

# **Shrewsbury Public Schools**

## **5-Year Fiscal Projection**

February 8, 2017

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Shrewsbury School Committee

Fiscal Projection Subcommittee

# Shrewsbury Public Schools: 5- Year Fiscal Projection

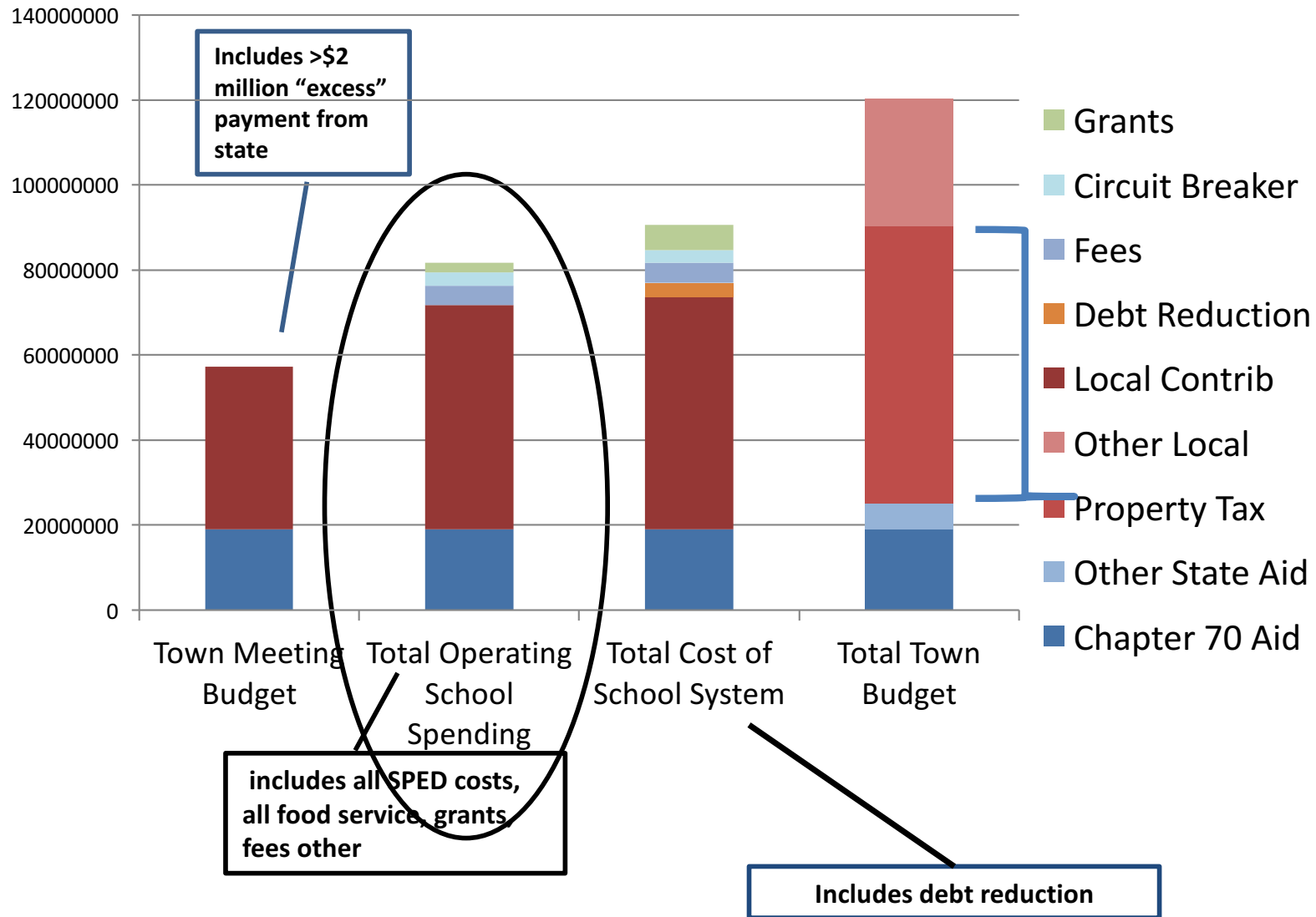
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# Fiscal Projection Subcommittee Goals

- To provide a high-level fiscal management tool that projects future school department financial information based on historical, current and assumed future financial conditions.
- To identify near- and longer-term trends that will impact the Shrewsbury Public Schools.
- To facilitate discussion among all stakeholders in the community regarding the future of public education in Shrewsbury.

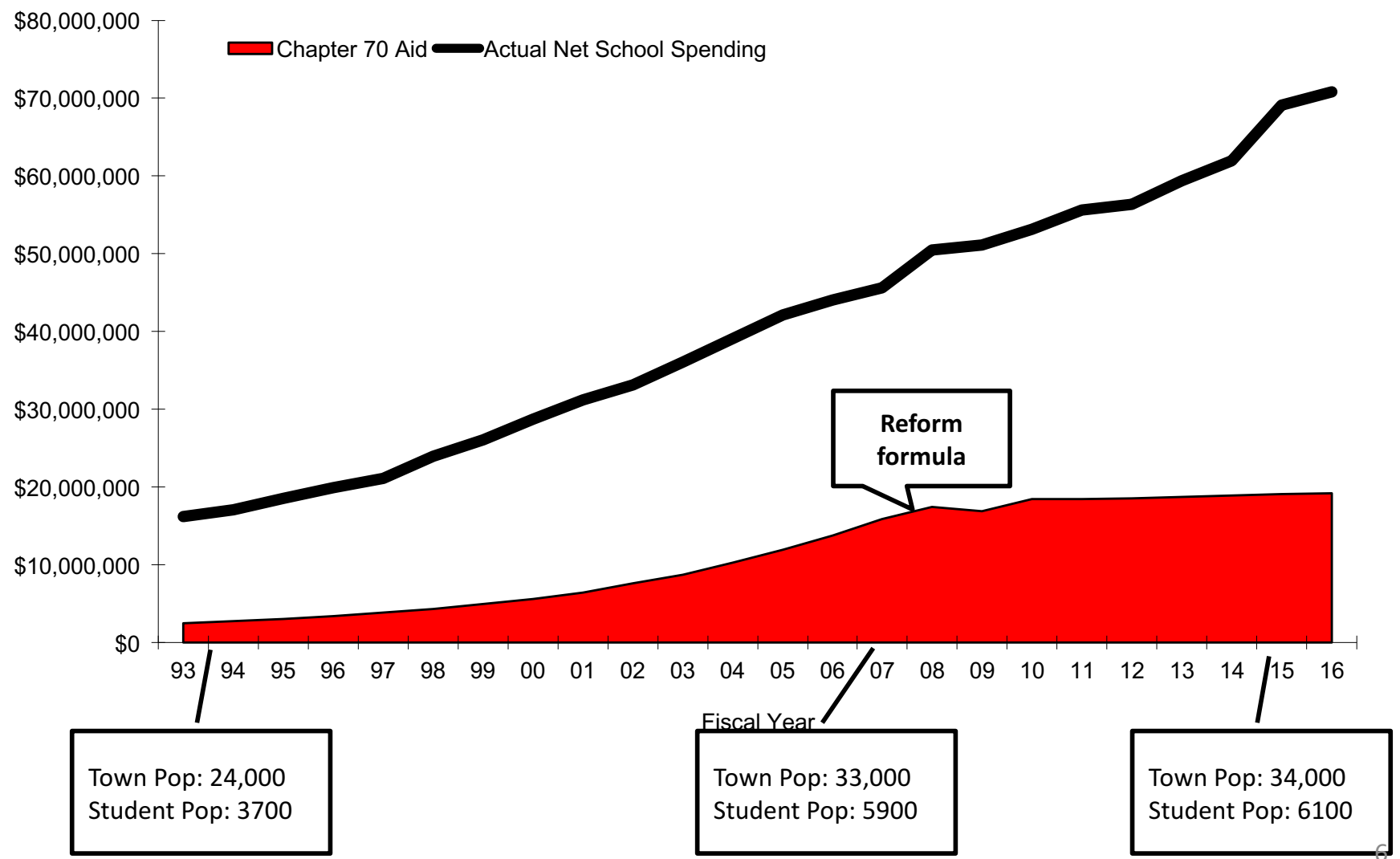
# Revenue Sources: Recap

# 4 budgets to think about



Sources: DESE; Shrewsbury Schools End of Year report 2015, Shrewsbury Budget FY15  
 Slide presented by Dale Magee at January 11, 2017 School Committee Meeting

# State aid for Shrewsbury is not keeping up with inflation- by design



Sources: Town Reports, DESE; Slide Presented by Dale Magee on 1/11/17

# School Department Revenue Sources: Grants & Fees

## *Trends from 2008 to 2016*

- **Total of government grants** mostly tied to Special Education and **flat** at ~\$2 million per year
- **Fees** have undergone repeated increases, athletic, bus, activity, tuition, etc: revenues have **nearly doubled from ~\$3-\$5 million** per year
- **School Lunch:** essentially self paying, **not external revenue source**

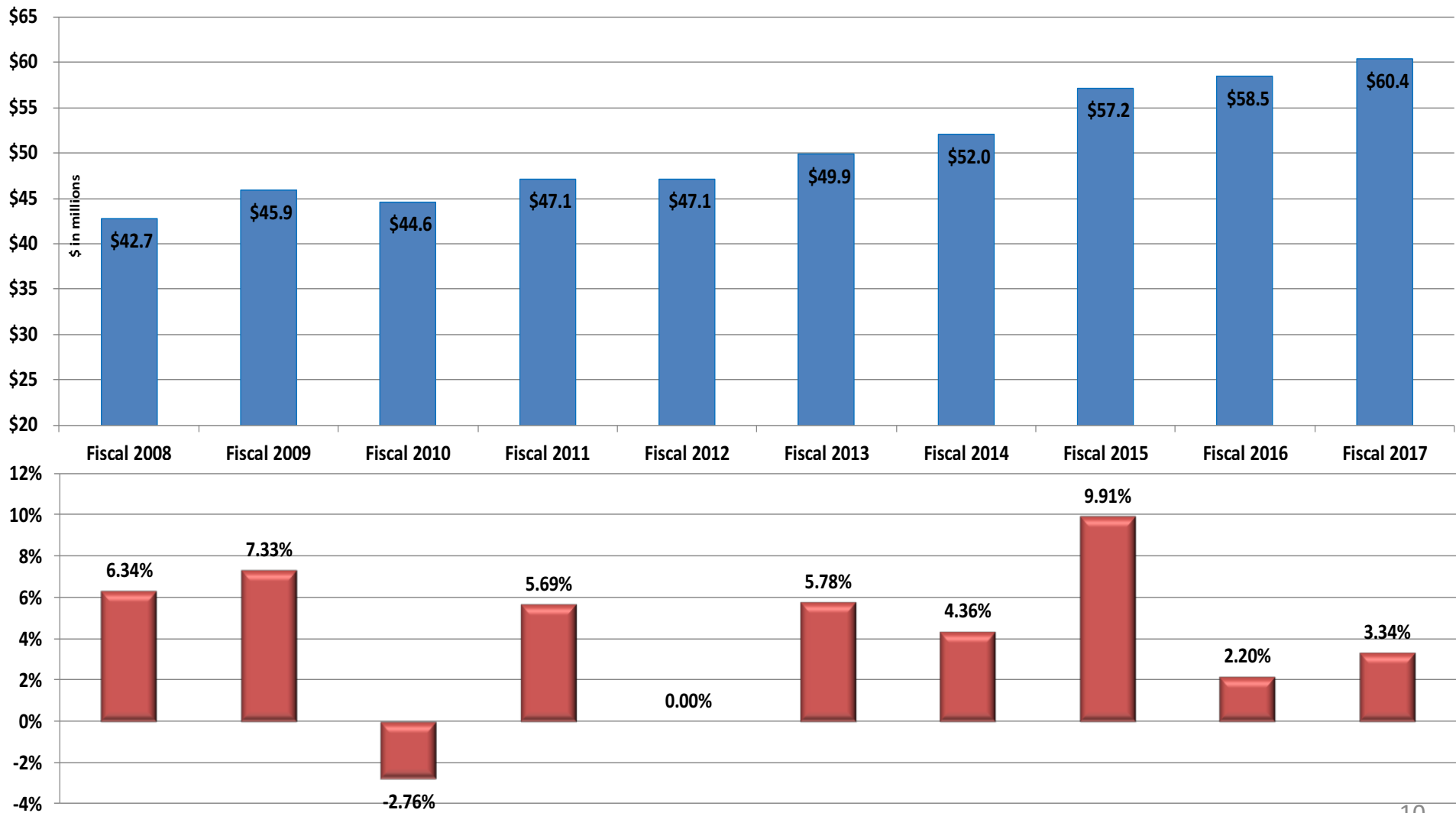
# Main Revenue Points

- **Base State aid** has been **flat** for a decade and should not be expected to increase
- **Federal Grants** have been **flat** for the past decade
- **Fee Revenues** have **nearly doubled** in the past decade, but even a 10% increase would only yield ~\$500,000
- **Nearly all inflationary pressure shifts to the town appropriated budget**



# Town Appropriated School Budget History

# School Department Appropriated Budget History: FY2008 – FY2017



# School Department Appropriated Budget History: FY2008 – FY2017 (Continued)

Annual Average Over Last 10 Years (with override)	<i>FY08-FY17</i>	\$	2,021,965	4.22%
Annual Average Over Last 5 Years (with override)	<i>FY13-FY17</i>	\$	2,653,541	5.12%
Annual Average Over Last 10 Years (without override)	<i>FY08-FY17</i>	\$	1,673,779	3.59%
Annual Average Over Last 5 Years (without override)	<i>FY13-FY17</i>	\$	2,028,019	3.92%

# Forecasting Approach

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## *Develop High-Level 5-Year Financial Projection By...*

- **Following FY2017 School Committee Guidelines**
  - Sustaining the existing education program
  - Meeting mandates in cost effective ways
- **Carrying Forward the Existing Program**
  - Does not include needs identified for FY2018 or beyond
  - Does not include any changes in out years that may result from the Beal School Building Project
- **Incorporating Terms of Collective Bargaining Agreements**
- **Projecting Other Costs Based On Actual FY2017 Run Rate and Best Guest Estimates**

# Assumptions

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- No new federal or state legal mandates.
- Federal grants will remain flat.
- State funding will remain flat.
  - Circuit breaker. Circuit breaker will continue to be funding at or above 70%.
  - Chapter 70. Shrewsbury will continue to receive minimum state aid (FY2018 Governor's budget includes \$20/student which will mean approximately \$120K for Shrewsbury).

# Assumptions – Appropriated School Revenue

**FY2018 = \$61.6M or 1.97% increase**

FY2019 = \$63.1M or 2.50% increase

FY2020 = \$64.7M or 2.50% increase

FY2021 = \$66.3M or 2.50% increase

FY2022 = \$68.0M or 2.50% increase

*Source: FY2018 from Town Manager Fiscal Projection #1 dated January 27, 2017  
FY2019 – FY2022 based on assumed 2.5% escalation percentage*

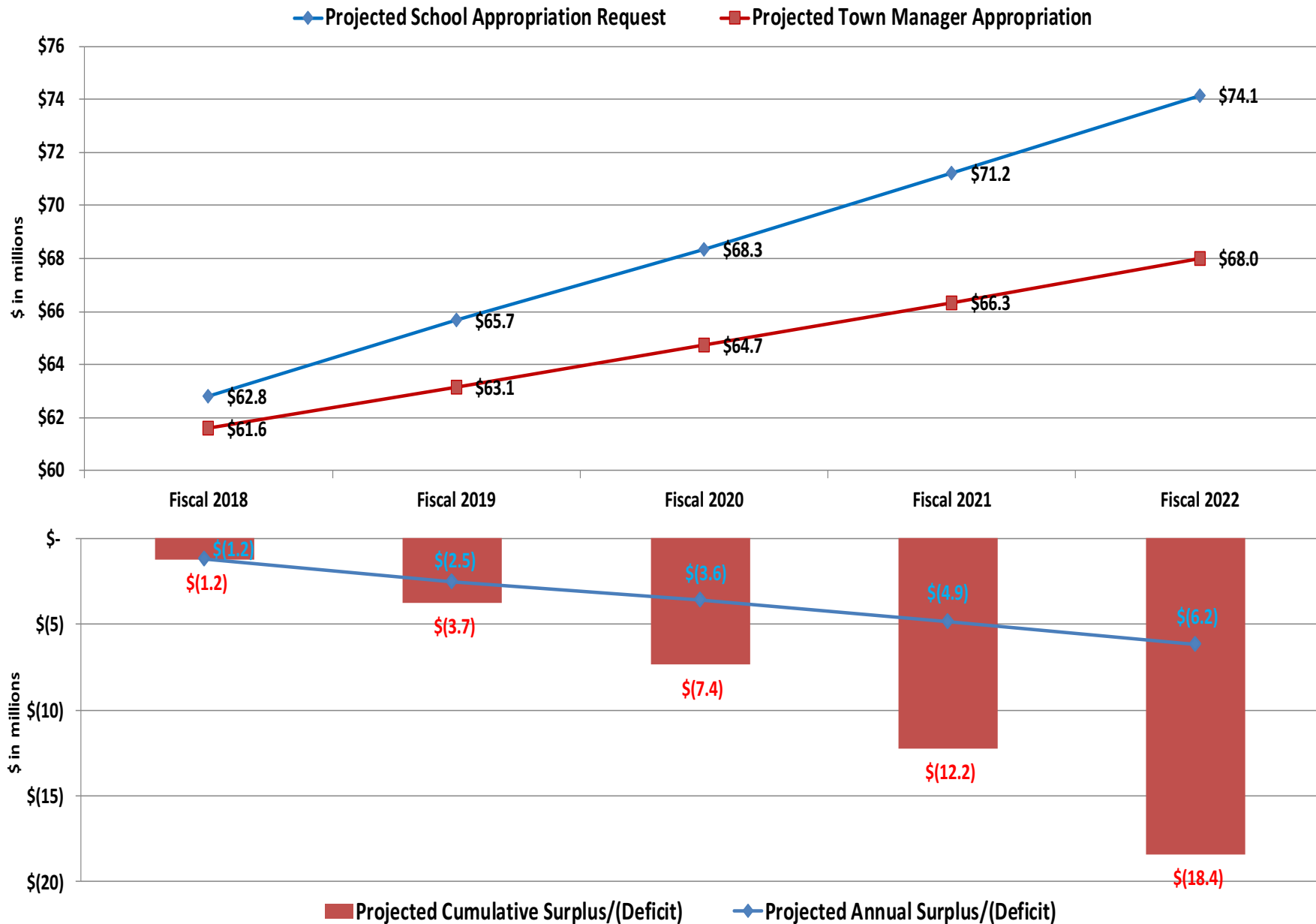


# Assumptions - School Expenses

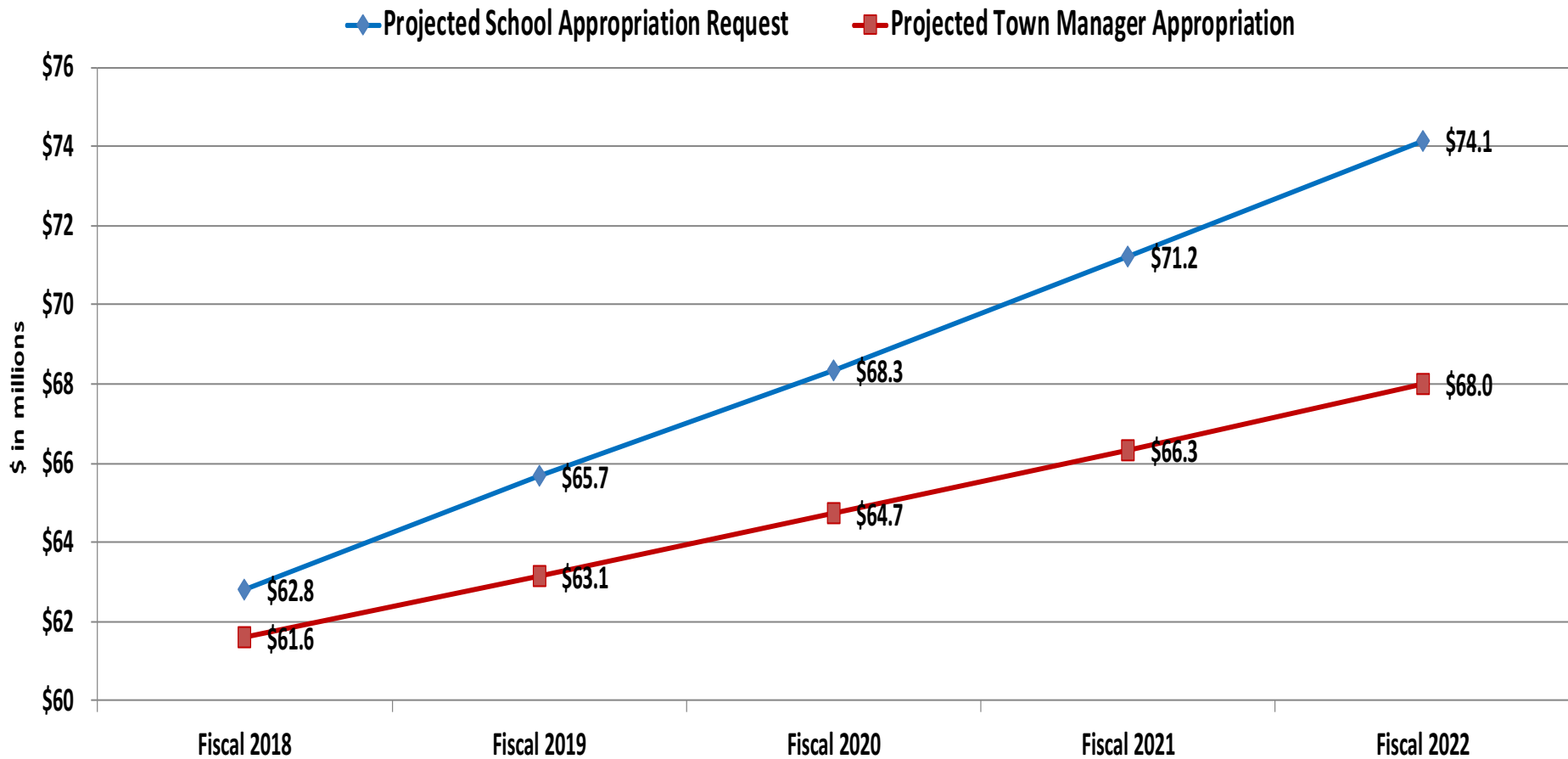
- Terms of future collective bargaining agreements and other personnel-related contractual obligations for existing staff will be consistent with current contractual obligations.
  - An additional 1 Teacher and 5 Paraprofessionals will be added each year to address increased English Language Learner student population and student individualized education plans.
- Special education expenses will continue to increase at FY2017 rate.
- Transportation expenses will continue to see small year-to-year increases due to low CPI% increases; however, the district will face an increased per bus cost upon contract renewal.
- Shrewsbury will continue to see a decline in vocational school tuition.
- Shrewsbury will continue to realize cost savings from the use of technology.
- Other expense categories (i.e. contracted services, textbooks/curriculum materials, etc.) will increase at 2% annually.

# 5-Year Fiscal Projection

# FY2018 – FY2022 Fiscal Projection

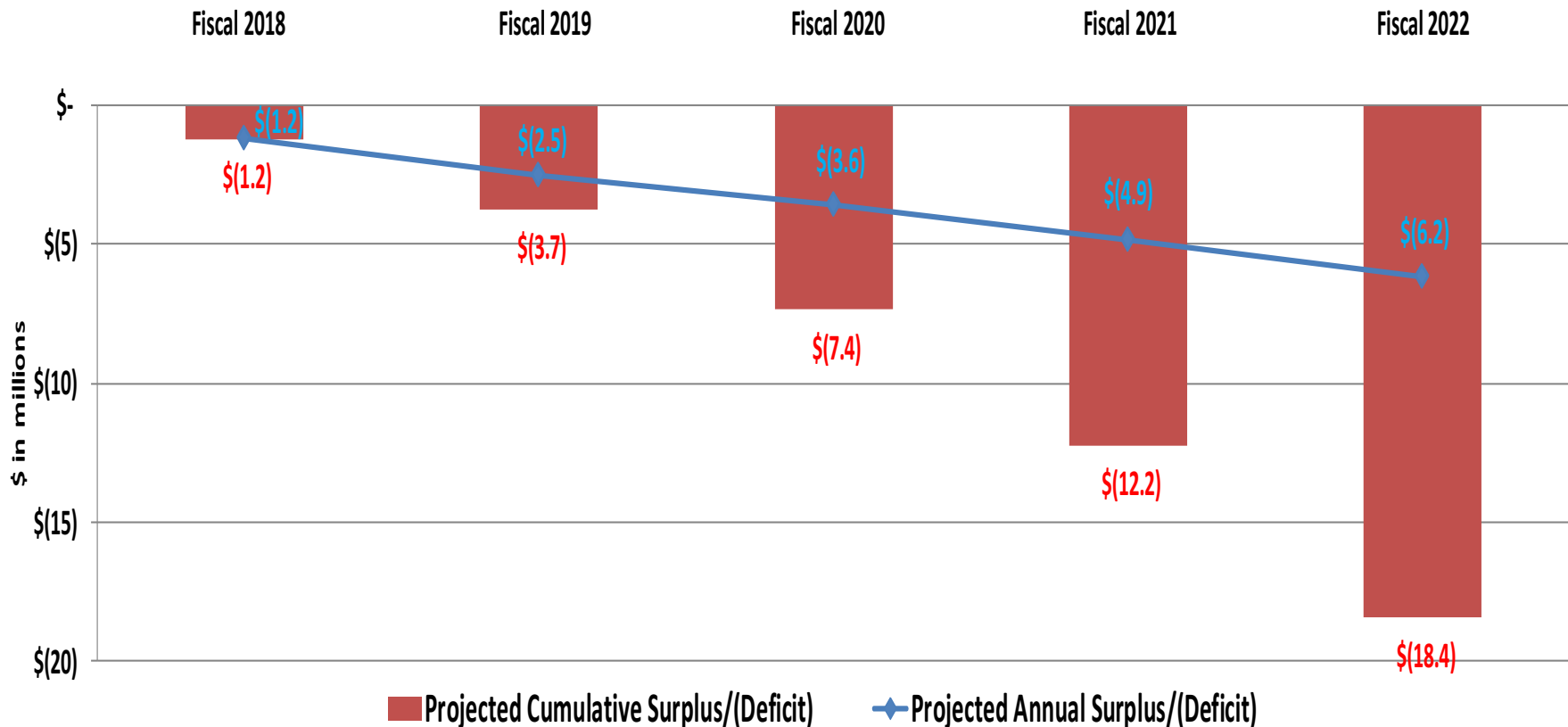


# FY2018 – FY2022 Fiscal Projection



Shrewsbury Public Schools will face widening structural deficits over the next 5 years.

# FY2018 – FY2022 Fiscal Projection



With personnel costs comprising approximately 80% of the school department budget, significant headcount reductions would need to occur to close the structural deficit.

# Translating the numbers...

If Shrewsbury were to close the structural deficit through headcount reductions only, then Shrewsbury will need to reduce:

- FY2018 = (\$1.2M)/\$55,000 per FTE = (-22 FTEs)
- FY2019 = (\$1.3M)/\$55,000 per FTE = (-24 FTEs) (-46 Total FTEs)
- FY2020 = (\$1.1M)/\$55,000 per FTE = (-20 FTEs) (-66 Total FTEs)
- FY2021 = (\$1.2M)/\$55,000 per FTE = (-22 FTEs) (-88 Total FTEs)
- FY2022 = (\$1.3M)/\$55,000 per FTE = (-24 FTEs) (-112 Total FTEs)

Headcount reductions of this magnitude will result in much larger class sizes and a severely compromised education program.

# Key Points and the Essential Question

# Key Points

- Shrewsbury will continue to face significant structural deficits over the next 5 years.
- We should not expect State and Federal revenues to help close this structural deficit.
- **Without additional resources, the school department cannot provide the high quality public education that the Shrewsbury community expects.**



# The Essential Question

**“What will our community do to solve the structural funding dilemma that jeopardizes the future quality of public education in Shrewsbury?”**

*Dr. Joseph Sawyer,*

*January 25, 2017 Budget Recommendation  
Presentation to the School Committee*