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
3. ANNUAL COST GROWTH

Employee cost growth       3.27 %
Non-employee cost growth   + 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.