



Town of Concord
Finance Committee
22 Monument Square
P.O. Box 535
Concord, Massachusetts 01742-0535

Agenda

**Concord Finance Committee
Guidelines Subcommittee**

Thursday, November 10, 2016

7:00 PM

Select Board's Room

Town House

1. Approval of Minutes

- October 20, 2016 Guidelines meeting, if available
- November 3, 2016 Guidelines meeting, if available

2. CPS/CCRSD Superintendent Response to FY18 Tentative Budget Guideline

- Finance Committee Questions
- Citizen Questions/Comments

3. Citizen Questions/Comments

Reminders

- **Next Regular Meeting: Thursday, November 17, 2016, 7:00 PM, Select Board's Room, Adopt FY18 Final Guidelines**
- ***When Finance Committee members anticipate being absent from a meeting, it would be appreciated if they would notify Vice Chairperson Karle Packard by email at kpackard@redhawkstudio.com***

CONCORD PUBLIC SCHOOLS

CONCORD-CARLISLE REGIONAL SCHOOL DISTRICT

120 MERIAM ROAD CONCORD, MA 01742 PHONE: 978.318.1500 FAX: 978.318.1537 www.concordpublicschools.net

To: Karle Packard, Chair, Guidelines Subcommittee, Concord Finance Committee

From: Diana Rigby, Superintendent of Schools

John Flaherty, Deputy Superintendent for Finance and Operations

Date: November 10, 2016

Re: Annual Budget Data Response – Concord Public Schools

Our presentation this evening provides a focused response to questions and requests for information in the October 31, 2016 Annual Budget Data Request memorandum from the Concord Guidelines Subcommittee Chairperson, Karle Packard. Budget discussions for FY18 are continuing with the school principals, central office administrators, and school committees.

The school committees will give direction to the administration as we move forward in the budgeting process.

1. Please identify how you will accommodate this guidelines recommendation relative to the program you presented to the Finance Committee at our meeting on Thursday, October 13th.

We will not be recommending to the School Committee that the Finance Committee Guideline be adopted. If necessary, we will eliminate the replacement of the two planned school bus replacements. This will defer that expense to FY19 and will result in higher maintenance costs for the fleet during FY18.

2. How does your budget request meet the Finance Committee's goal of financial sustainability?

Our full 3.6% request keeps us on our ten growth rate of approximately 3.41%. We believe this is a sustainable average growth rate for the Concord Public Schools.

3. Do you have ongoing administrative and or operational cost management programs? If so, what savings have they resulted in and how have you redirected those funds?

Operational and administrative savings from lower energy consumption and elimination of an email software license have been redirected to offset budget growth in numerous areas. The reductions took place in the following areas:

	PROGRAM AREA	FY18 REDUCTIONS
PRELIMINARY BUDGET REQUEST REDUCTIONS		
SPECIAL EDUCATION TUITIONS	1200 - 1201	(240,000)
SALARY CONTINGENCY	2340	(190,903)
TRANSPORTATION, BUILDING SERVICES ADJUSTMENTS	4660 & 4630	(58,458)
BUILDINGS S/M	4640	(40,000)
UTILITIES/HEATING	4680	(31,686)
TOTAL DECREASES	-1.6%	(561,047)

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To: Karle Packard, Chair, Guidelines Subcommittee, Concord Finance Committee

From: Diana Rigby, Superintendent of Schools

John Flaherty, Deputy Superintendent for Finance and Operations

Date: November 4, 2016

Re: Annual Budget Data Request – Concord-Carlisle Regional School District

Our presentation this evening provides a response to questions in the October 31, 2016 second Annual Guidelines Request memorandum from the Concord Guidelines Subcommittee Chairperson, Karle Packard. Budget discussions for FY18 are continuing with the school principal, central office administration, and the Regional School Committee. Our core budgeting principles continue to include the following:

- Students and their learning are at the center of decisions;
- Teaching and learning conditions matter for student success;
- Requested resources for programs, services, and activities reflect the districts' core values of academic excellence, respectful and empathic community, professional collaboration, educational equity, and continuous improvement;
- Maintain balance between responsive and reasonable operating budgets and impact on taxpayers.

The Regional School Committee will give direction to the administration as we move forward in the budgeting process.

1. **Please identify how you will accommodate this guidelines recommendation relative to the program you presented to the Finance Committee at our meeting on Thursday, October 13th.**

We will not recommend that the Concord Finance Committee Guideline for the Concord-Carlisle Regional School District be adopted by the Regional School Committee. If necessary, to accommodate the \$720,000 guideline increase, we would decrease the planned OPEB contribution of \$850,000, by \$408,455 to \$441,545.

2. **Please restate your analysis of the impact of your OPEB funding schedule on prior years and future years operating budgets on an absolute and percentage basis to present a consistent relationship between either total dollar amounts or year-to-year changes in dollar amounts in the presentation.**

How do your OPEB funding demands on resources compare to other increases in costs on a ranked basis?

What is your most recent date for the actuarial assessment of your OPEB liability? Under that assessment and your current funding schedule, when will you meet your ARC?

The table on the following page indicates that OPEB incremental contributions are growing at a high rate as a percentage of the Operating Budget increases. Since FY2015, and including our FY18 requested, the incremental OPEB increases, on average have used nearly 22% of the operating budget increases. The latest actuarial report was June 30, 2014. The report states, "Based on a 25-year

funding schedule at a 5.00% discount rate, the Fiscal Year 2014 contribution would be \$1,491,902. This figure is referred to as the Annual Required Contribution (ARC)". In FY14, the entire FINCOM Operating Budget guideline growth was \$239,077 and the OPEB contribution was \$76,954.

We will not be able to meet our ARC with the current funding policy of OPEB within the operating budget guidelines provided by the Concord Finance Committee and meet contractual and legal obligations.

Fiscal Year	FY10	FY11	FY12	FY13	FY14	FY15	FY16	FY17	FY18
Operating Budget	\$21,318,240	\$ 22,374,192	\$ 23,233,274	\$ 23,647,387	\$ 23,886,464	\$24,605,506	\$ 25,802,829	\$ 26,608,381	\$ 28,047,198
Total OPEB Contribution	\$0	\$0	\$250,000	\$575,000	\$76,954	\$350,000	\$489,691	\$705,000	\$850,000
OPEB Increment as % of Operating Budget	0.00%	0.00%	1.08%	1.37%	0.32%	1.42%	1.90%	2.65%	3.03%

OPEB Increment of Operating Budget									
Operating Budget Growth	\$ 1,117,524	\$ 1,055,952	\$ 859,082	\$ 414,113	\$ 239,077	\$ 719,042	\$ 1,197,323	\$ 805,552	\$ 1,438,817
OPEB Incremental Increase	\$0	\$0	\$250,000	\$325,000	(\$498,046)	\$273,046	\$139,691	\$215,309	\$145,000
OPEB Incremental Growth as % of Budget Increase	0.0%	0.0%	29.1%	78.5%		38.0%	11.7%	26.7%	10.1%

3. How does your budget request meet the Finance Committee's goal of financial sustainability?

We believe that our 11 year history of no override requests and matching Finance Committee Guidelines, often below LLG, meet the Finance Committee's sustainability goals. Our full 5.4% request is below LLG, and keeps us on our ten growth rate of approximately 3.75%. We believe this is a sustainable average growth rate for the Concord-Carlisle Regional School District.

4. Do you have ongoing administrative and or operational cost management programs? If so, what savings have they resulted in and how have you redirected those funds?

The table below contains the reductions from the FY17 budget levels that offset \$1,731,983 of expenditure growth in the FY18 budget.

MAJOR ESCALATION/REDUCTIONS		FY18 Preliminary Budget
	Program Area	DECREASED COSTS
STATE ASSESSMENTS (\$22.5K), OTHER NET REDUCTIONS	5830 & Various	\$ (32,500)
TRANSPORTATION	4660	\$ (127,952)
UTILITIES (Heating , Electricity, Water)	4680 & 4690	\$ (132,714)
OPERATIONS & FIXED COSTS REDUCTION	-1.1%	\$ - \$ (293,166)
TOTAL REDUCTIONS	-1.10%	\$ (293,166)

5. Regarding changes to the enrollment ratio between Concord and Carlisle, please provide copies of the NESDEC projections for Concord, Concord-Carlisle, and Carlisle. Do you believe the trends are realistic based on more recent Concord enrollment trends?

The table below illustrates NESDEC's projection of assessment ratios for SY 15- 16 through SY203 - 2024. It is based on October 1, 2015 projections. We will receive a projection based on October 1, 2016 within the next few months from NESDEC. For the past two years the shift in assessment ratios has been favoring Concord's assessment proportion; this is contrary to the table below.

PROJECTED % OF CONCORD AND CARLISLE RESIDENTS IN CCHS						
School Year	Gr. 9-12 Enrollment	Resident Enrollment	Concord Residents	Concord %	Carlisle Residents	Carlisle %
2015-16	1288	1224	901	73.61%	323	26.39%
2016-17	1270	1206	896	74.30%	310	25.70%
2017-18	1273	1209	910	75.27%	299	24.73%
2018-19	1260	1196	888	74.25%	308	25.75%
2019-20	1254	1190	902	75.80%	288	24.20%
2020-21	1262	1198	922	76.96%	276	23.04%
2021-22	1244	1180	908	76.95%	272	23.05%
2022-13	1249	1185	912	76.96%	273	23.04%
2023-24	1200	1136	874	76.94%	262	23.06%