



HAMILTON-WENHAM
REGIONAL SCHOOL DISTRICT

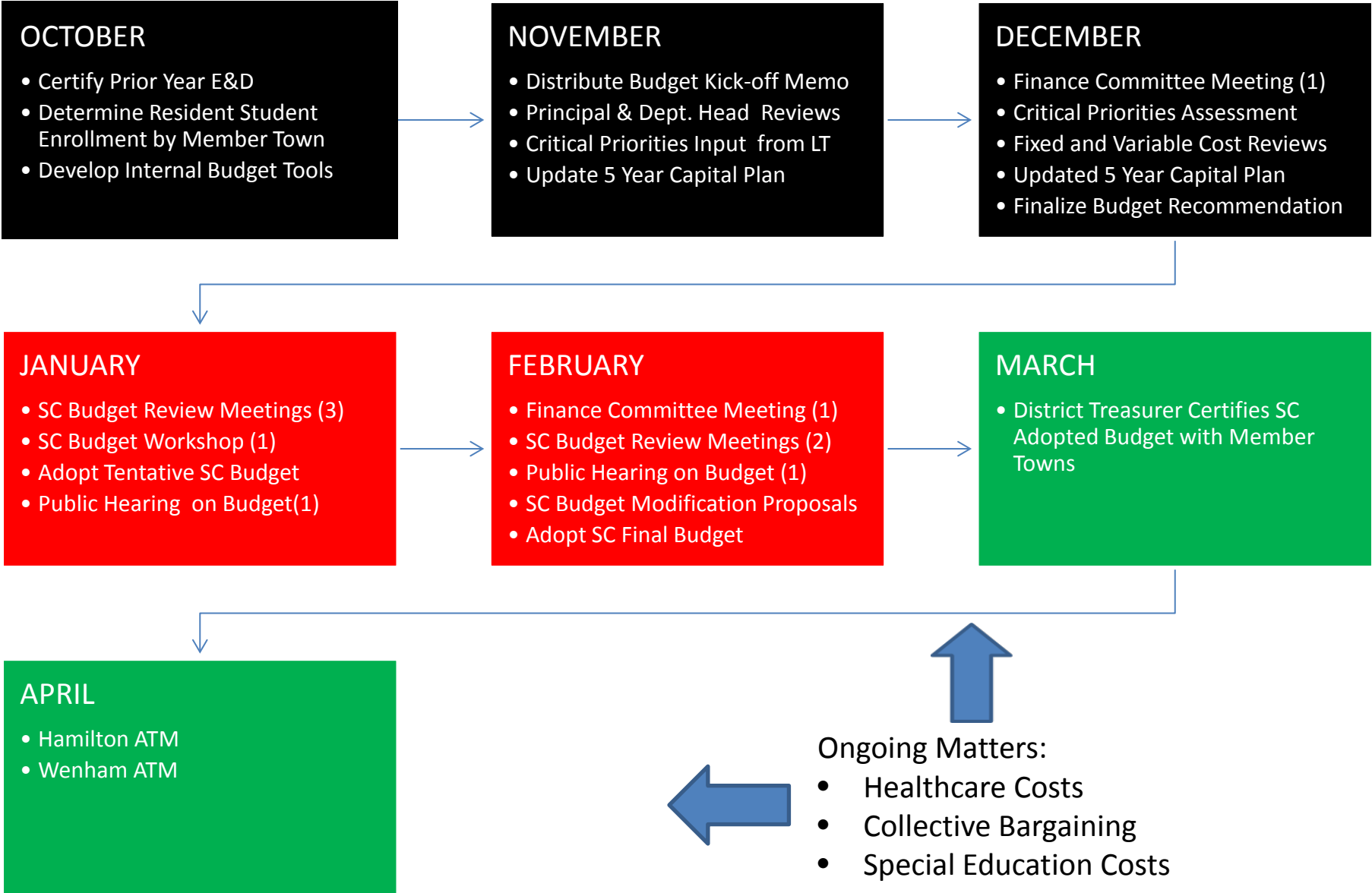
FY19 Superintendent's Budget Recommendation
School Committee Presentation
January 3, 2018

Prepared by:

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HWRSD Budget Process Overview





FY19 Budget

Superintendent's Recommendation

Level Service PLUS an Investment in Critical Priorities

What Does “Level Service” Mean?

Level Service is a continuation of the current programs, services and staffing of the District.

For FY19, Level Service translates into a spending increase in our Gross Operating Expenses of \$1,117,099 or 3.56% versus the FY18 Budget.



FY19 Budget: Level Service

Key Assumptions

- Salary Costs

- Incorporates a conservative COLA increase for all personnel.
- Incorporates all other contractual salary obligations (e.g. STEPs and Degree Changes).
- Increases our Grade 1 Teacher Headcount by 1.0 FTE (see larger KDG class in FY18).
- Incorporates Retirement and Other Staff Replacement salary savings of \$144K.
- Level funds all Grants as compared to FY18.

The Level Service Net Result has Salary Costs increasing by \$760K or 3.8%.

- Operating Costs

- No new Services or Programs.
- Capital Costs reducing to \$129K versus \$210K in FY18 and \$312K in FY17.
- Level funds the majority of operating account categories.
- Exceptions to level funding include, most notably:
 - Healthcare Costs increasing by 5.9% or \$143K
 - Out-of-District Tuition Costs increasing by 6.1% or \$168K
 - Special Ed Transportation Costs increasing by 26.5% or \$129K
 - The Essex Retirement Pension Fund increasing by 3.3% or \$29K
 - District Insurances increasing by 21.1% or \$36K
 - School Choice OUT Tuition Costs increasing by 109.0% or \$47K



FY19 Budget – Primary Drivers

Level Service Gross Operating Expense Budget

Driver	FY19 v FY18 \$ CHG
All Staff COLAs and STEPS	\$ 791,000
Teacher Degree Changes	\$ 60,000
Additional Grade 1 Teacher	\$ 53,000
Essex Retirement Pension Fund Appropriation	\$ 29,000
Out-of- District Tuitions	\$ 168,000
Special Education Transportation	\$ 129,000
In District Transportation	\$ 27,000
Insurance Premiums	\$ 36,000
Healthcare Costs	\$ 143,000
Net All Other Operating Expenses	\$ (93,900)
Subtotal:	\$ 1,342,100
Capital Projects	\$ (81,000)
Anticipated Staff Retirement Replacement Savings	\$ (79,000)
Anticipated Staff Replacement Savings	\$ (65,000)
Subtotal:	\$ (225,000)
TOTALS:	\$ 1,117,100



FY19 Budget – Expense Category Analysis

Level Service Gross Operating Expense Budget

Expense Category	FY19 Gross Expenses		Compared to FY18		
	Tot \$	% of Tot	PY Bud \$	Chg \$	Chg %
Salaries	\$ 20,600,046	63.3%	\$ 19,839,627	\$ 760,419	3.8%
Out-of-District Tuition	\$ 2,935,240	9.0%	\$ 2,767,155	\$ 168,085	6.1%
Healthcare	\$ 2,573,760	7.9%	\$ 2,430,625	\$ 143,136	5.9%
In-District Transportation	\$ 765,820	2.4%	\$ 738,700	\$ 27,120	3.7%
Essex Retirement	\$ 908,291	2.8%	\$ 879,643	\$ 28,648	3.3%
Utilities	\$ 587,160	1.8%	\$ 597,530	\$ (10,371)	-1.7%
Facilities, Maintenance & Custodial (non-salary)	\$ 576,025	1.8%	\$ 631,475	\$ (55,450)	-8.8%
Technology (non-salary)	\$ 614,437	1.9%	\$ 611,182	\$ 3,255	0.5%
Special Education Transportation	\$ 614,696	1.9%	\$ 486,000	\$ 128,696	26.5%
Other Fringe (Medicare, Unemployment, 403B)	\$ 416,352	1.3%	\$ 433,965	\$ (17,613)	-4.1%
Substitute Teachers	\$ 221,750	0.7%	\$ 229,625	\$ (7,875)	-3.4%
School Materials, Supplies & Textbooks	\$ 305,904	0.9%	\$ 303,904	\$ 2,000	0.7%
Athletics (non-salary)	\$ 237,935	0.7%	\$ 224,706	\$ 13,229	5.9%
District Insurance (Property, Liability & WC)	\$ 209,464	0.6%	\$ 173,031	\$ 36,434	21.1%
OPEB Trust Fund	\$ -	0.0%	\$ 40,000	\$ (40,000)	-100.0%
All Other	\$ 953,844	2.9%	\$ 1,016,457	\$ (62,614)	-6.2%
Totals:	\$ 32,520,723	100.0%	\$ 31,403,624	\$ 1,117,099	3.6%

Increases in these 4 categories represent a total of \$1.2M or 107% of our Total Level Service Budget increase for FY19.



FY19 Budget

Superintendent's Recommendation

Level Service PLUS an investment in Critical Priorities

What Does investing in “Critical Priorities” Mean?

Provide the targeted funding necessary to better position the District to achieve its goals & objectives as provided for in the “Strategic Blueprint”, including directed investments in people, programs, & technology.

For FY19, the Superintendent and Leadership Team is recommending that an investment be made to fund several Critical Priorities. This investment comes at an additional cost of \$399,379 above what is needed to maintain Level Services for the 2018 – 2019 School Year.



FY19 Budget

What has been included in the Recommended Budget for Critical Priorities?

In addition to the funding needed to maintain Level Services, we are recommending that an additional \$399,379 be provided to fund the following items earmarked as Critical Priorities for FY19:

- K-5 Math Resources (\$100,000)
- 6 – 8 Math Resources (\$40,000)
- Fountas and Pinnell 3 Upgrade (\$17,500)
- RTI Screeners and Interventions (\$15,000)
- 1.0 FTE Special Education Team Chairperson for OOD (\$71,600)
- (2) 1.0 FTE HS Special Education Program Based Teachers (\$60,350)
- 0.5 FTE MS Special Education Reading Teacher (\$29,270)
- Healthcare and Benefits Costs for new staff (\$43,659)
- Compliance with AED Law effective July 1, 2018 (\$22,000)



FY19 Budget – Primary Drivers

Level Service PLUS Critical Priorities Gross Operating Expense Budget

Driver	FY19 v FY18	
	\$ CHG	
All Staff COLAs and STEPs - Level Service	\$	791,000
Teacher Degree Changes	\$	60,000
Additional Grade 1 Teacher	\$	53,000
Critical Priorities	\$	399,400
Essex Retirement Pension Fund Appropriation	\$	29,000
Out-of- District Tuitions	\$	168,000
Special Education Transportation	\$	129,000
In District Transportation	\$	27,000
Insurance Premiums	\$	36,000
Healthcare Costs	\$	143,000
Net All Other Operating Expenses	\$	(93,900)
Subtotal:	\$	1,741,500
Capital Projects	\$	(81,000)
Anticipated Staff Retirement Replacement Savings	\$	(79,000)
Anticipated Staff Replacement Savings	\$	(65,000)
Subtotal:	\$	(225,000)
TOTALS:	\$	1,516,500



FY19 Budget – Expense Category Analysis

Level Service PLUS Critical Priorities Gross Operating Expense Budget

Expense Category	FY19 Gross Expenses		Compared to FY18		
	Tot \$	% of Tot	PY Bud \$	Chg \$	Chg %
Salaries	\$ 20,817,994	63.2%	\$ 19,839,627	\$ 978,367	4.9%
Out-of-District Tuition	\$ 2,878,510	8.7%	\$ 2,767,155	\$ 111,355	4.0%
Healthcare	\$ 2,613,760	7.9%	\$ 2,430,625	\$ 183,136	7.5%
In-District Transportation	\$ 765,820	2.3%	\$ 738,700	\$ 27,120	3.7%
Essex Retirement	\$ 908,291	2.8%	\$ 879,643	\$ 28,648	3.3%
Utilities	\$ 587,160	1.8%	\$ 597,530	\$ (10,371)	-1.7%
Facilities, Maintenance & Custodial (non-salary)	\$ 576,025	1.7%	\$ 631,475	\$ (55,450)	-8.8%
Technology (non-salary)	\$ 614,437	1.9%	\$ 611,182	\$ 3,255	0.5%
Special Education Transportation	\$ 614,696	1.9%	\$ 486,000	\$ 128,696	26.5%
Other Fringe (Medicare, Unemployment, 403B)	\$ 419,512	1.3%	\$ 433,965	\$ (14,453)	-3.3%
Substitute Teachers	\$ 221,750	0.7%	\$ 229,625	\$ (7,875)	-3.4%
School Materials, Supplies & Textbooks	\$ 445,904	1.4%	\$ 303,904	\$ 142,000	46.7%
Athletics (non-salary)	\$ 237,935	0.7%	\$ 224,706	\$ 13,229	5.9%
District Insurance (Property, Liability & WC)	\$ 209,464	0.6%	\$ 173,031	\$ 36,434	21.1%
OPEB Trust Fund	\$ -	0.0%	\$ 40,000	\$ (40,000)	-100.0%
All Other	\$ 1,008,844	3.1%	\$ 1,016,457	\$ (7,614)	-0.7%
Totals:	\$ 32,920,102	100.0%	\$ 31,403,624	\$ 1,516,478	4.8%

Increases in these 5 categories represent a total of \$1.5M or 101% of our Total Recommended increase for FY19.



FY19 Budget – District Totals

Level Service PLUS Critical Priorities Net Operating Expense Budget

General Fund Operating Expenses					
	FY17 BUD	FY18 BUD	FY19 BUD	Difference	
Operating Expense - Gross, before offests & Overlays	\$ 30,166,532	\$ 31,403,624	\$ 32,920,102	\$ 1,516,478	4.83%
Expense Offsets					
	FY17 BUD	FY18 BUD	FY19 BUD	Difference	
<i>Recurring Offsets</i>					
School Choice	\$ 375,000	\$ 265,000	\$ 265,000	\$ -	0.0%
Preschool Tuition	\$ 37,500	\$ 72,648	\$ 72,648	\$ -	0.0%
Special Needs Tuition	\$ 35,000	\$ -	\$ -	\$ -	#DIV/0!
Facilities Rental	\$ 2,000	\$ 2,000	\$ 2,000	\$ -	0.0%
Circuit Breaker Offset	\$ 567,000	\$ 864,160	\$ 864,160	\$ -	0.0%
	\$ 1,016,500	\$ 1,203,808	\$ 1,203,808	\$ -	0.0%
<i>One-Time Offsets</i>					
Other Revolving Accounts	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Total Offsets	\$ 1,016,500	\$ 1,203,808	\$ 1,203,808	\$ -	0.0%
NET OPERATING BUDGET	\$ 29,150,032	\$ 30,199,816	\$ 31,716,294	\$ 1,516,478	5.02%



FY19 Budget – District Totals

Level Service PLUS Critical Priorities Net Assessment Budget

Total Expenses					
	FY17 BUD	FY18 BUD	FY19 BUD	Difference	
General Operating Expense (Before Offsets)	\$ 30,166,532	\$ 31,403,624	\$ 32,920,102	\$ 1,516,478	4.83%
Expense Offsets	\$ 1,016,500	\$ 1,203,808	\$ 1,203,808	\$ -	0.00%
General Operating Expenses (After Offsets)	\$ 29,150,032	\$ 30,199,816	\$ 31,716,294	\$ 1,516,478	5.02%
Debt Service Expense	\$ 2,129,250	\$ 2,092,860	\$ 2,115,275	\$ 22,415	1.07%
TOTAL EXPENDITURES	\$ 31,279,282	\$ 32,292,676	\$ 33,831,569	\$ 1,538,893	4.77%
Total Funding Sources					
	FY17 BUD	FY18 BUD	FY19 BUD	Difference	
<i>Revenues</i>					
Chapter 70-Base Aid	\$ 3,457,966	\$ 3,554,656	\$ 3,606,706	\$ 52,050	1.5%
MSBA Debt Service Reimbursement	\$ 1,132,065	\$ 1,132,065	\$ 1,132,065	\$ -	0.0%
State Transportation Reimbursement	\$ 331,304	\$ 340,686	\$ 330,837	\$ (9,849)	-2.9%
Medicaid Reimbursement	\$ 85,000	\$ 85,000	\$ 150,000	\$ 65,000	76.5%
Interest Income	\$ 4,000	\$ 4,000	\$ 4,000	\$ -	0.0%
Prior Year Unexpended Encumbrances	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Other Non-recurring Income (Including Transp)	\$ -	\$ -	\$ -	\$ -	#DIV/0!
Total Revenues	\$ 5,010,335	\$ 5,116,407	\$ 5,223,608	\$ 107,201	2.1%
<i>Transfers In From Other Funds</i>					
Excess and Deficiency	\$ 555	\$ 568,821	\$ 347,218	\$ (221,603)	-39.0%
Total Transfers	\$ 555	\$ 568,821	\$ 347,218	\$ (221,603)	-39.0%
Total Funding Sources	\$ 5,010,890	\$ 5,685,228	\$ 5,570,826	\$ (114,402)	-2.0%
Total Expenditures	\$ 31,279,282	\$ 32,292,676	\$ 33,831,569	\$ 1,538,893	4.8%
Less Total Funding Sources	\$ 5,010,890	\$ 5,685,228	\$ 5,570,826	\$ (114,402)	-2.0%
NET ASSESSMENT including Debt Service	\$ 26,268,391	\$ 26,607,448	\$ 28,260,743	\$ 1,653,295	6.2%
Total Town Assessments					
	FY17 BUD	FY18 BUD	FY19 BUD	Difference	
Hamilton	\$ 17,494,749	\$ 17,401,271	\$ 18,270,570	\$ 869,299	5.0%
Wenham	\$ 8,773,643	\$ 9,206,177	\$ 9,990,173	\$ 783,996	8.5%
NET ASSESSMENT including Debt Service	\$ 26,268,391	\$ 26,607,448	\$ 28,260,743	\$ 1,653,295	6.2%



Capital Improvement Plan Administration's Recommendation

- **Background:**
 - The HS/MS Project Bond will be paid-off in May 2019 (FY19) resulting in a decrease in our annual Debt Expense of ~\$711,000 per year.
- **Assumption:**
 - Develop a recommendation that minimizes any incremental increase to the District's Annual Budget request while simultaneously addressing the longer term Capital needs of the District.
- **Scope:**
 - Projects to be funded by the FY19 Operating Budget (\$129K)
 - Winthrop Sprinkler Project (\$1.0M)
 - Athletic Field Complex (\$3.6M)
 - Capital Plan Approach agreed on 9/7/17 by School Committee (~\$2.6M)
 - Includes Safety, Accessibility, and Critical Infrastructure Projects
 - Remaining Projects to be funded by the FY20 – 23 Operating Budgets (~\$350K/Year)
- **Future Debt Expense Point of Reference:**
 - A \$8.5M Bond with a 20 Year Term at an Interest Rate of 4% carries an Annual Cost of ~\$702,000.



Capital Improvement Plan Administration's Recommendation

- 1) Fund \$129K in Projects in the FY19 Operating Budget
 - 2) Propose a \$ 1.0M Winthrop Sprinkler Project Debt Exclusion at April 2018 ATM
 - 3) Propose a \$3.6M Turf Field Complex Project Debt Exclusion at April 2018 ATM
 - 4) Propose a \$2.6M Debt Exclusion for Safety, Accessibility, & Critical Infrastructure Projects as outlined on 5 Year Plan at April 2019 ATM
 - 5) Provide funding for any remaining/new Projects on 5 Year Plan through the Operating Budgets in FY20 – FY23 at ~\$350K per Year
- Debt Exclusion Totals from the above mentioned Projects total \$7.2M.
 - A \$7.2M Bond with a 20 Year Term at an Interest Rate of 4% carries an Annual Cost of \$595,000.
 - A \$595,000 Annual Debt Expense would leave ~\$115,000 per year available that could either reduce Net Assessment amounts or be earmarked to fund the OPEB Trust Fund in future years.
 - Although the Sprinkler and Turf Field Projects would potentially be funded before the HS/MS Project was paid off in May 2019, only minimal costs (e.g., BAN expenses) would be incurred prior to FY20 when the HS/MS Project will have rolled off our books entirely.



Capital Projects

Projects to be included in the FY19 Operating Budget

Capital Projects currently being recommended for funding as part of the Operating Budget:

Department	Project	Location	FY19
Fac & Grds	Waste Water Treatment Plant	District	20,000
Tech	iPads for Students on Scholarship and F&RL	District	17,500
Tech	Classroom Hardware Refresh 4 year cycle (iPads)	District	21,000
Tech	Classroom Hardware Refresh 7 year cycle (Laptops & Labs)	District	33,480
Tech	Replace Classroom SMARTBoards, Projectors, etc	District	37,216
	Total Recommended:		129,196

In FY18, the District's Operating Budget included \$210,696 in funding for Capital Projects. This represents a decrease of \$81,500 or 38.7%.

A copy of the full detailed 5 Year Capital Plan has been provided as a separate handout.



FY19 Budget

Motion for School Committee Tentative Budget Vote

“Section X: Budget” of the Regional Agreement reads....

“Not less than thirty days prior to the date on which the Committee adopts its final budget for the ensuing fiscal year, the Committee shall annually prepare a tentative operating and maintenance budget including therein provision for any installment of principal or interest to become due in such year on any bonds, notes or other evidence of indebtedness of the District. “

Motion for Tentative FY19 Operating Budget Vote:

Motion: The Hamilton-Wenham Regional School Committee approves a Tentative FY19 Total General Fund Expenditures Budget of \$33,831,569. This amount includes General Fund Operating Expenses (after Offsets) in the amount of \$31,716,294 and General Fund Debt Service Expenses in the amount of \$2,115,275.



Budget Topics for Next SC Meeting

on January 17, 2018

- Critical Priorities
 - K-5 Math
 - 6 – 8 Math
 - F&P 3 Upgrade
 - RTI Screeners & Interventions
 - SPED Team Chairperson
 - SPED Program Teachers
- Master Plan Update – School Libraries
 - Presentation by Kent Kovacs, AIA, LEED AP : VP at Flansburgh Architects



FY19 Budget: Calendar

SEPTEMBER 18, 2017	DISTRICT SUBMITS FY17 E&D TO MA DOR FOR CERTIFICATION
OCTOBER 26, 2017	DISTRIBUTION OF OCTOBER 2017 RESIDENT ENROLLMENT DATA TO TOWNS
NOVEMBER 6, 2017	DISTRIBUTION OF FY19 BUDGET KICK-OFF MEMO TO HWRSD BUDGET HOLDERS
NOVEMBER 6, 2017	DISTRIBUTION OF FY19 BUDGET CALENDAR
DECEMBER 7, 2017	FY19 BUDGET PLANNING MEETING #1 WITH TOWN FINANCE COMMITTEES
JANUARY 3, 2018	FY19 BUDGET RECOMMENDATION PRESENTED TO SCHOOL COMMITTEE
JANUARY 3, 2018	SCHOOL COMMITTEE REVIEWS FY19 BUDGET RECOMMENDATION
JANUARY 3, 2018	SCHOOL COMMITTEE ADOPTS TENTATIVE FY19 BUDGET
JANUARY 10, 2018	DISTRICT ADMINISTRATION ADVERTISES FY19 BUDGET PUBLIC HEARING #1
JANUARY 17, 2018	SCHOOL COMMITTEE HOLDS FY19 BUDGET PUBLIC HEARING #1
JANUARY 17, 2018	SCHOOL COMMITTEE REVIEWS FY19 BUDGET RECOMMENDATION
JANUARY 24, 2018	SCHOOL COMMITTEE CONDUCTS FY19 BUDGET BUDGET WORKSHOP
JANUARY 30, 2018	DISTRICT ADMINISTRATION MAILS ADOPTED TENTATIVE FY19 BUDGET TO TOWNS
JANUARY 31, 2018	SCHOOL COMMITTEE REVIEWS FY19 BUDGET RECOMMENDATION
FEBRUARY 7, 2018	DISTRICT ADMINISTRATION ADVERTISES FY19 BUDGET PUBLIC HEARING #2
FEBRUARY 7, 2018	FY19 BUDGET PLANNING MEETING #2 WITH TOWN FINANCE COMMITTEES
FEBRUARY 14, 2018	SCHOOL COMMITTEE REVIEWS FY19 BUDGET RECOMMENDATION
FEBRUARY 14, 2018	SCHOOL COMMITTEE HOLDS FY19 BUDGET PUBLIC HEARING #2
FEBRUARY 14, 2018	SCHOOL COMMITTEE ADOPTS FY19 BUDGET
MARCH 16, 2018	DISTRICT TREASURER CERTIFIES FY19 APPORTIONED AMOUNTS WITH TOWNS
APRIL 7, 2018	ANNUAL TOWN MEETINGS