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

Agenda

Concord Finance Committee
Guidelines Subcommittee

Thursday, October 3, 2019

7:00 PM

Select Board Meeting Room

1. **Minuteman High School Presentation**
   - **Committee questions**
   - **Citizens' questions**

2. **Finance Director's Report**
   - **FY20 Status Update**
   - **FY21 Estimate of Available Resources for Guidelines**

3. **Citizen Questions/Comments**

Reminders

- **Next Guidelines Meetings: Thursdays, October 10, October 24, and November 14, and November 21, 2019, 7:00 PM, Select Board Meeting Room**

- **Next Regular Meeting: Thursday, October 17, 2019, 7:00 PM, Select Board Meeting Room**

- ***When Finance Committee members anticipate being absent from a Guidelines Subcommittee meeting, it would be appreciated if they would notify Guidelines Chair Mary Hartman by email at maryhartman7@gmail.com***

Town of Concord
Finance Committee
22 Monument Square
Concord, Massachusetts 01742-0535

To: David Horton, Chairperson, Minuteman School Committee
From: Mary Hartman, Chair, Guidelines Subcommittee, Concord Finance Committee
Cc: Edward A. Bouquillon, Superintendent-Director, Minuteman High School
Steve Ledoux, Concord Representative, Minuteman School Committee

Date: July 31, 2019

Re: Annual Budget Data Request – FY20 Guidelines

The Guidelines Subcommittee requests information to assist us in advising Concord Town Meeting regarding Minuteman's budget request for FY21. The Finance Committee aims to set sustainable budgetary objectives, within the context of community expectations for continued educational excellence and fiscal restraint.

The FinCom has been working to develop a five-year, forward looking advisory policy to guide Town Meeting financial decisions. This complements the requirement that it also provide Town Meeting with a five-year projection of the median property tax burden. The FinCom calls this policy the Sustainable Growth Rate (SGR). The SGR represents a reasonable increased tax burden on the average taxpayer expressed as an annual rate of growth over the coming 5 years. With this in mind, the FinCom requests that you develop your operating budgets with the understanding that this year, the FinCom has established that a sustainable increase in the overall tax burden for the coming 5 years is 2.16%[i]. There are many factors that contribute to the overall tax burden. The Minuteman operating budget represents one factor among others.

Following our practice of the last several years, we prefer to have a general conversation on the operational needs and market factors influencing the Minuteman Regional Vocational Technical School District (MRVTSD). We do not expect you to present a detailed preliminary budget. With this in mind, we ask that you provide your outlook and vision for Minuteman over the next 5 years and identify the key issues for FY21.

Please include information on the following specific areas in the District response materials:

1) Budget performance: Please provide FY18 Actuals for reference. Also, we would like FY19 budgeted vs Actual results, along with the status of various reserves available to the District heading into FY20.

2) Construction Status: Please provide an update on the opening of the new school building and any issues that were encountered which might have a financial component. Include a schedule of any additional funding required for FY20 and FY21. Provide insight into debt assessment levels, and how they will affect Concord's assessments.

3) Enrollment Update: Please provide enrollment data, both a prior 5 year history, and projections broken down based on best estimates of member town students and out of district students.

4) District Membership: The FinCom would be interested in hearing about any anticipated changes in District membership, either communities looking to join or withdraw from the District Agreement, with the enrollment and financial effects those changes would have on remaining members.

5) Per Student Costs: What is your FY19 and budgeted FY20 cost per student based on the total budget?. Also please provide reimbursement to cost information for out of district students attending Minuteman.

Last year, the FinCom heard about the negative impacts on out of District enrollments caused by State regulations requiring students to attend a member technical school unless a program of interest is not offered there. Please provide an update on this situation.

6) E&D: Please provide information on the expected amount in the Excess and Deficiency (E&D) account on June 30, 2019 and an estimate for FY20. How are these funds traditionally allocated in subsequent years?

7) OPEB: What is the Other Post-Employment Benefits (OPEB) funding schedule for MRVTSD?

8) Benchmarking: How does the average cost per student at Minuteman compare to peer school systems for the latest year available? What are the drivers of the differences in cost per student between Minuteman High School and peer schools? How are those cost differences explained?

9) Other Items: Please comment on any additional items that may impact the MRVTSD budget in FY20 and beyond.

We have scheduled Thursday, October 3, 2019 for our meeting with the MRVTSD School Administration. We would appreciate receiving a response electronically prior to our initial meeting with the School Administration, preferably by September 25th to allow time for review by Subcommittee members.

Thank you in advance for providing this information. We greatly appreciate your collaboration and efforts to work together with the Finance Committee. We respect and support your efforts to maintain excellence in Minuteman's educational programs and acknowledge the many challenges you face in advancing area students' experiences at Minuteman High School.

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[i] On November 26, 2018 the Finance Committee took the following action:

The Guidelines Subcommittee of the Finance Committee recommends that the Town adopt a Sustainable Rate of Taxation Growth as follows: the arithmetic average of the inflation rate based on the most recent 12-month CPI for our region, and the 10-year Treasury bill yield that existed on the first day of July when the market is open. This would provide a growth number for each of the next five years (the same number) that would be updated on an annual basis for the upcoming five years.

At this time, the Bureau of Labor Statistics regional New England CPI (Boston-Cambridge-Newton, MA-NH) is stated at 2.3% (latest report is May, July not available until August) and the July 1 10 year Treasury yield was 2.03%

Minuteman Regional High School District
FY18 - FY20 New School Debt Service
Reallocation of Debt Service supported by 10 Towns (including Belmont)

School Building Debt Service from FY18 to FY20										
	FY18			FY19			FY20			
Purpose	Sch. Proj.Debt 9 Towns	Sch. Proj.Debt 10 Towns		Sch. Proj.Debt 9 Towns	Sch. Proj.Debt 10 Towns		Sch. Proj.Debt 9 Towns	Sch. Proj.Debt 10 Towns		
Bldg. Const. - BAN Interest Due 9/27/17	61,556	61,556								
Const. Bond - Semi-Int. Pmt. Due 3/15/18	464,491	464,491								
Bldg Proj-BAN Interest Due (Proj -2nd Bond)				840,000	840,000					
$36M Bond - Prin & Int Pmts Due FY19				1,216,606	1,216,606					
$36M Const. Bond - Debt Service Due							1,216,356	1,216,356		
$46M Const. Bond - Debt Service Due							1,892,144	1,892,144		
Total - Debt & Capital	**526,047**	**526,047**		**2,056,606**	**2,056,606**		**3,108,500**	**3,108,500**		

Allocation of School Building Debt Service by Town										
	FY18			FY19			FY20			3 Year
Member Towns:	9 Towns	10 Towns	Difference	9 Towns	10 Towns	Difference	9 Towns	10 Towns	Difference	**Variance**
Acton	43,534	39,905	3,629	182,318	168,022	14,296	291,735	268,717	23,018	**40,943**
Arlington	214,571	194,048	20,523	783,495	714,018	69,477	1,112,960	1,014,762	98,198	**188,198**
Bolton	19,117	17,790	1,327	74,991	70,141	4,850	115,026	107,580	7,446	**13,623**
Concord	31,257	28,616	2,641	143,137	131,591	11,546	249,278	228,774	20,504	**34,691**
Dover	9,600	9,147	453	36,214	34,716	1,498	44,744	43,432	1,312	**3,264**
Lancaster	47,870	43,863	4,007	221,350	203,698	17,652	361,093	332,267	28,826	**50,485**
Lexington	82,159	74,588	7,571	336,826	307,862	28,964	523,210	478,378	44,832	**81,367**
Needham	49,117	44,741	4,376	172,145	158,076	14,069	250,471	230,215	20,256	**38,701**
Stow	28,822	26,565	2,257	106,129	98,461	7,668	159,984	148,515	11,469	**21,394**
Towns Withdrawal effective July 1, 2020										
Belmont	-	46,783	(46,783)	-	170,022	(170,022)	-	255,861	(255,861)	**(472,667)**
Total Debt-Capital	**526,047**	**526,047**	**-**	**2,056,605**	**2,056,606**	**(1)**	**3,108,501**	**3,108,500**	**1**	**(0)**

NOTE: The amounts in grey are excluded from Prop 2 1/2 limitations

October 3, 2018

Presented by:
Robert Gerardi
Director of Finance

MINUTEMAN
A REVOLUTION IN LEARNING

Concord Finance Committee Guidelines Subcommittee

Minuteman Report

A REVOLUTION IN LEARNING

What We Do

- We deliver robust academics and powerful career and technical skills. This combination gives students ***a competitive advantage*** in the new economy.
- We link high school to ***college and career***.
- When they go to college, Minuteman graduates go ***with a purpose***, knowing what they like, what they do well, and what they want to pursue.

Academy Model

- Schools-within-Schools that permit students to stay with a core group of teachers from Grade 9 through 12
  - Promotes a more personalized and supportive learning environment
  - Aimed to help students build strong relationships with peers and teachers

Academy Model

- Academies integrate rigorous academic courses with robust technical/vocational courses organized around a career theme
  - Traditional courses are combined with occupational-related classes
- Career academies establish partnerships with local employers
  - Strengthen connections between school & work
  - Provide students with a range of career development and work-based learning opportunities

Academy Model

- Academies are characterized by strong working relationships among teachers, business partners, students and parents
  - Forge lasting relationships between teachers and students
  - Foster increased success as seen in improved attendance, better grades, job placements, and higher graduation rates

Minuteman Highlights

- 2018 National Blue-Ribbon high school.
- MCAS Category: "Substantial Progress Toward Goals"
- 99% 1st Pass Rate for ELA NextGen MCAS.
- 96% 1st Pass Rate for Math NextGen MCAS.
- 100% 1st Pass Rate for Science NextGen MCAS.
- Developing Post Secondary Programs

Developing Post Secondary Programs

About:

- Approved by DESE; Ch. 74
- Offer Industry Recognized Certifications
  - OSHA 10, First Aid/CPR/AED, NIMs, Serv Safe, Tips Alcohol Awareness, AWS, etc.
- Board Licensing Exams
  - Receive hours to sit for the Electrical Journeyman and Cosmetology licensing exam.
- Connect with our Advisory Committee Members

Commitment:

- 10-Month Evening Programs
- Began Monday, September 9, 2019
- 3-4 evenings per week
- 16.5 - 22 hours per week
- 700 -1000 hours in length

- Anticipate Title IV Funding (Pell Grants) Fall 2020.

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Minuteman Technical Institute

Offering Post-Secondary Programs to Train/Retrain Adult students

Programs

- Advanced Manufacturing
- Culinary Arts
- Electricity
- Metal Fabrication and Joining (welding)

***New* Programs**

- Automotive Technology
- Cosmetology

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Annual Budget Data Request – FY20 Guidelines

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1. BUDGET PERFORMANCE
2. CONSTRUCTION STATUS
3. ENROLLMENT UPDATE
4. DISTRICT MEMBERSHIP
5. PER STUDENT COSTS
6. E&D
7. OPEB
8. BENCHMARKING
9. OTHER

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1. Budget Performance

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FY19 Results
Budget to Actual

	6/30/18 Actual	FY19 Budget	6/30/19 Actual	Variance
Revenue:				
Assessments	11,551,484	11,551,483	11,551,484	1
CH. 70 Aid	2,052,494	2,037,863	2,052,494	14,631
CH. 71 Reg. Trans. Reimb.	1,106,063	935,112	1,106,063	170,951
Prior Year Tuition	3,571,673	3,380,021	3,571,673	191,652
Current Year Tuition	400,000	400,000	400,000	-
E&D Appropriation	600,000	695,000	600,000	(95,000)
Interest Income	67,834		67,834	67,834
Miscellaneous	92,022		92,022	92,022
	19,441,570	18,999,479	19,441,570	442,091
Expenditure Turnbacks:				
Salary	10,942,663	11,063,252	11,115,268	(52,016)
Non-Salary	7,996,829	10,096,888	9,595,200	501,688
	18,939,492	21,160,140	20,710,468	449,672

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Reserve Funds Available

- Stabilization
  - Current Balance is $702,286
  - Committed Approximately $250,000 for new building capital needs.
  - Potential Capital Skills Grant funds match
- OPEB Trust
  - Current balance is $209,732
  - Appropriated $50,000 per year over the last 5 years.

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2. Construction Status

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School Started on September 2, 2019

- Video Link

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Financing Summary

- Approx. $94m total borrow between 3.2% to 3.84% (est.)
  - All 30 Year Annual Level Payment Schedule
- Two Bond Sales to date
  - $36M Bond Sale – September 2017
  - $46M Bond Sale – November 2018
- Final Bond Sale scheduled near completion of project – Spring 2020
- Factors that can effect Debt Service assessment
  - Member & Non-member enrollment shifts
  - Non-member Capital fees received

Capital Fee for Nonmember Town Students

- For cities/towns that provide less than 5 Ch. 74 programs **$6,201.50/student**
- For cities/towns that provide 5 or more Ch. 74 programs **$4,651.12/student**

Revenue collected in FY20 will be used to offset the debt service assessments to member towns in the FY21 budget

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Concord – Projected Debt Service

• FY20 (Actual)	$249,278
• FY21	$199,118
• FY22	$238,452
• FY23	$256,963
• FY24	$248,076

Projections are based on Concord's annual assessment at 5.27% of debt service (net of capital fees)

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3. Enrollment

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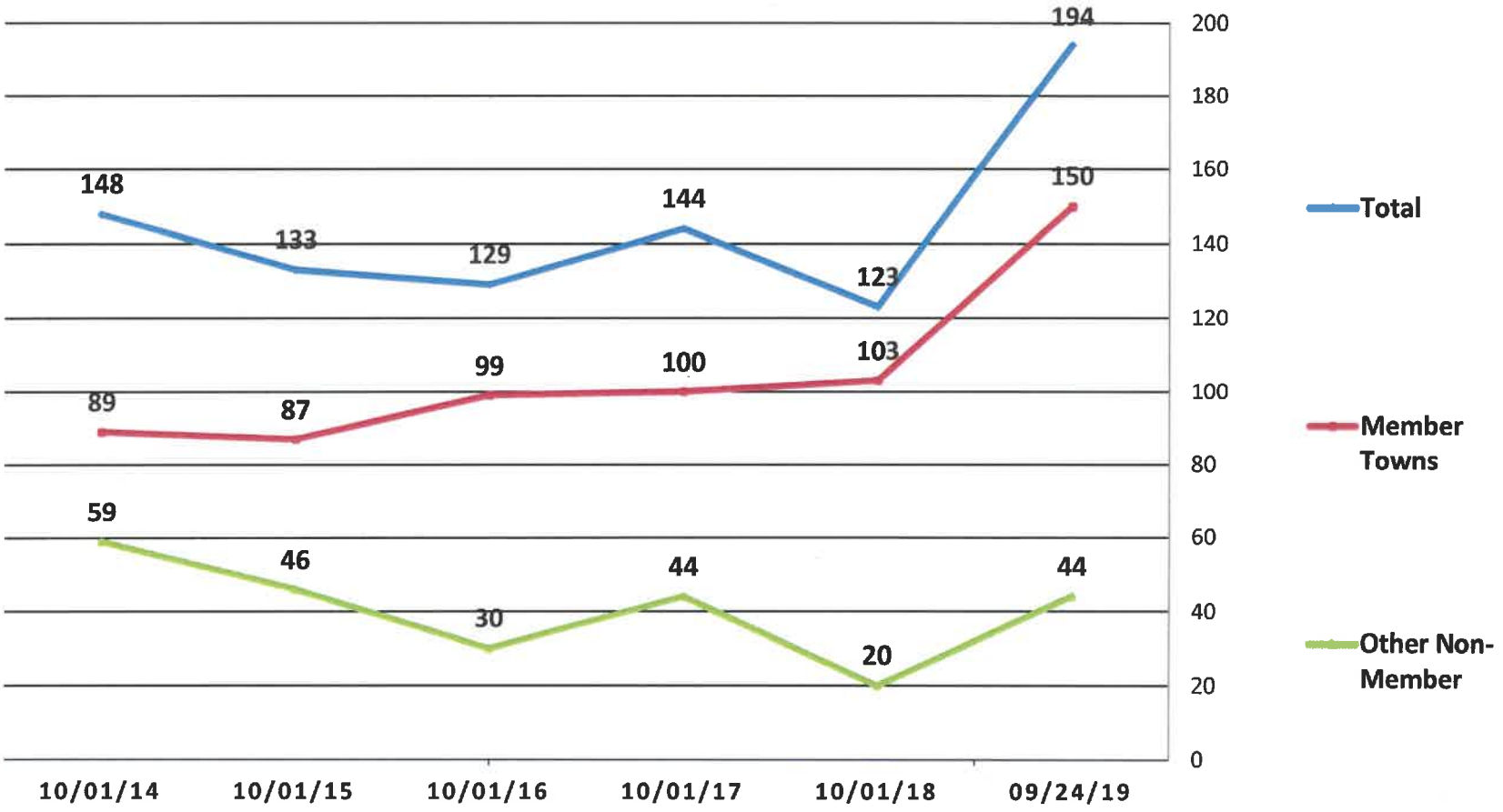
Freshmen Enrollment



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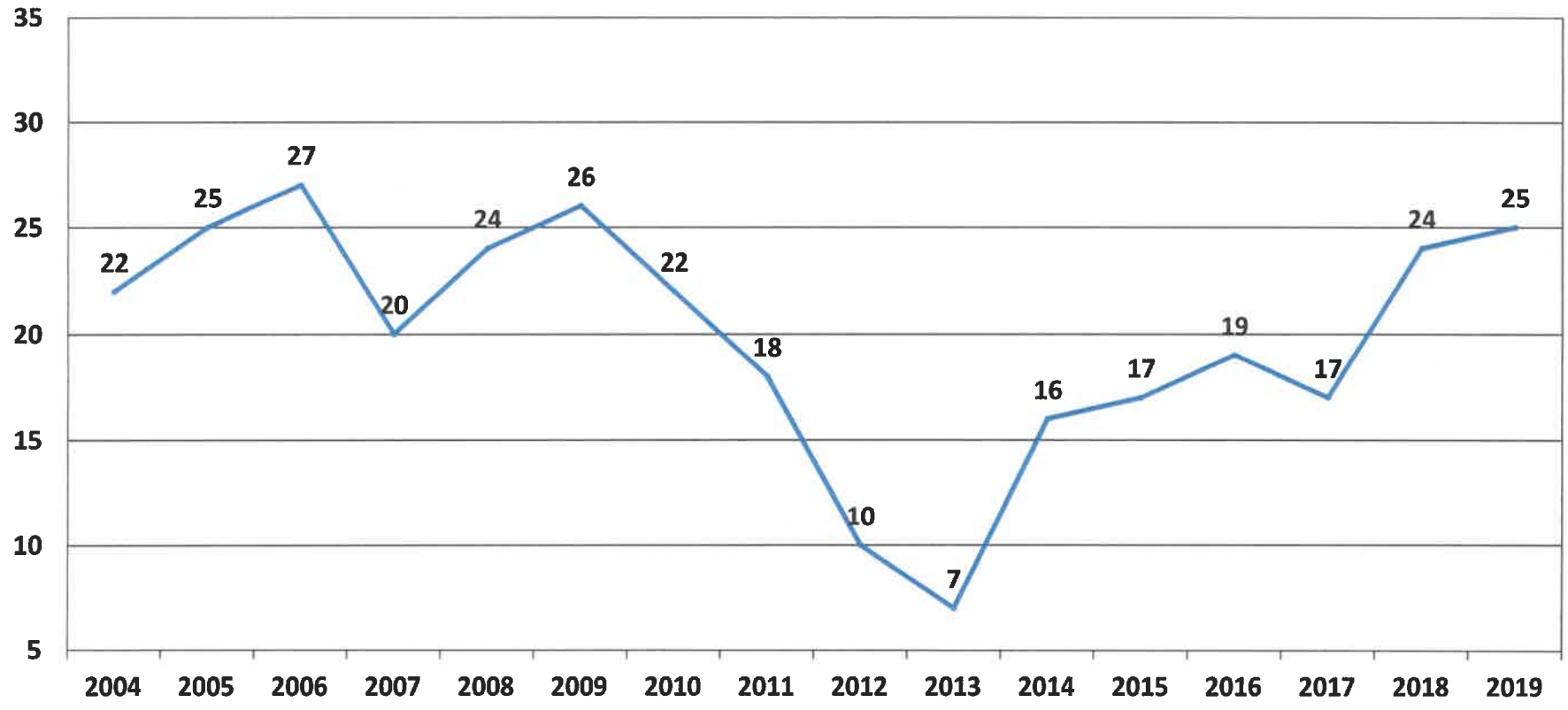
Concord Historical Enrollment



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9/25/19 Enrollment – High School Students only (Preliminary)

Class of	2020	2021	2022	2023	Grand Total
In-District	87	101	105	149	442
Out of District	40	46	31	45	162
Total Enrollment	127	147	136	194	604
Total SPED Enrollment					50%
Concord - Enrollment	6	2	11	6	25

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4. District Membership

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Reallocation of Debt Service from 9 to 10 Member Towns

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5. Per Student Costs

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Member Per Pupil Tuition

Fiscal Year	Operating Budget
FY18	$30,612
FY19	$36,783
FY20	$31,207

FY20 Statewide Per Pupil Tuition Costs for Non-Resident Students $17,965

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Non-member Tuition and Fees

- Out of District Tuition is set annually by the DESE Commissioner based on 125% of statewide foundation vocational rate
  - FY18 Rate: $17,965
- Other Fees Required From Nonresident Students:
  - SPED Increment: $6,200
  - Capital Fee Charge of 46,201.50 or $4,651.12
- Transportation costs paid by the sending town

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6. E&D

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Certified E and D – 7/13 to 7/17

• July 1, 2018	$558,857
• July 1, 2017	620,746
• July 1, 2016	699,484
• July 1, 2015	843,306
• July 1, 2014	104,819

The financial goal of the District is to maintain an E&D balance within 3% to 4% of the annual operating budget

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7. OPEB

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OPEB Liability

- Current OPEB Unfunded liability as of June 19, 2020 (Estimated):$22,712,987
- As of FY16, the District has been appropriating $50,000 annually to an OPEB Reserve Fund
- MM Finance Subcommittee to review long term funding strategy in FY20

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8. Benchmarking

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Minuteman Compared Regionally to Traditional High Schools

- **Staffing and Salary Challenges**
  - Full Vocational Technical Faculty
  - Full Academic Faculty
  - Special Education Staff
  - Metro West Salary Scale

- **Transportation costs** are substantial due to District's geography.

- **Special Education** population is significant.

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Special Education Expenditures as a Percent of Budget – FY15*

• Minuteman	14.6%
• Keefe Tech	10.9%
• Assabet Valley	9.1%
• Shawsheen Valley	5.8%
• Blue Hills	4.9%
• Nashoba Valley	4.5%

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Most recent data posted on DESE website

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9. Other

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Preliminary FY21 Budget Priorities

- Final debt service funding for building project
- Assess potential staff increase due to increased enrollments
- Collective Bargaining – contract expires 6/30/20
- Bus transportation – contract expires 6/30/20
- NEASC Accreditation $50,000
- Continued funding of Stabilization Fund account and OPEB Trust account

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Thank You

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