

Cambridge Public Schools

FY08-09 Budget

Updated Five-Year Financial Estimates

Presentation to School Committee

January 15, 2008

FY2008-09 Financial Summary

	<u>Revenues</u>	<u>Expenditures</u>	<u>Difference: Expenditures over Revenues</u>
FY07-08 Adopted Budget:	\$ 127,690,960	\$ 127,690,960	\$ -
FY08-09 Estimated Increase:	<u>2,013,204</u> 1.6%	<u>5,118,143</u> 4.01%	<u>(3,104,939)</u>
FY08-09 Projected Budget:	\$ 129,704,164	\$ 132,809,103	\$ (3,104,939)
FY08-09 Supplemental City Support:	<u>\$ 1,000,000</u>	\$ -	\$ -
Total	\$ 130,704,164 2.4%	\$ 132,809,103	\$ (2,104,939)

FY08-09 Revenue Estimates

A. <u>Current Year FY2007-08 Adopted Budget</u>		\$ 127,690,960
B. <u>Estimated FY2008-09 Revenue Increases:</u>		
1. Property tax levy revenues increase by 4% in FY09	4,001,056	
1.a. Additional City supplement	1,000,000	
2. Loss of additional <u>\$1.0 million</u> in state aid in FY09 due to Charter School tuition cost increases from enrollment growth.	(1,031,842)	
3. School Building Assistance drops from \$3.9mil. to \$0 in FY09	(3,875,350)	
4. Use of Debt Stabilization Fund in FY09 to cover cost of unreimbursed school construction bonds, including school share of War Memorial project.	2,919,340	
5. State CH 70 Educ. Aid and general state aid to City remain level and no changes in other revenues	-	
6. Total Estimated Revenue Increase: (2.35%)		<u>\$ 3,013,204</u>
C. Total Estimated FY2008-09 Revenues Budget:		\$ 130,704,164

FY08-09 Expenditure Estimates

D. Estimated FY2008-09 Cost Increases and Decreases

<u>Current Year FY2008-09 Adopted Budget</u>	\$ 127,690,960
1. Salary increase of 2.9% in FY09 (\$2.1 million), plus carryover cost of FY07-08 mid-year increase of 2%/3% (\$800K)	2,918,919
2. Salary step & degree increment increases, partially offset by drop in longevity pyts. due to negotiated phase-out.	479,095
3. Health/Dental Insur. increases (11%) and Pension (2.5%)	1,834,462
4. Energy cost increases of 7.2% - (fuel oil, natural gas, electric)	290,332
5. Special Ed. tuition increases of 4% per year (\$364,000), less estimated savings of \$365,000 due to "Circuit-Breaker" reimb.	(1,465)

D. **Estimated FY2008-09 Cost Increases and Decreases (Cont'd)**

6. Tech/Career Ed. tuition costs decline due to reduced enrollment.	(172,931)	
7. Transportation contract cost increases of 3-4½%, plus increase in FY09 budget for FY08 budget shortfall of approx. \$226,000.	421,916	
8. Debt Service for elementary projects decrease by (\$1,353,350) partially offset by \$701,165 school share of War Memorial debt.	(652,185)	
9. Total Estimated Expenditure Increases: (4.01%)		5,118,143
E. Total Estimated FY08-09 Expenditures:		\$ 132,809,103
F. Difference: Estimated Revenues vs. Estimated Expenditures:		\$ (2,104,939)

Revenue Estimates Through FY12-13

-	Property taxes funding increases by 4% in FY09-10 thru FY12-13
-	Loss of state aid due to unreimbursed Charter School tuition costs increasing by additional \$2.2 mil by FY12-13.
-	School Building Assistance in school budget ends in FY08-09
-	State CH 70 Education Aid and general state aid to City estimated to remain level
-	Continued use of Debt Stabilization Fund to cover cost of unreimbursed school construction bonds, including school share of War Memorial proj.
-	No changes in other revenues

5-Year Estimated Revenues Impacting the Budget

(amounts in \$million)

	<u>Prior Yr.</u> <u>FY06-07</u>	<u>Current</u> <u>FY07-08</u>		<u>Budget</u> <u>FY08-09</u>	<u>Proj.</u> <u>FY09-10</u>	<u>Proj.</u> <u>FY10-11</u>	<u>Proj.</u> <u>FY11-12</u>	<u>Proj.</u> <u>FY12-13</u>
4. Local Taxes	99.5	101.1		106.1	110.3	114.6	119.1	123.8
less: Addt'l Charter School Tuition cost	(1.8)	(1.1)		(2.1)	(2.6)	(3.5)	(3.8)	(4.3)
2. State School Building Assistance	3.9	3.9		0.0	0.0	-	-	0.0
1. State Chap. 70 Aid	7.7	8.5		8.5	8.5	8.5	8.5	8.5
5. Debt Stabilization	0.0	0.0		2.9	2.8	1.2	0.6	0.6
3. State Lottery Aid	13.8	13.0		13.0	13.0	13.0	13.0	13.0
6. All Other	<u>2.3</u>	<u>2.3</u>		<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>	<u>2.3</u>
Total	\$ 125.4	\$ 127.7		\$ 130.7	\$ 134.3	\$ 136.1	\$ 139.7	\$ 143.8
<i>Percentage Change</i>		<i>1.83%</i>		<i>2.35%</i>	<i>2.73%</i>	<i>1.37%</i>	<i>2.65%</i>	<i>2.96%</i>

Expenditure Estimates Through FY2012-13 - Major Changes

- | | |
|----|---|
| 1. | Annual salary increases estimated at 3% annually, approximately \$2.4 million per year |
| 2. | Salary step & degree increments increase approximately 0.8% per year, but longevity payments declining due to negotiated phase-out. |
| 3. | Health insur./benefits increase of 12% from FY10 thru FY13 (\$2.0 - \$2.8 mil. annual increase) |
| 4. | Energy cost increases of 3.9% - 4.2% in FY10 thru FY13. |
| 5. | Special Education tuition increases of 5% per year. |
| 6. | Transportation contract annual cost increases of 3-4½%, |
| 7. | Tech/Career Ed. tuitions decline slightly in FY10-FY11 due to reduced enrollment; slight increase thereafter. |
| 8. | Debt Service costs for old elementary projects decline from \$3.6 million to \$0 by FY10-11, partially offset by school share (\$700,000) of War Memorial debt costs, beginning in FY08-09. |
| 9. | Energy conservation lease (\$460,000) ends after FY08-09. |

Estimated Expenditure Increases & Decreases - Selected Items Impacting the Budget							
Base Bgt <u>FY07-08</u>	% of Bgt.	(Amounts in Thousands)	<i>Estimated Increases and Decreases</i>			Projected Total <u>FY12-13</u>	% of Bgt.
			Budget <u>FY08-09</u>	Proj. <u>FY09-10</u>	Proj. <u>FY12-13</u>		
\$ 76,694	60.1%	1. Salaries & Wages (incl. step & degree incr.)	3,398	2,874	3,125	91,950	59.3%
19,111	15.0%	2. Health Insur. & Fringe	1,834	2,047	2,849	30,530	19.7%
6,178	4.8%	3. Energy & Facilities	290	171	446	7,466	4.8%
7,720	6.0%	4. Special Educ. Tuitions	(1)	432	479	9,517	6.1%
448	0.4%	5. Technical/Career Ed. Tuit.	(173)	(61)	42	279	0.2%
4,179	3.3%	6. Transportation	422	152	206	5,366	3.5%
2,078	1.6%	7. Educational Mat/Supp/Svcs	-	-	-	2,078	1.3%
4,022	3.1%	8. Debt Service Costs	(652)	(124)	(23)	1,060	0.7%
<u>7,261</u>	<u>5.7%</u>	9. All Other	<u>-</u>	<u>(460)</u>	<u>-</u>	<u>6,802</u>	<u>4.4%</u>
\$ 127,691	100%	Total	\$ 5,118	5,031	7,124	\$ 155,048	100%

5-Year Projected Revenues vs. Projected Expenditures - General Fund Budget

	Current Fiscal Yr. <u>FY07-08</u>	Budget <u>FY08-09</u>	Estimate <u>FY09-10</u>	Estimate <u>FY10-11</u>	Estimate <u>FY11-12</u>	Estimate <u>FY12-13</u>	5-Yr. <u>avg.</u>
Estimated Expenditures <i>% incr.</i>	1.9%	4.0%	3.8%	3.0%	4.1%	4.8%	3.9%
Estimated Revenues <i>% incr.</i>	1.9%	2.4%	2.7%	1.4%	2.6%	3.0%	2.4%
Difference	0.0%	-1.6%	-1.1%	-1.6%	-1.5%	-1.8%	
Potential Funding Shortfall (in \$Millions)	\$ -	\$ (2.1)	\$ (3.6)	\$ (6.0)	\$ (8.2)	\$ (11.2)	

