,769</b>	<b>\$10,271</b>	<b>\$10,789</b>	<b>\$11,334</b>	<b>\$11,914</b>	<b>\$12,532</b>
Yr/Yr Growth		3.09%	2.85%	6.11%	5.15%	5.04%	5.05%	5.12%	5.18%
<b>Total Spending</b>		<b>\$25,260</b>	<b>\$26,012</b>	<b>\$27,141</b>	<b>\$28,256</b>	<b>\$29,432</b>	<b>\$30,661</b>	<b>\$31,950</b>	<b>\$33,304</b>
Total Growth		2.08%	2.98%	4.34%	4.11%	4.16%	4.17%	4.20%	4.24%
State Aid		\$3,130	\$3,119	\$2,896	\$3,191	\$3,247	\$3,303	\$3,361	\$3,420
Yr/Yr Growth		2.1%	-0.3%	-7.1%	10.2%	1.75%	1.75%	1.75%	1.75%
Fees & Other		\$116	\$105	\$120	\$120	\$131	\$131	\$131	\$131
Yr/Yr Growth		-31.9%	-9.7%	14.4%	0.0%	10.0%	0.0%	0.0%	0.0%
S. Choice: Annual Revenue		\$325	\$325	\$325	\$325	\$325	\$325	\$325	\$325
Yr/Yr Growth		8.3%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%
Reserves: Choice, E&D		\$0	\$100	\$335	\$335	\$595	\$885	\$1,205	\$1,555
Yr/Yr \$ Growth		\$0	\$100	\$235	\$0	\$260	\$290	\$320	\$350
Yr/Yr % Growth				235%	0%	78%	49%	36%	29%
Town Operating Assessments		\$22,111	\$22,742	\$23,465	\$24,286	\$25,134	\$26,016	\$26,928	\$27,872
Yr/Yr Growth		3.29%	2.85%	3.18%	3.50%	3.50%	3.51%	3.50%	3.51%
<b>Total Revenue</b>		<b>\$25,682</b>	<b>\$26,390</b>	<b>\$27,141</b>	<b>\$28,256</b>	<b>\$29,432</b>	<b>\$30,661</b>	<b>\$31,950</b>	<b>\$33,304</b>
Total Growth		2.97%	2.76%	2.84%	4.11%	4.16%	4.17%	4.20%	4.24%
Assessment Growth		\$704	\$631	\$723	\$821	\$849	\$882	\$911	\$945
Assessment Growth %		3.29%	2.85%	3.18%	3.50%	3.50%	3.51%	3.50%	3.51%

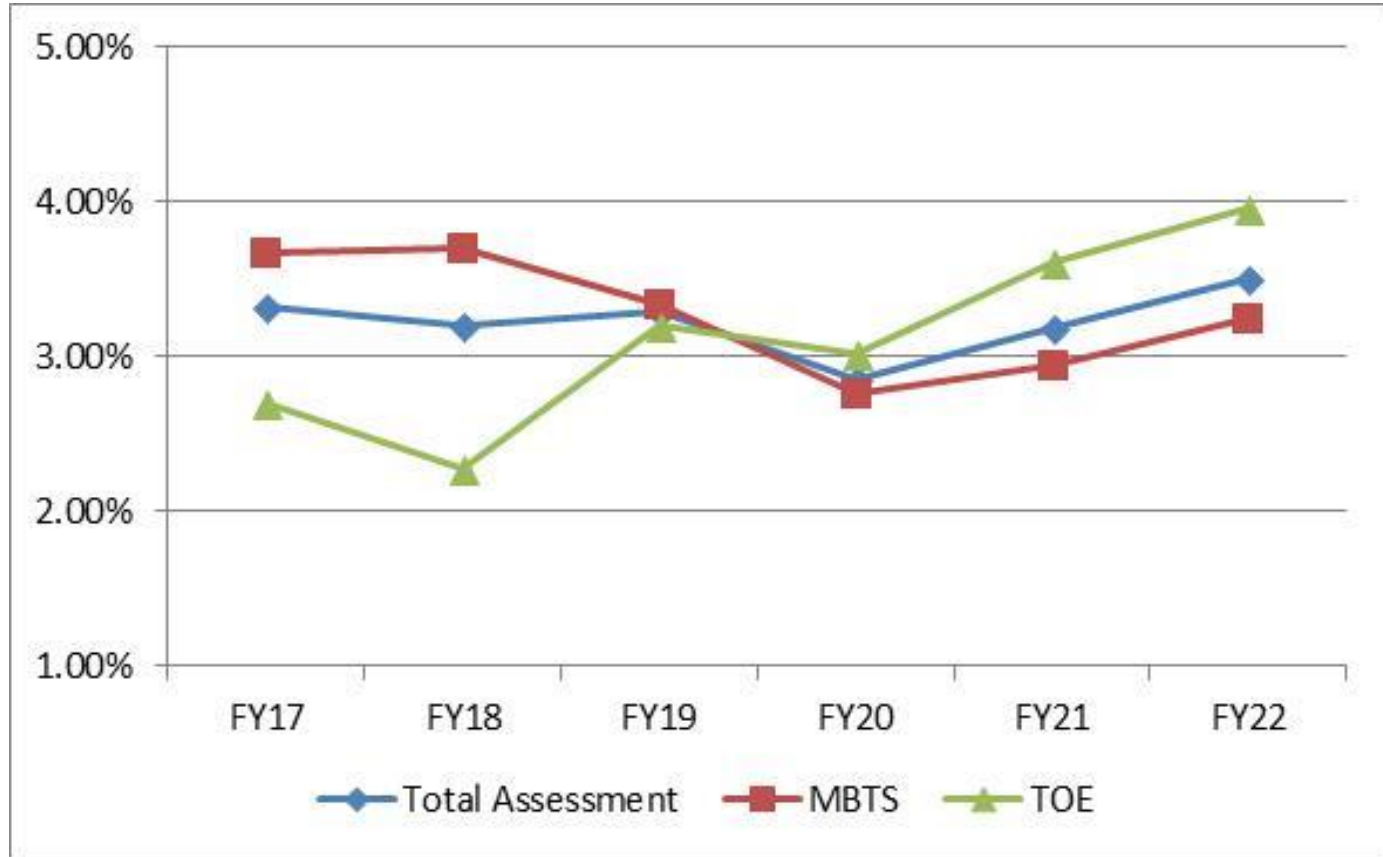
# Apportionment

- The mechanics of apportionment can inflate or deflate the apportionment growth rate as town enrollments fluctuate.

# Assessment Prior to Apportionment is Stable



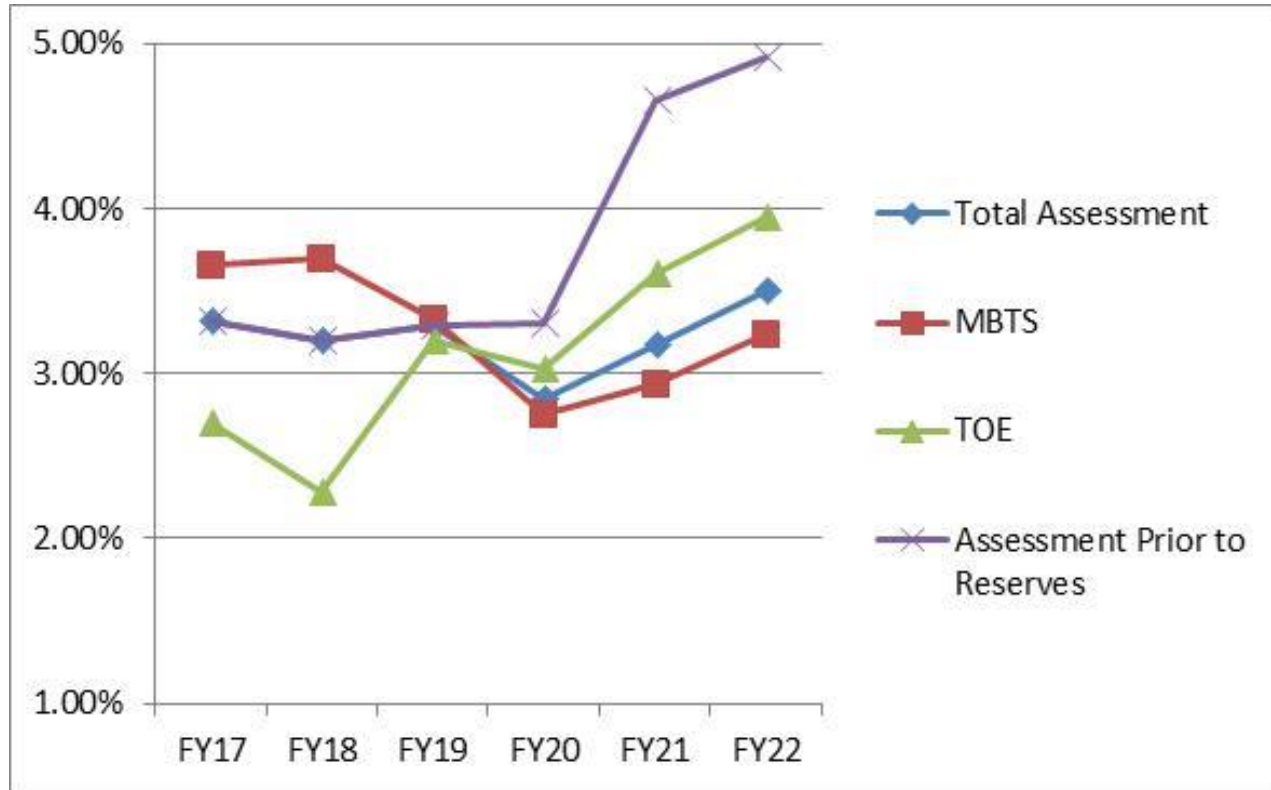
# Apportionment Volatility Has Impacted Both Towns at Different Times



## Apportionment Over/(Under) Total Assessment

	FY17	FY18	FY19	FY20	FY21	FY22	Cumulative
MBTS	\$44,509	\$67,750	\$6,434	(\$13,494)	(\$34,819)	(\$38,281)	<b>\$32,098</b>
TOE	(\$44,509)	(\$67,750)	(\$6,434)	\$13,494	\$34,819	\$38,281	<b>(\$32,098)</b>

# Level Services Cuts and Reserve Use Reduce Total Assessment



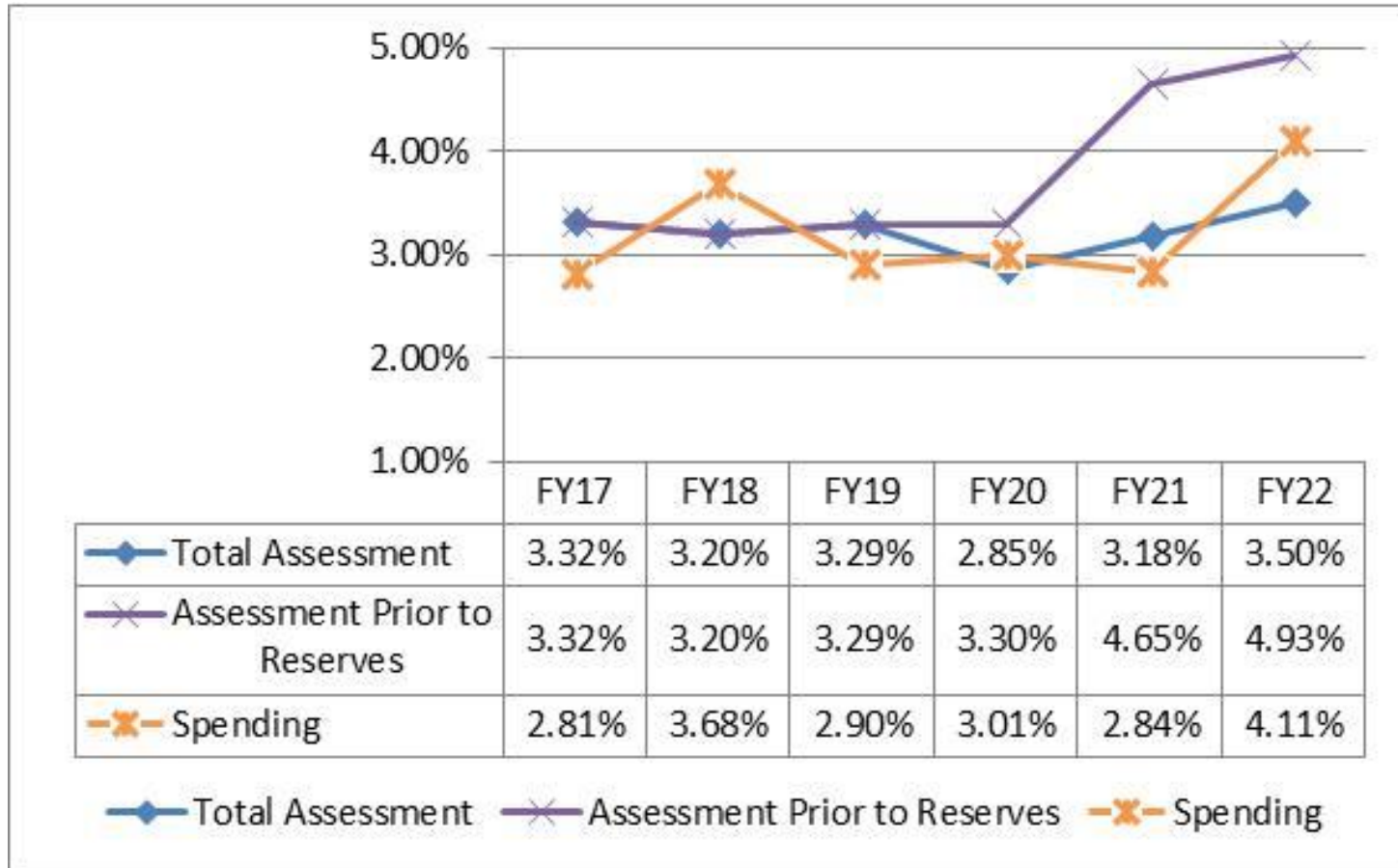
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MBTS	\$44,509	\$67,750	\$6,434	(\$13,494)	(\$34,819)	(\$38,281)	<b>\$32,098</b>
TOE	(\$44,509)	(\$67,750)	(\$6,434)	\$13,494	\$34,819	\$38,281	<b>(\$32,098)</b>

## MERSD Reserve Contribution

\$0	\$0	\$0	\$100,000	\$335,000	\$335,000	\$770,000
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# Revenue Problem $\neq$ Spending Problem



- Although assessment prior to reserve use would approach 5% spending range has been lower/with target range
- FY22 School Committee voted to stop cutting program below level services



# The Problem We We're Trying To Solve

## *January 26, 2021*

The challenge we were discussing at this time last year

- The cost of level services grows at an average 3.5-4% which is faster than 2.5%.
  - Perpetual and Structural Challenge – not a function of any single budget year
  - Level Service growth rate is suppressed annually in recognition of fiscal constraints
  - Creates a cycle of cutting to meet a specified budget number
    - Cumulative level services deficit grows over time
    - Every 7-10 years MERSD faces a financial crossroads of significant program reduction or need for an override
- We are at that crossroads in planning for FY22-24.



# The Problem We We're Trying To Solve

January 25, 2022

Structural Financial Challenge Continues

+

Expanded Obligations in Health Insurance & Out of District Placements

+

Enrollment Shift Causing Apportionment Concern for Town of Essex

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*MERSD must determine the direction it wants to take to balance the budget  
Reserves / Reserves & Program Cuts / All Program Cuts*



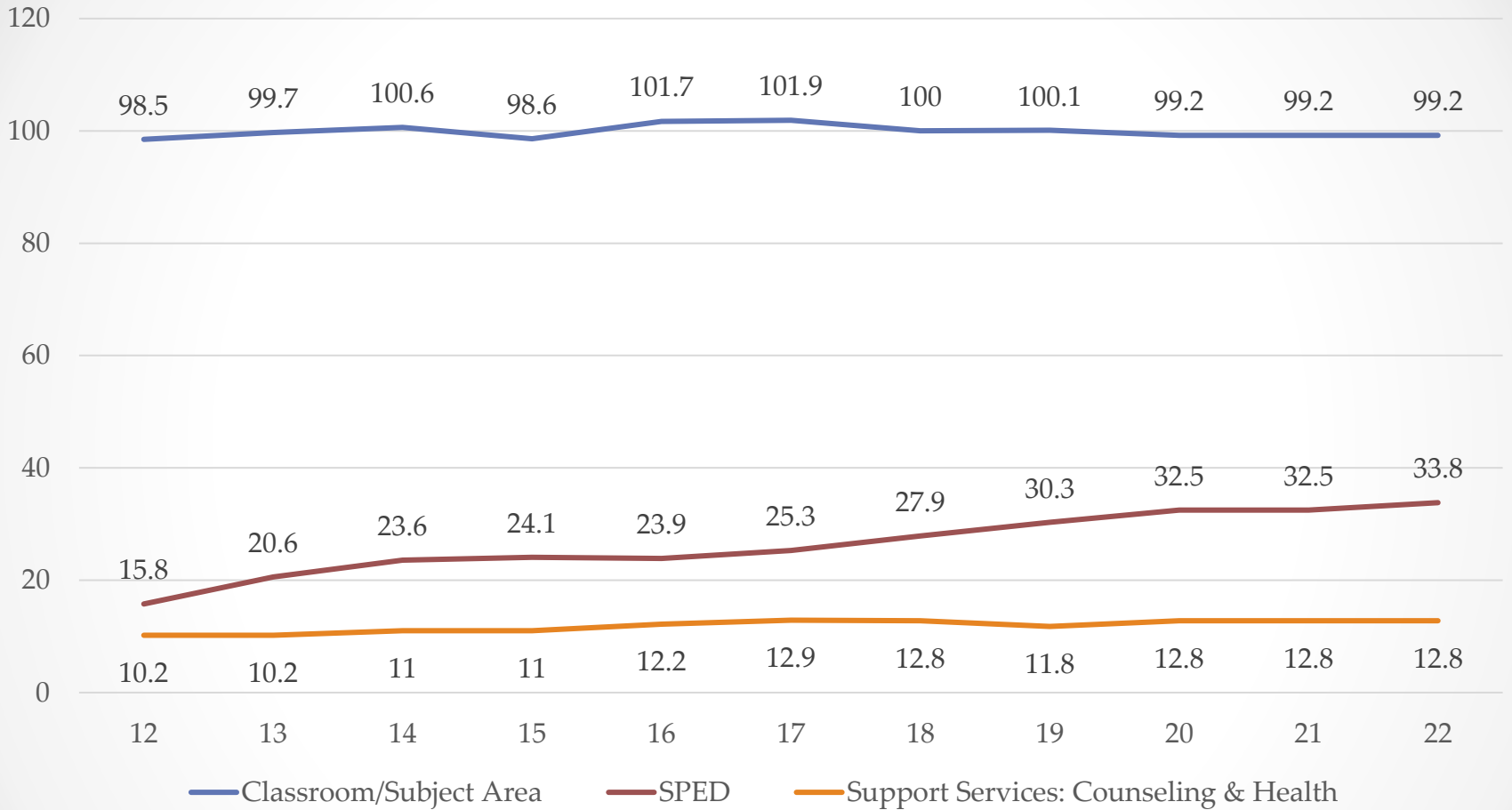
Enrollment Decline  
≠  
Reduction in Growth

- **Enrollment Decline Does Not Translate into Lower Growth**
- ≠ Cost Shifting from General Education to Special Education
  - ≠ General education staffing reductions offset by staffing needs in special education
    - Out-of-District Tuition Outpacing Circuit Breaker Funding Relief
    - Escalating Costs of Special Education Out-of-District Transportation
- ≠ Reductions to staffing and scope of program may initially reduce total dollar cost if realized (not absorbed by required spending) but will not impact subsequent years growth rate of key budget drivers
  - Salaries
  - Health Care Premiums
    - Active & Retiree
  - Head Count for Retiree Health
  - Special Education Costs
- ≠ Student need, mandated services, and community expectations not just enrollment number dictate staffing levels and program scope

## Personnel Shifts

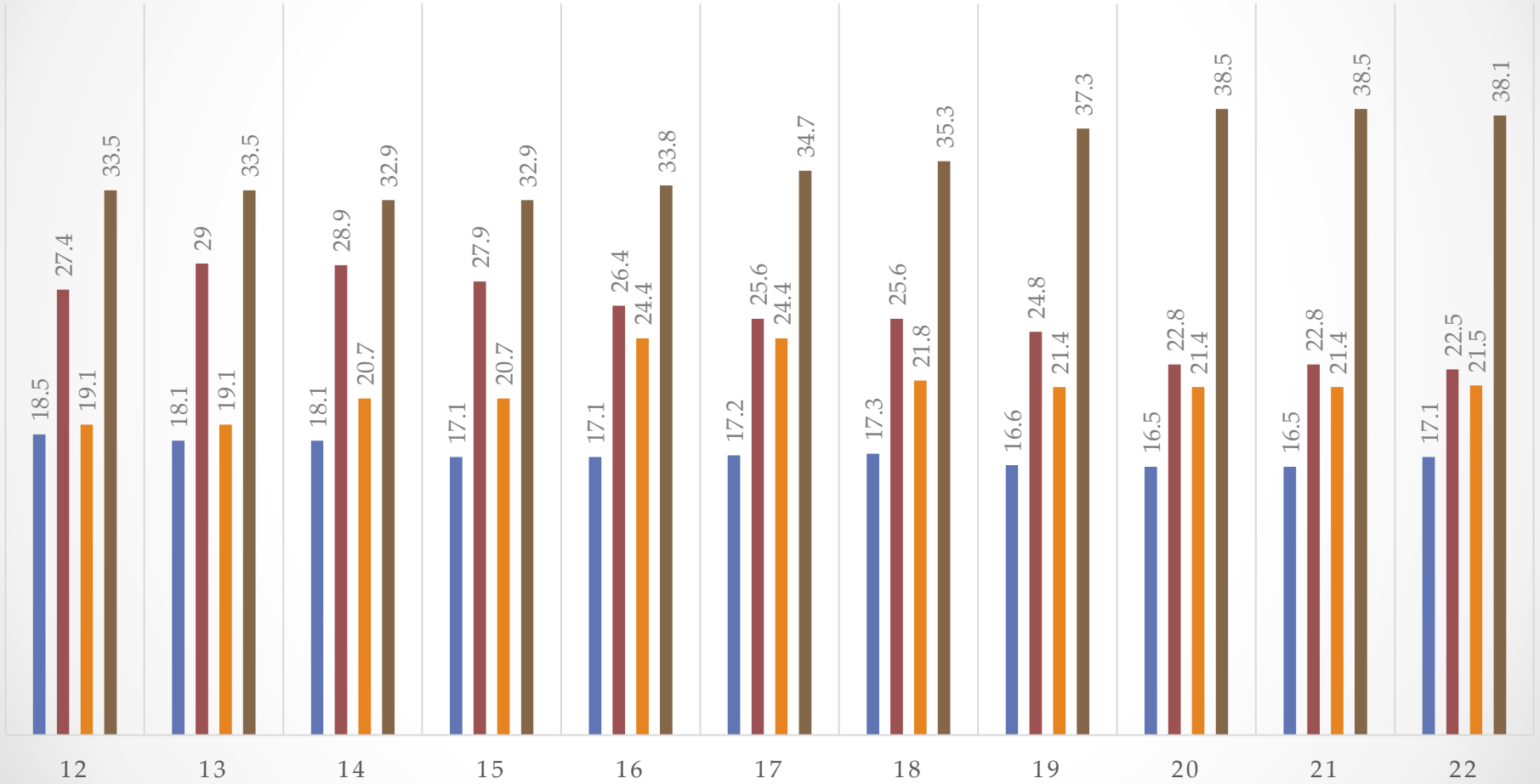
- Elementary to High School to manage tail end of the enrollment “bubble”
  - Each HS schedule requires 1.2-1.4 FTE per 20 students to create a complete schedule as opposed to 1.0 per 20 at elementary level
- General Ed to Special Education to address increasing needs of students
- Overall total heads for professional (certified teaching) staff is flat (incremental year-to-year up and down in total)

# Professional Staff by Category

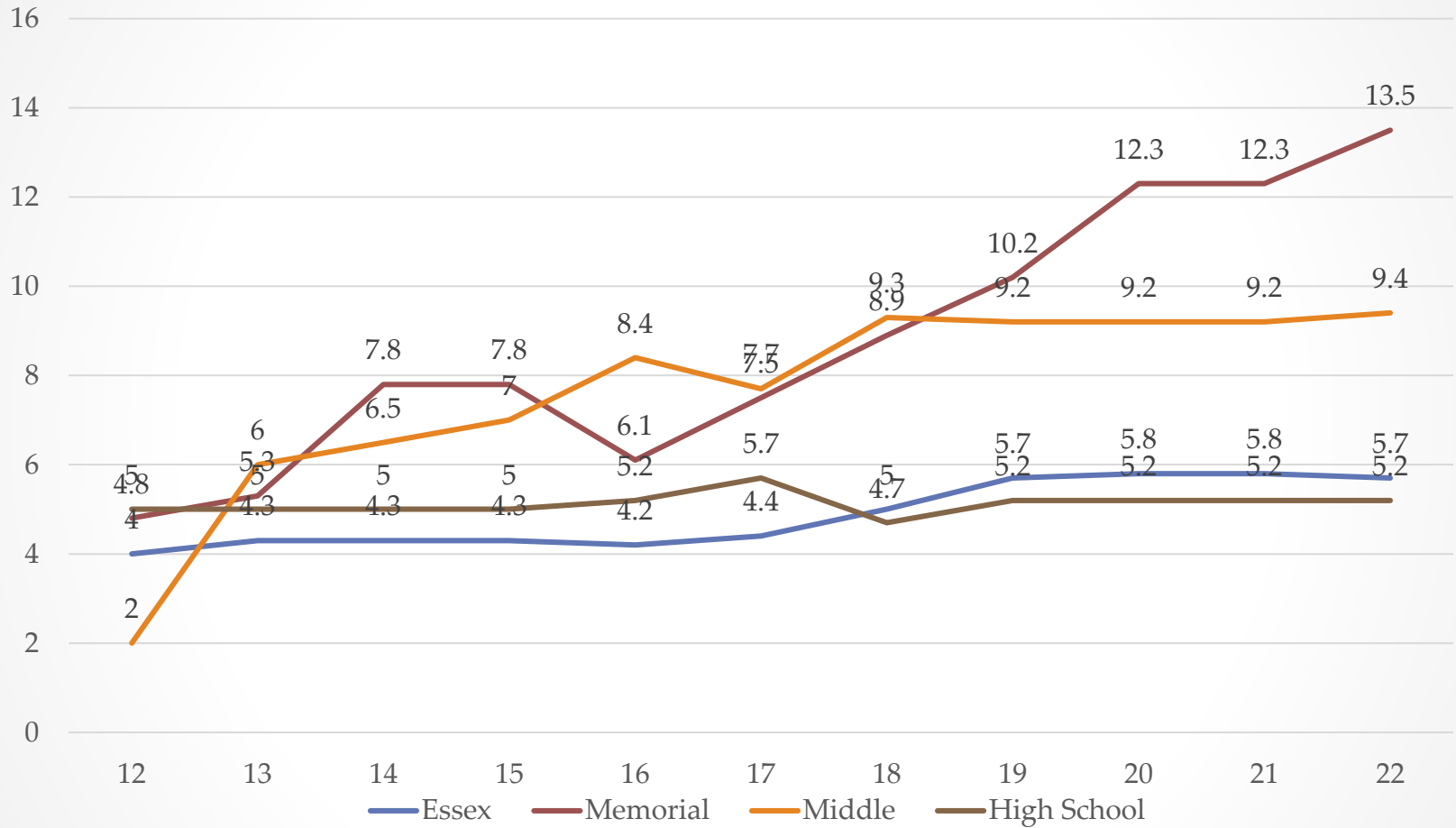


# General Education Professional Staff by School

■ Essex ■ Memorial ■ Middle ■ High School

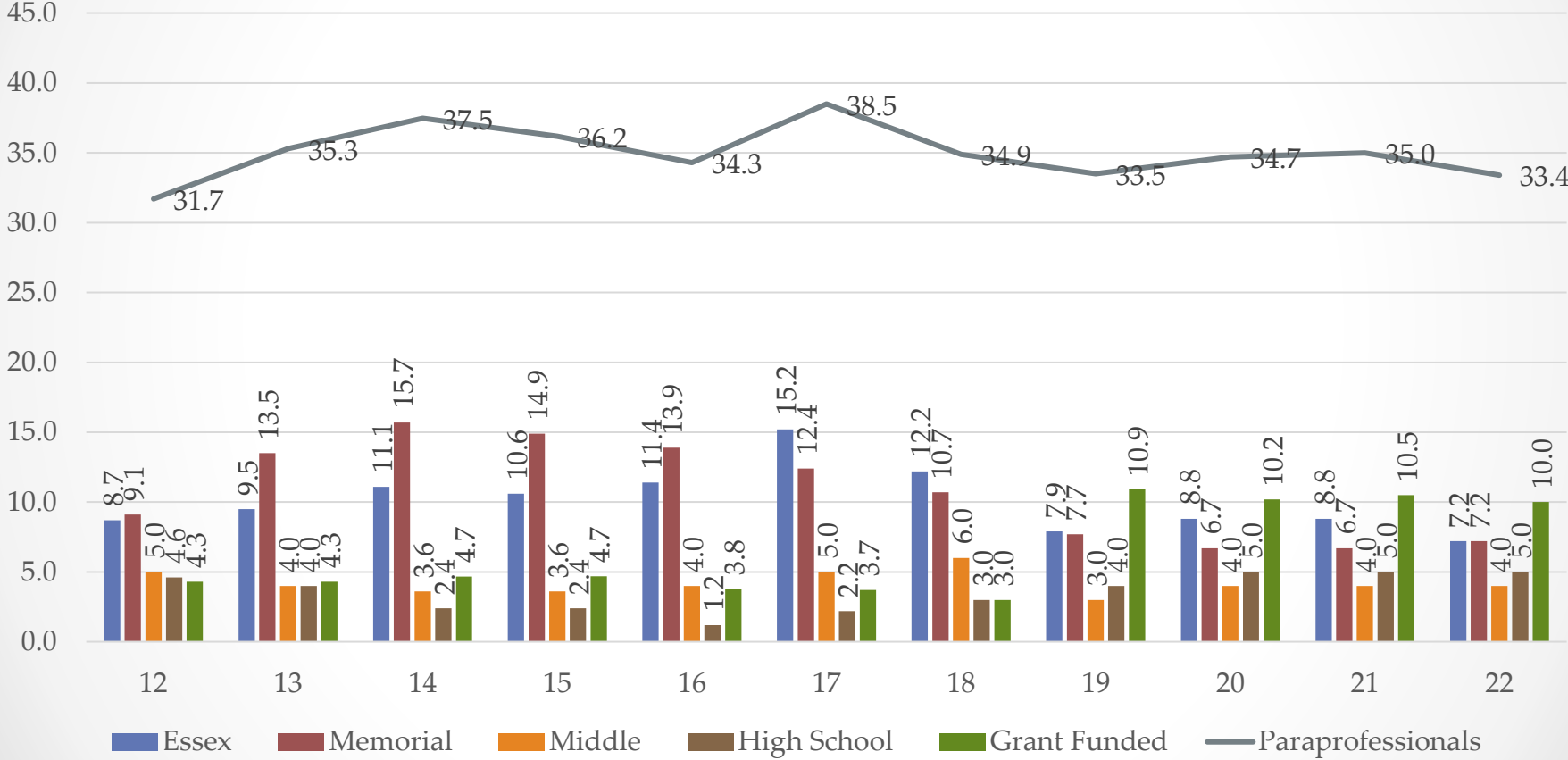


## Special Education Professional Staff by School

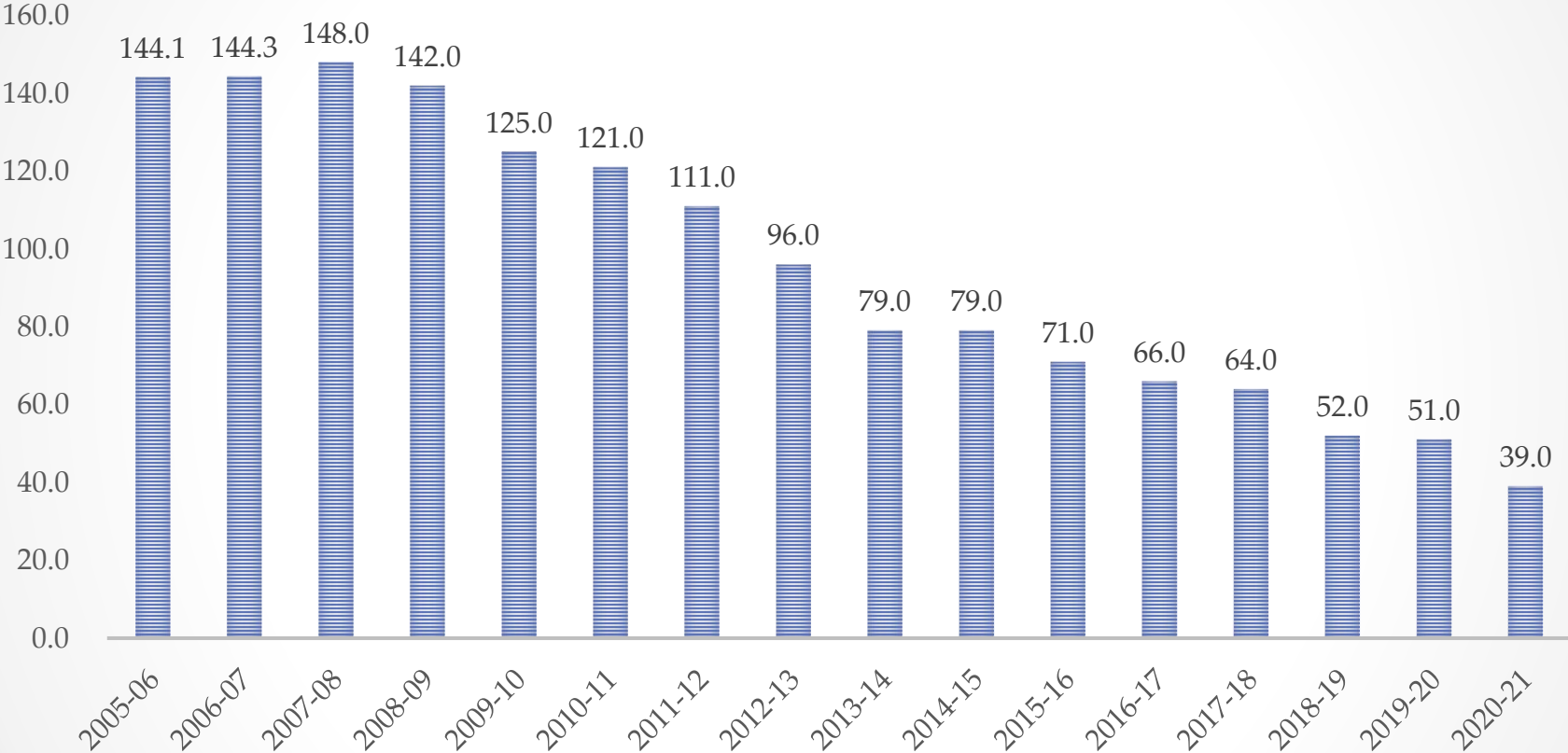




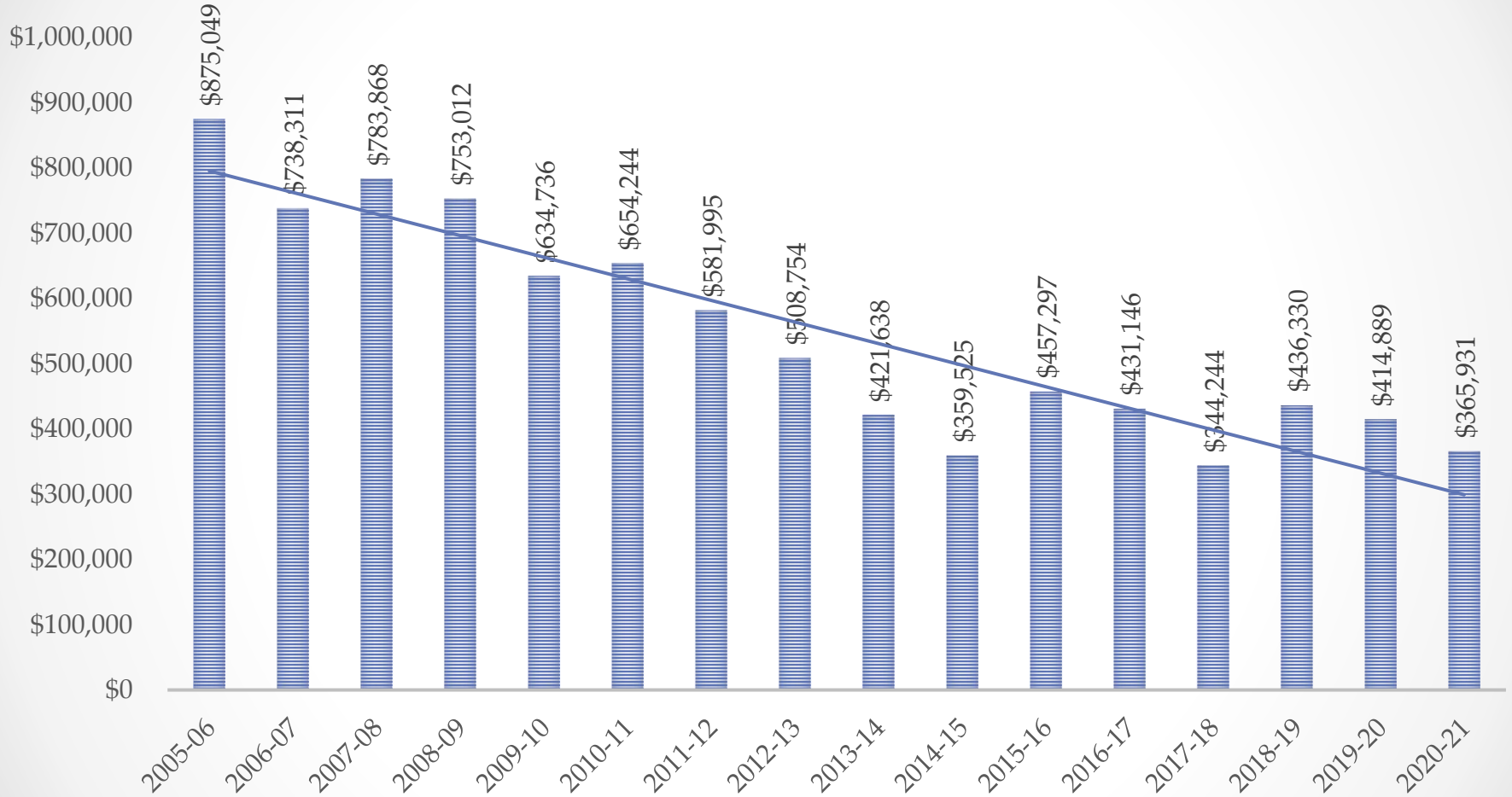
# Paraprofessional Staff



# SCHOOL CHOICE ENROLLMENT



# SCHOOL CHOICE REVENUE



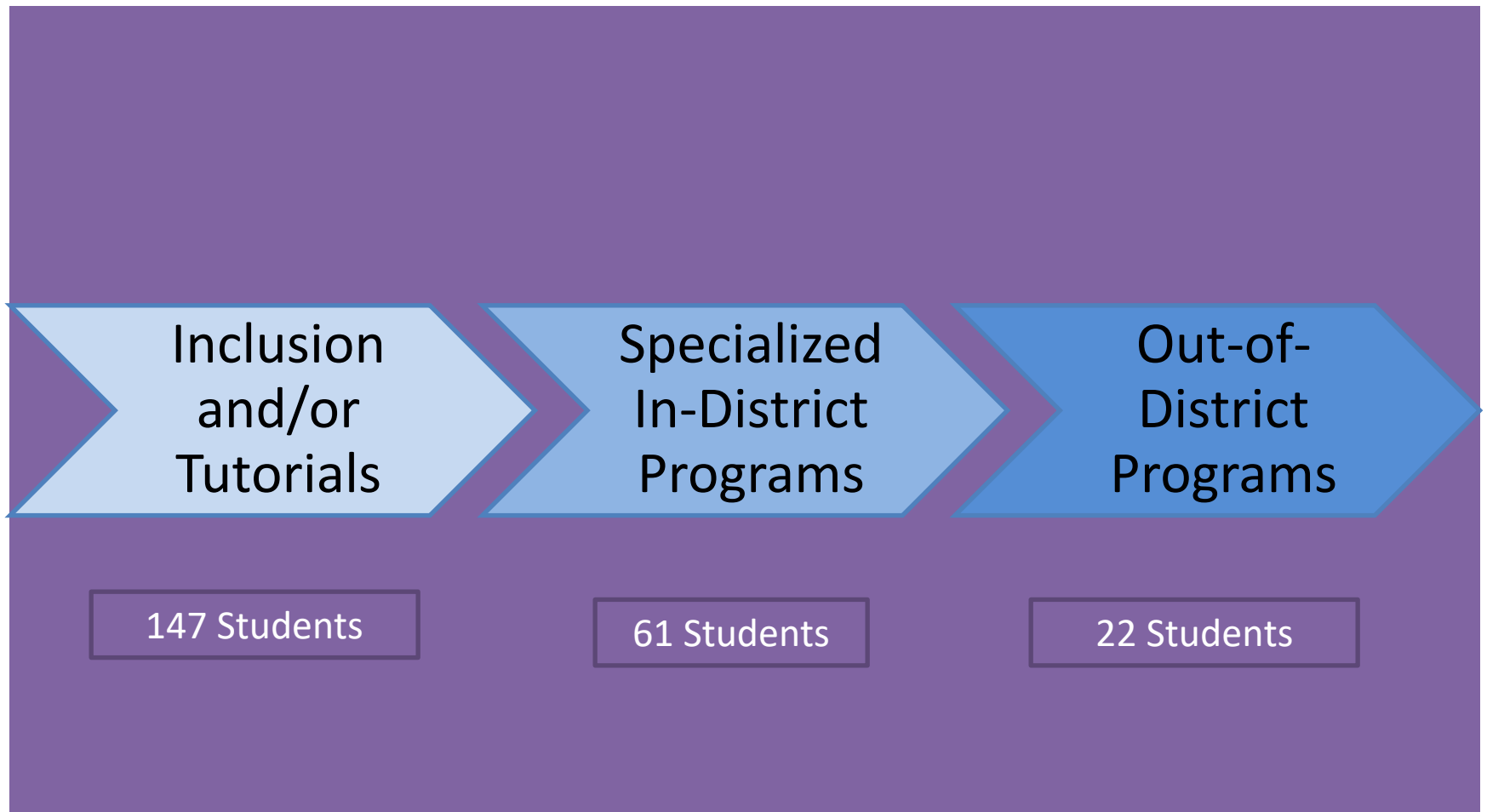
## FY22 Mid-Year Budget /Actual

	Budget	% of Budget	Forecast	Savings/(Overage)		
				\$	%	
<b>Personnel</b>	\$17,984,361	64.4%	\$17,844,095	\$140,265	0.78%	<i>\$164K over in 1:1 special ed. TAs offset by classroom teacher savings. New 2H special ed costs could impact total</i>
<b>Insurance</b>	\$5,538,530	19.8%	\$5,411,296	\$127,234	2.30%	<i>Savings benefit FY23 budget (3.3% budget inc. vs. 10% expected rate inc.)</i>
<b>OOD Tuition</b>	\$973,709	3.5%	\$1,128,270	(\$154,561)	(15.87%)	<i>FY22 overage is basis for FY23 growth of 19.4%</i>
<b>Special Ed Transp.</b>	\$470,625	1.7%	\$527,800	(\$57,175)	(12.15%)	<i>FY22 overage is basis for FY23 growth of 46%</i>
<b>Facilities/Maintenance</b>	\$1,365,775	4.9%	\$1,390,584	(\$24,809)	-1.82%	
<b>Other Costs</b>	\$1,597,703	5.7%	\$1,597,703	\$0	0.00%	
<b>FY22 Budget</b>	\$27,930,703	100.0%	\$27,899,749	\$30,954	0.11%	

Year	GF Budget	Reserves % of Budget	All Reserve Funds Combined			Balance at End of Fiscal Year			Change from Prior Year		
			Ending Total	Source/(Use)	% Change	School Choice	Undesignate d Stabilizatio n	GF Balance	School Choice	Undesignate d Stabilizatio n	GF Balance
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	10.8%	\$2,478,608	\$434,035	21.2%	\$1,621,389	\$161,448	\$695,771	\$116,352	\$0	\$317,683
2017	\$23,682,956	12.7%	\$3,018,851	\$540,243	21.8%	\$1,727,535	\$151,948	\$1,139,368	\$106,146	(\$9,500)	\$443,597
2018	\$24,466,844	11.9%	\$2,913,324	(\$105,528)	-3.5%	\$1,621,558	\$0	\$1,291,766	(\$105,977)	(\$151,948)	\$152,398
2019	\$25,243,907	11.3%	\$2,860,513	(\$52,810)	-1.8%	\$1,489,176	\$0	\$1,371,337	(\$132,382)	\$0	\$79,571
2020	\$26,064,946	13.8%	\$3,607,533	\$747,020	26.1%	\$1,502,536	\$489,109	\$1,615,888	\$13,360	\$489,109	\$244,551
2021	\$26,815,714	14.3%	\$3,842,491	\$234,958	6.5%	\$1,604,289	\$552,201	\$1,686,001	\$101,752	\$63,092	\$70,113
2022	\$27,930,703	10.7%	\$2,989,491	\$76,167	2.6%	\$1,404,289	\$234,201	\$1,351,001	(\$217,269)	\$234,201	\$59,236
			\$253,943	Facilities Rental Fund							
			\$3,243,434								

# Background & History Slides

# Continuum of Special Education Programs and Services



# Comparative Cost Analysis: In-District Versus OOD

## **In-District Specialized Programs**

- Staff Salaries
- Benefits
- Minus In-District Tuition Revenue

## **Out-of-District Programs**

- OOD Tuition
- Transportation
- Minus Circuit Breaker Funding

Out-of-District Net Cost – In-District Net Cost =  
Savings from In-District Programs



# Savings by Program FY22

Program	Grades Served	# Students	Savings
SWING	K-12	14	\$284,186
SAIL/Transitions	K-12	22	\$909,872
IRWL	2-8+	22	\$530,271
ACE	4-5	3	\$33,097

# Out-of-District Programs FY23 Projections

Disability Type	Number of Students	Projected Tuition Cost
Complex LD or ASD	3	\$60,166
Mental/Behavioral Health Needs	10	\$841,820
Severe Special Needs	12	\$1,136,023

# Cape Ann / North Shore Special Education Comparables

Operating District Name	-- In-District Expenditures --			-- Out-of-District Expenditures --			-- Other Expenditures --	Combined	Special Education	OOD Cost	In-District Cost	OOD Heads	Enrollment	
	Teaching	Instructional	Transp.	Mass. Public	Mass Private	Tramspotation	Spending from	Special Ed	Percentage of					
				Schools and	and Out-of-State		Grants	Expenditures	Total					Total Expenditures
				Collaboratives	Schools		and Revolving Funds	(sum of C through J)	Expenditures					(K as % of L)
Manchester Essex	3,281,665	913,527	73,665	351,418	905,825	262,442	569,201	6,357,743	27,047,350	24%	1,519,685	4,268,857	22.4	1,250.00
Lynnfield	4,618,832	1,047,158	62,713	509,994	869,885	269,317	437,415	7,815,314	37,127,471	21%	1,649,196	5,728,703	26.6	2,241.30
Rockport	2,197,225	566,229	55,885	848,706	1,273,722	291,335	377,833	5,610,935	19,138,687	29%	2,413,763	2,819,339	17.3	892.2
North Reading	5,758,604	1,039,083	119,567	557,423	2,384,179	75,301	210,213	10,144,370	42,552,332	24%	3,016,903	6,917,254	35.6	2,448.50
Triton	6,419,568	319,957	548,126	1,123,916	1,676,250	467,519	733,880	11,289,217	47,673,321	24%	3,267,686	7,287,651	109.1	2,558.10
Newburyport	5,056,537	717,703	119,697	287,885	2,803,213	428,252	520,179	9,933,466	44,623,135	22%	3,519,350	5,893,937	188.2	2,477.90
Pentucket	5,464,803	632,665	514,738	992,644	2,749,423	372,737	662,997	11,390,007	40,937,199	28%	4,114,804	6,612,206	67.2	2,510.70
Hamilton Wenham	4,098,656	809,836	212,067	715,704	3,237,221	397,626	463,027	9,934,137	35,421,785	28%	4,350,551	5,120,559	45.6	1,891.70
Amesbury	5,011,820	526,442	246,592	1,251,583	3,017,596	491,692	605,624	11,151,349	39,152,792	28%	4,760,871	5,784,854	140	2,196.10
Gloucester	9,041,033	818,068	334,648	2,601,457	2,051,807	188,775	1,004,810	16,040,598	57,451,423	28%	4,842,039	10,193,749	56.2	3,219.80
Tri-Town/ Masco*	9,256,488	1,786,877	150,240	477,950	1,116,113	170,183	1,162,476	10,352,830	39,533,395	25%	1,764,246	11,193,605	60	3,920.30
Danvers	6,103,040	797,271	583,027	1,440,344	3,601,245	560,547	1,111,083	14,196,557	65,049,748	22%	5,602,136	7,483,338	73.3	3,538.20
<b>Tri-Town/Masconemet</b>											5,332,897			
Topsfield	1,909,354	291,555	47,819	3,100	284,050	3,135	426,339	2,965,352	11,354,792	26%	290,285			
Boxford	2,037,105	491,705	37,010	227,243	389,433	55,606	339,945	3,578,047	14,334,636	25%	672,282			
Middleton	2,079,330	480,491	51,739	247,607	442,630	111,442	396,192	3,809,431	13,843,967	28%	801,679			
Masconomet	3,230,699	523,126	13,672	939,618	2,589,069	39,965	407,367	7,743,515	36,275,519	21%	3,568,652			

# OOD Funding Sources / Strategies

OOD Tuition - By Funding Source	2018-2019		2019-2020		2020-2021		2021-2022		2022-2023		
	Expended	% Inc.	Expended	% Inc.	Expended	% Inc.	Budget	% Inc.	Budget	\$ Inc.	% Inc.
Budget Funded - Tuition Out	\$778,253	23.6%	\$1,059,001	36.1%	\$1,172,945	10.8%	\$899,709	-23.3%	\$1,088,134	\$188,425	20.9%
Circuit Breaker & Grant Funded	\$167,776	-15.4%	\$294,476	75.5%	\$124,251	-57.8%	\$420,000	238.0%	\$799,875	\$379,875	90.4%
Pre-Paid in Prior Year	\$156,893	20.4%	\$199,099	26.9%	\$329,410	65.5%	\$150,000	-54.5%	\$150,000	\$0	0.0%
(Less: Prepayments of Next Year)	(\$199,099)	26.9%	(\$329,410)	65.5%	(\$219,732)	NM	\$0	NM	\$0	\$0	NM
<b>Annual Cost of Tuitions</b>	<b>\$903,823</b>	<b>12.8%</b>	<b>\$1,223,166</b>	<b>35.3%</b>	<b>\$1,406,874</b>	<b>15.0%</b>	<b>\$1,469,709</b>	<b>4.5%</b>	<b>\$2,038,009</b>	<b>\$568,300</b>	<b>38.7%</b>

- ▶ MA Commonwealth increasingly participating in OOD costs via Circuit Breaker expansion
- ▶ End-of-year budget savings mitigate after-budget OOD additions via MGL “prepayment” provisions

# Identified Capital Needs: 1- 5 Years

School	Item	Priority	Placeholder Cost Est.	Timeframe (Years from Now)
EES	Eagles' Nest Replacement	High	\$250-300K	Summer 2020
MSSH	Hyland Field turf replacement	High	\$500,000	Summer 2021
EES	Back up boiler	High	\$100,000	1-3 years, pending repair option
EES	Heating distribution repairs (classroom univents)	High	\$25,000	Split over 1-5 years
MSSH	Flooring - MS pods	High	\$36,000	In progress. Split over 2-3 years
MSSH	Flooring - auditorium carpet	High	\$24,000	1-3 years
EES	Classroom shades	High	\$15,000	1-3 years
EES	Heating controls	High	\$100,000	1-3 years - potential grant
EES	Security updates	High	TBD	Match scope from MMES project
MSSH	Security updates	High	TBD	Match scope from MMES project
EES	Repave hot top play asphalt pay surface	Medium	\$15,000	Following playground
MSSH	Brook Street Field turf replacement	Medium	\$500,000	3-5 years
MSSH	Flooring - Learning Commons	Medium	\$30,000	3-5 years
MSSH	Furniture - Library tables and classroom chairs	Medium	\$100,000	2-4 years
MSSH	Tractor replacement	Medium	\$45,000	3-5 years
EES	Envelope Repairs (soffits, window frames, stairs)	Medium	\$20,000	Split over 1-5 years
EES	Kitchen Equipment	Medium	\$30,000	Pending contractor review
MSSH	Sand/repaint gym floor	Medium	\$30,000	3-5 years
MSSH	Painting	Medium	TBD	Annual budget is touch up only
		<b>Total</b>	<b>\$1,870,000</b>	

# Projected Reserve Usage – 3 Year Outlook

		Reserves @ Glance				
		Excess & Deficiency	School Choice	Stabilization	Facilities Revolving	Total Reserves
<i>FY20 Estimated - (Not Audited)</i>		\$1,606,000	\$1,488,000	\$970,800	\$253,943	\$4,318,743
<b>FY21 Usage</b>						
	Operations	\$335,000				
	COVID Costs		\$687,000			
	Essex Playground			\$325,000		
	Memorial Boiler Emergency			\$37,000		
<b>FY22 Usage</b>						
	Operations	\$335,000				
	EES Technology		\$125,000			
	MHS Gym Floor Refinish			\$30,000		
	Hyland Field Replacement			\$500,000		
<b>FY23 Usage</b>						
	Operations	335,000				
	EES Back-Up Boiler			100,000		
	Brook Street*			250,000	250,000	
	MHS Carpeting (Auditorium & Pods)			90,000		
	Account Totals	\$601,000	\$676,000	-\$361,200	\$3,943	\$919,743

*\*Brook Street Field Replacement shared with Town of Manchester*

# Hypothetical EES Timing Scenarios

	<b>Fast Track</b>	<b>6-Yr Delay</b>
Apply to MSBA	2023	2029
Feasibility	2025	2031
Towns Vote	2026	2032
Construction Begins	2027	2033
Construction Ends	2029	2035
LT Debt Begins	2030	2036
Borrowing Ends	2059	2065

- Fast Track: apply to MSBA immediately after MMES concludes
- 6-Yr Delay: align EES project with expiration of MS/HS debt
- Inputs/Assumptions:
  - EES built 1957
  - 2.5% construction cost escalation per year
  - Feasibility funded via reserves, 3-way share (same as MMES)
  - MMES/EES borrowing:
    - 67% MBTS/33% TOE apportionment
    - 3% BANs during construction
    - 5% Level Payment, 30-Year Bonds after construction

# 3 Potential EES Scenarios

- Fast Track:
  - Annual debt increases to 3x current in 2028-2034 when MSHS debt expires
  - 2.5x thereafter
- 6-Year Delay
  - Only 2 LT debt projects in any year (2.5x current)
  - Rely on MERSD reserves to address facilities as they arise
- 6-Year Delay w/Committed Transition \$\$
  - Assess towns upfront for limited, targeted short-term capital investment to sustain EES in interim
    - Based on Habeeb report w/updated inputs as needed
    - Potential investment areas:
      - Educational: Tech, Furniture/Fixtures
      - Facilities: Security, HVAC, Roof/Envelope, Site