

Cambridge Public Schools

Five Year Financial Plan

For Fiscal Years

FY 2005-06 - FY 2009-10

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Cambridge Public Schools Five-Year Financial Plan

Introduction

This document presents an update of the Five Year Financial Plan of the Cambridge Public Schools which is intended to provide a long-range financial framework for supporting the educational mission and goals of the school district over a five-year planning period. This update covers the period beginning in fiscal year 2005-06 (July 1, 2005 – June 30, 2006) and ending in fiscal year 2009-10 (July 1, 2009 – June 30, 2010). It also displays the current fiscal year 2004-05 adopted budget.

This document also is intended to serve as a financial planning tool to assist in development of the School Department Operating Budget, required by state law to be authorized annually by the School Committee, the City Manager, and the City Council. This financial plan differs from the annual budget process in the following ways;

- Financial estimates of Revenues and Expenditures are projected (estimated) for a five-year period rather than the one-year Budget period required for all government entities in Massachusetts.
- In addition to estimates of cost increases and decreases in salaries, benefits, energy, transportation, special education tuitions, and similar items, the plan enables us to estimate future costs of long-range educational initiatives, as well as budget reduction and reallocation decisions, and project the financial impact of such decisions on the district's overall resource allocation plan.

Revenue Estimates

The revenue estimates for the next five years are impacted by the following:

- Local property tax support for the School budget is estimated to grow at a rate of 4% annually. For FY05-06, this is offset by \$471,000 in estimated net Charter School costs due to start-up of a new charter school in Cambridge.
- State Education Aid (Chapter 70 Aid) and General State Aid are both projected to be level in FY05-06 and grow at a 2.5% rate over the following four years.
- School Construction Aid will decrease significantly over the next four years as state reimbursements for previously-funded projects are ending. These projects (Agassiz, Haggerty, Fitzgerald and Morse) were funded on 10-year bonding schedules and all will be fully reimbursed by the end of FY07-08. Two new projects (War Memorial Renovations and CRLS HVAC/Roof projects) have been approved by the state and are on a list for future funding, beginning in FY07.

An average annual growth rate of 2.6% is projected for total general fund revenues during this five-year planning period.

Expenditure Estimates

The “Level Service” estimates of cost increases are calculated based on such factors as:

- salary step and degree increments in collective bargaining agreements and non-union salary schedules,
- estimated future negotiated salary increases,
- estimated health insurance and other fringe benefit inflationary cost increases,
- energy cost and transportation cost estimates,
- special education tuition cost estimates,
- similar inflationary items.

Decreases in “Level Service” estimates include:

- decreases in debt service costs,
- decreases in vocational tuition costs due to declining numbers of tuition-out students
- in FY05-06, a one-time decrease in special education tuition cost estimates based on a major increase in state “circuit-breaker” reimbursements in FY04-05 that is projected to continue in FY05-06.
- other savings due to 1-time items in the FY04-05 Budget that will not be continued in FY05-06.

These budget increases and decreases are referred to as “Level Service” because they assume maintaining the existing level of services to students and staff, and do not take into account new or expanded programs and educational initiatives, or significant reallocation of existing resources to support priority educational goals. These are “cost-driven” budget increases and decreases, rather than “program driven” allocations of resources to educational priorities. The “program-driven” resource allocations are based on the educational goals of the district and strategic decisions regarding funding priorities in a particular fiscal period.

The estimates of budget increases to support “program improvements and new initiatives” will be driven by decisions to allocate dollars to priorities of the district based on an educational plan for improvement. These decisions may involve implementation of new programs or expansion of existing programs, and often include development costs as well as operational costs. Not all program initiatives require increased financial resources, and may involve re-thinking and re-structuring the ways in which services are delivered, or re-allocating existing resources from areas that are lower priorities, or programs where operations can be made more efficient. In this initial set of financial estimates, we are targeting increases in the “base rate” per pupil allocations for books, materials and supplies in school budgets, and increases in allocations for School Improvement Plan funding in school budgets. Other program improvements or new initiatives will be funded through reallocation or restructuring of existing resources.

Cambridge Public Schools
Five Year Expenditure Projections - FY2005-06 thru FY2009-10

	Prior Year Base Budget - General Fund	117,872,457	122,053,195	124,044,400	129,681,734	135,931,715	141,432,063
I - Estimated "Level Service" Cost Incr/(Decr)	Adopted Bgt.	FY04-05	Proj. Incr/Decr	Proj. Incr/Decr	Proj. Incr/Decr	Proj. Incr/Decr	Proj. Incr/Decr
			FY05-06	FY06-07	FY07-08	FY08-09	FY09-10
A. Cost Increases							
1.	Salary Step/Degree/Longevity Increments	790,077	813,779	838,193	863,338	889,239	915,916
2.	Salary % Increases (FY'06 - 4.25%, 3% thereafter)	3,023,923	3,451,618	2,170,500	2,235,615	2,302,683	2,371,764
3.	Health Ins/Fringe Ben. - FY06 11%, thereafter - 12%	1,185,678	1,416,777	1,586,790	1,777,205	1,990,470	2,229,326
4.	City Pensions - FY06 & thereafter - 2.5%	55,322	70,535	72,298	74,106	75,959	77,858
5.	Special Ed. Tuition - FY06 & thereafter 9% incr.	1,427,000	773,527	843,144	919,027	1,001,740	1,091,897
6.	Spec Ed. Tuition - est. "Circuit-Breaker" funding shortfall	470,000	-	-	-	-	-
7.	Reg & Sped Transportation (5% annual)	95,000	163,353	171,520	180,096	189,101	198,556
8.	Energy Costs (FY06 - 15%,10% thereafter)	199,000	380,040	253,360	278,696	306,565	337,222
9.	Other	57,000	57,000	57,000	57,000	57,000	57,000
	Sub-total:	\$ 7,303,000	7,126,629	\$ 5,992,806	\$ 6,385,084	\$ 6,812,757	7,279,538
B. Cost Decreases							
1.	Debt Service (existing Debt only) *	(1,354,000)	(1,518,536)	(392,275)	(173,350)	(1,353,350)	(100,675)
2.	Minuteman tuition - reduced enroll.	(768,262)	(568,525)	36,803	38,246	40,941	42,608
3.	Decrease of FY04 1-time Facil. Alloc. For Cons. Plan	(400,000)	-	-	-	-	-
4.	Reduction of other 1-time implem. costs of cons. plan	(600,000)	(484,691)	-	-	-	-
5.	Spec Ed. Tuit. - FY05 "Circ-Brk" reimb. & savings @75%	-	(2,546,250)	-	-	-	-
6.	Other: FY04-05 1-time costs	-	(402,505)	-	-	-	-
	Sub-total	\$ (3,122,262)	\$ (5,520,507)	\$ (355,472)	\$ (135,104)	\$ (1,312,409)	\$ (58,067)
	C. Total Estimated "Level Service" Cost Increases	\$ 4,180,738	1,606,122	\$ 5,637,334	\$ 6,249,980	\$ 5,500,348	7,221,471
	<i>% increase</i>	3.55%	1.32%	4.54%	4.82%	4.05%	5.11%
II. Program Improvements/New Initiatives							
	Sub-total	\$ 3,705,890	385,083	-	-	-	-
III. Restructuring/Reorganization of Positions & Budget							
1.	Restr./Reorg. Admin., Supervision & Support Svc positions	(2,037,159)	-	-	-	-	-
2.	Restr./Reorg. Classroom and School Support positions	(1,668,731)	-	-	-	-	-
	Sub-total	(3,705,890)	-	-	-	-	-
IV.	Total General Fund Increases/(Decreases)	4,180,738	1,991,205	5,637,334	6,249,980	5,500,348	7,221,471
V.	Total Projected Budget - General Fund	122,053,195	124,044,400	129,681,734	135,931,715	141,432,063	148,653,534
	<i>- Percentage Increase</i>	3.55%	1.63%	4.54%	4.82%	4.05%	5.11%

*This is Debt Service for existing projects only. New debt service for War Memorial and CRLS renovations projects are not included.

Cambridge Public Schools
Five-Year Revenue Projections - FY2005-06 thru FY2009-10

	Prior Year Base Revenues: General Fund:			122,053,195	124,044,400	127,731,192	132,282,643	133,132,525
		Prior Yr.	Adopted Bgt	Proj. Incr/Decr	Proj. Incr/Decr	Proj. Incr/Decr	Proj. Incr/Decr	Proj. Incr/Decr
		<u>FY03-04</u>	<u>FY04-05</u>	<u>FY05-06</u>	<u>FY06-07</u>	<u>FY07-08</u>	<u>FY08-09</u>	<u>FY09-10</u>
I. - General Fund Budget								
<u>A. Taxes</u>								
R.E. Prop. Taxes- FY'06 4%, 4% thereaf	88,899,300	92,455,275	3,698,210	3,846,139	3,999,985	4,159,984	4,326,384	
less: Net Charter School impact			(471,000)	-	-	-	-	
Hotel/Motel Excise Tax	<u>936,000</u>	<u>936,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	
Sub-total: Local Taxes	89,835,300	93,391,275	3,227,210	3,846,139	3,999,985	4,159,984	4,326,384	
<u>B. Fines & Forfeits</u> - Parking Fines	100,000	100,000	-	-	-	-	-	
<u>C. Inter-governmental</u>								
State Education Aid -								
Ch70 Education Aid	6,791,105	6,791,105	-	169,778	174,022	178,373	182,832	
School Lunch Aid	31,840	32,580	-	-	-	-	-	
School Construction Reimb.	<u>5,137,620</u>	<u>5,808,720</u>	<u>(1,236,005)</u>	<u>(697,363)</u>	<u>-</u>	<u>(3,875,355)</u>	<u>-</u>	
Sub-total: School Aid	11,960,565	12,632,405	(1,236,005)	(527,585)	174,022	(3,696,982)	182,832	
General State Aid -Lottery	<u>14,776,592</u>	<u>14,729,515</u>	<u>-</u>	<u>368,238</u>	<u>377,444</u>	<u>386,880</u>	<u>396,552</u>	
Sub-total: State "Cherry Sheet" Rev	26,737,157	27,361,920	(1,236,005)	(159,348)	551,466	(3,310,102)	579,384	
Medicaid Reimbursement	900,000	900,000	-	-	-	-	-	
Sub-total: Intergovernmental Revenue	27,637,157	28,261,920	(1,236,005)	(159,348)	551,466	(3,310,102)	579,384	
<u>D. Miscellaneous</u>								
Free Cash	300,000	300,000	-	-	-	-	-	
<u>E. Total Est. General Fd. Revenue Incr.</u>		4,180,738	1,991,205	3,686,792	4,551,451	849,882	4,905,768	
<u>F. Projected Total Gen. Fd Revenue Bg</u>	117,872,457	122,053,195	124,044,400	127,731,192	132,282,643	133,132,525	138,038,292	
% change		3.55%	1.63%	2.97%	3.56%	0.64%	3.68%	