

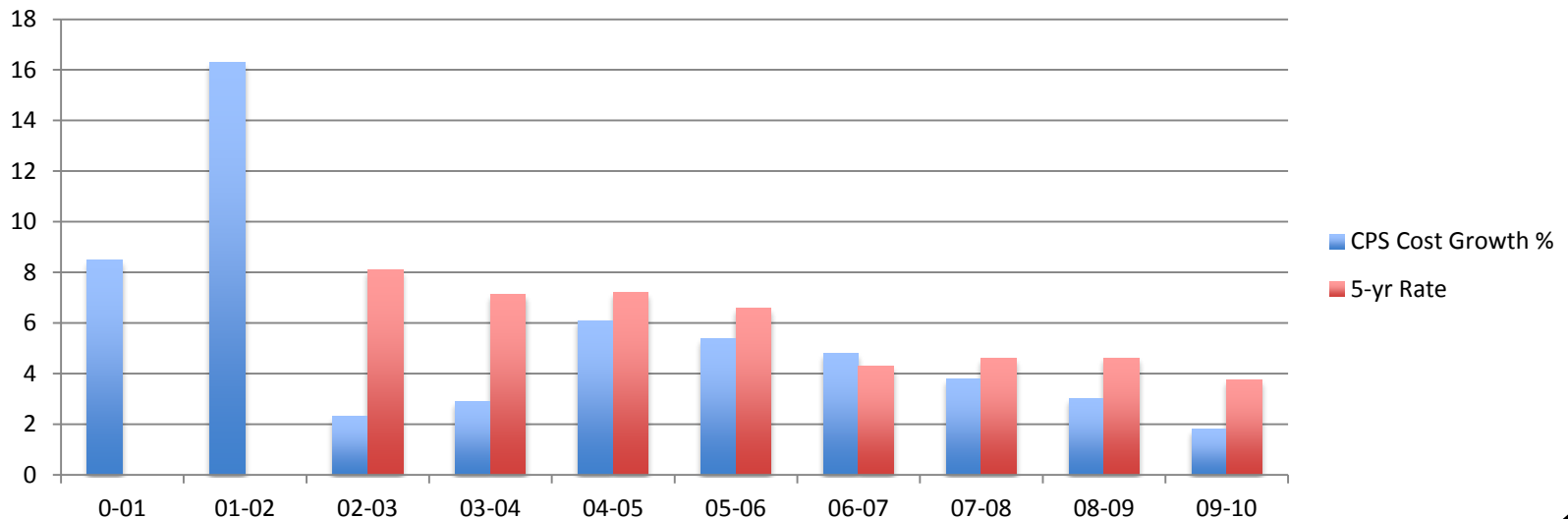
Historical Review and Cost Growth Analysis

CPS Operating Budget

October 9, 2014

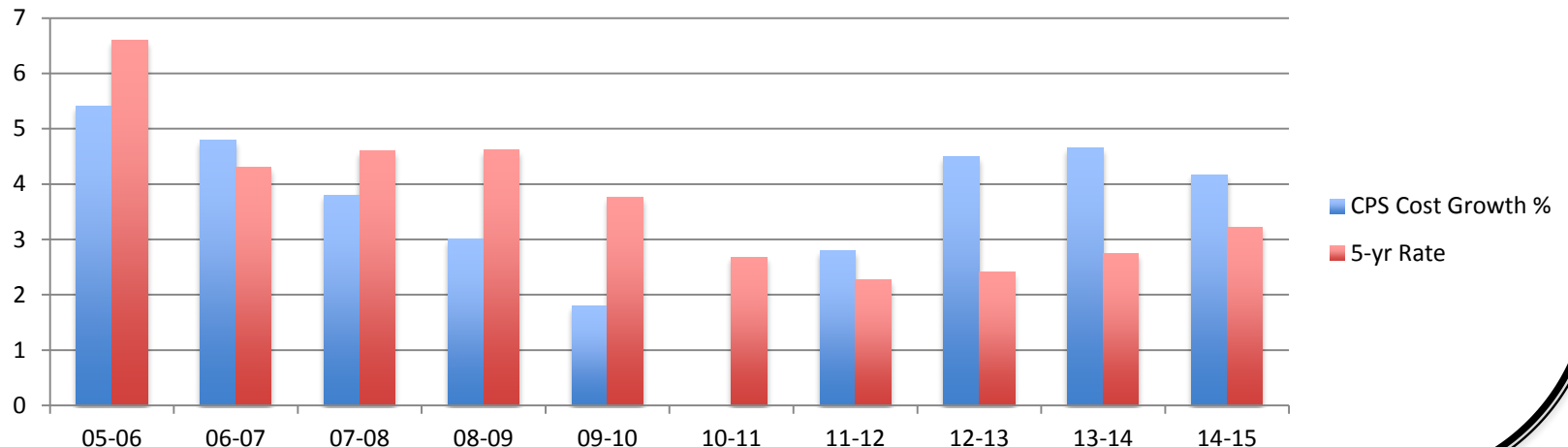
Historical Cost Growth: FY01 – FY10

- Annualized 5-year rates of growth:
 - FY00 – FY05 7.22%
 - FY05 – FY10 3.76%
 - Yearly increases ranged from 16.3% in FY02 to 1.8% in FY10.



Cost Growth: FY10 – FY15

- FY10-FY14: Annual growth declined from 3% to 0% and then increased from 2.8% to 4.65%.
 - Annualized 5-year rate of growth of 2.76%.
 - Included 2 years of unsustainable cost reductions (FY10-1.8%; FY11-0%)
- FY14-FY15: Growth of 4.17%
 - Annualized 5-year rate of growth of 3.22%



Drivers of Reduced Cost Growth FY10, FY11 & FY12

- Out of district special education costs lowered; more students and services in-house.
- Teachers' contract - lower COLA
- Focus on managing non-personnel costs (insurance, utilities, other operating costs)
- Fiscal Year 2010 budget increase was 1.8%
- Fiscal Year 2011 budget increase was 0.0%
- Fiscal Year 2012 budget increase was 2.8%
- These growth rates were unsustainable. Some relief offered in recent budgets, but end of year FY14 financial requirements demonstrated tightness of budget.

Current Year – Budget for FY15

- Budget approved at 4.17% (requested 4.50).
- Due to required increase in fixed costs (steps, lanes, scale, transportation), FY15 proposed budget required cuts \$195,048 to meet FINCOM guideline (cut some FY14 level funding and some planned FY15 increases).
- Reductions: 1.0 Admin Assistant, 1.0 CMS Secretary, building maintenance, technology (transferred cost to Tech Stabilization Fund).

FY16 – Cost Growth Analysis

Operating Budget includes:

- **Employee Costs (80%)**
 - Teachers (65%)
 - Other Employees (35%)
- **Non-Employee Costs (20%)**

FY16 – Cost Growth Analysis

1. EMPLOYEE COSTS

A. Teachers

Teacher salary costs (based on current year teacher contract) account for 52% of CPS operating budget.

- 62% of these teacher costs associated with a STEP table.
 - 4% STEP increase + 1.75% COLA* = 5.75% increase
 - **1.85%** impact in yearly operating budget cost increase

- 38% of these teacher costs occur on the top STEP
 - 3% COLA
 - **0.59%** impact in yearly operating budget cost increase

2.43% total yearly operating budget teacher salary cost increase

*COLA of 1.75% reflect FY15 rate. Negotiating new contract this year for FY16-18.

FY16 – Cost Growth Analysis

B. Other Employees

All other employees account for 28% of operating budget

- Assume a 3% COLA
- **0.84%** impact in yearly operating budget cost increase

3.27% increase in annual operating budget based on all CPS salaries assuming no new programs or student population growth.

2. NON-EMPLOYEE COSTS

Non-employee costs are 20% of operating budget (SPED, utilities, insurance)

- Assume a 2% cost growth per year
- **0.40%** impact in yearly operating budget cost increase

FY16 – Cost Growth Analysis

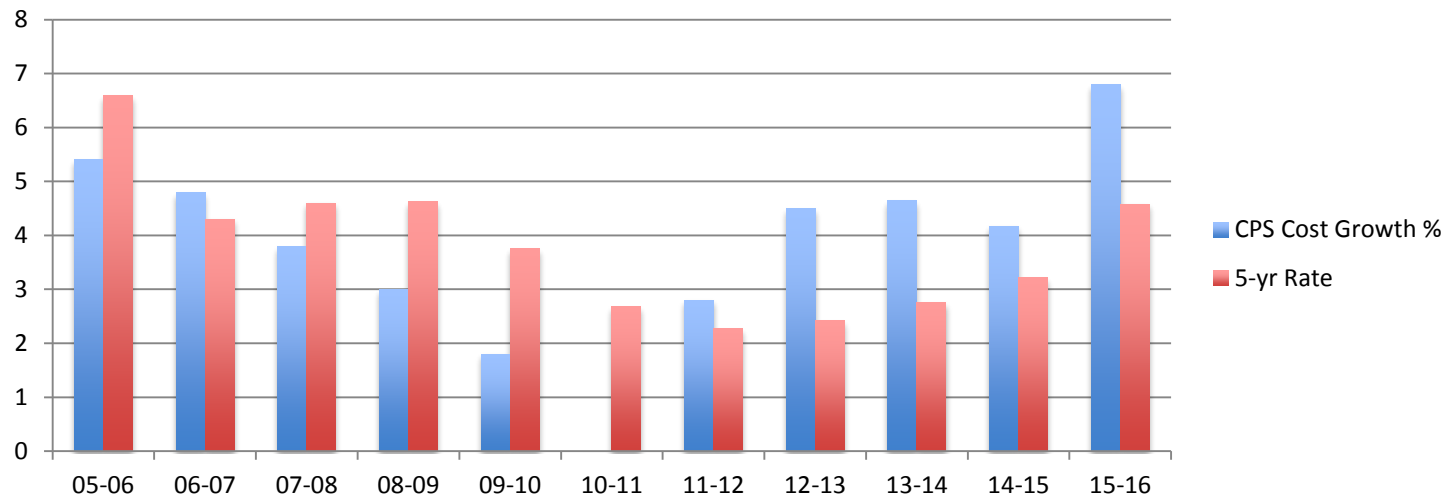
3. ANNUAL COST GROWTH

Employee cost growth	3.27 %
<u>Non-employee cost growth</u>	+ 0.40 %
Total annual cost growth	3.67 %

- Underlying fixed costs growth alone require an operating budget increase of 3.67%
- This assumes no new programs and no increase in enrollment.

FY16 Preliminary Budget

- The proposed FY16 increase (6.79%) acknowledges the additional curricular and evaluation requirements placed on our staff and faculty, and the need to restore instructional materials and supplies.



Cost Growth Analysis

Summary

- Underlying cost growth, assuming no new programs or student growth, is in the 3.7% range.
- Past budgets have benefited from cost reductions that are unsustainable. Student instructional materials and supplies require restoration.
- Increasing demands on teachers and administrators require support and efficiencies and we have a need for program improvement and enhancement.
- We hope to pursue a cost growth path that both supports our educational needs and is also sustainable within the Town's forecasted resources.