



Needham Public Schools

Athletics Program Fiscal Sustainability Study

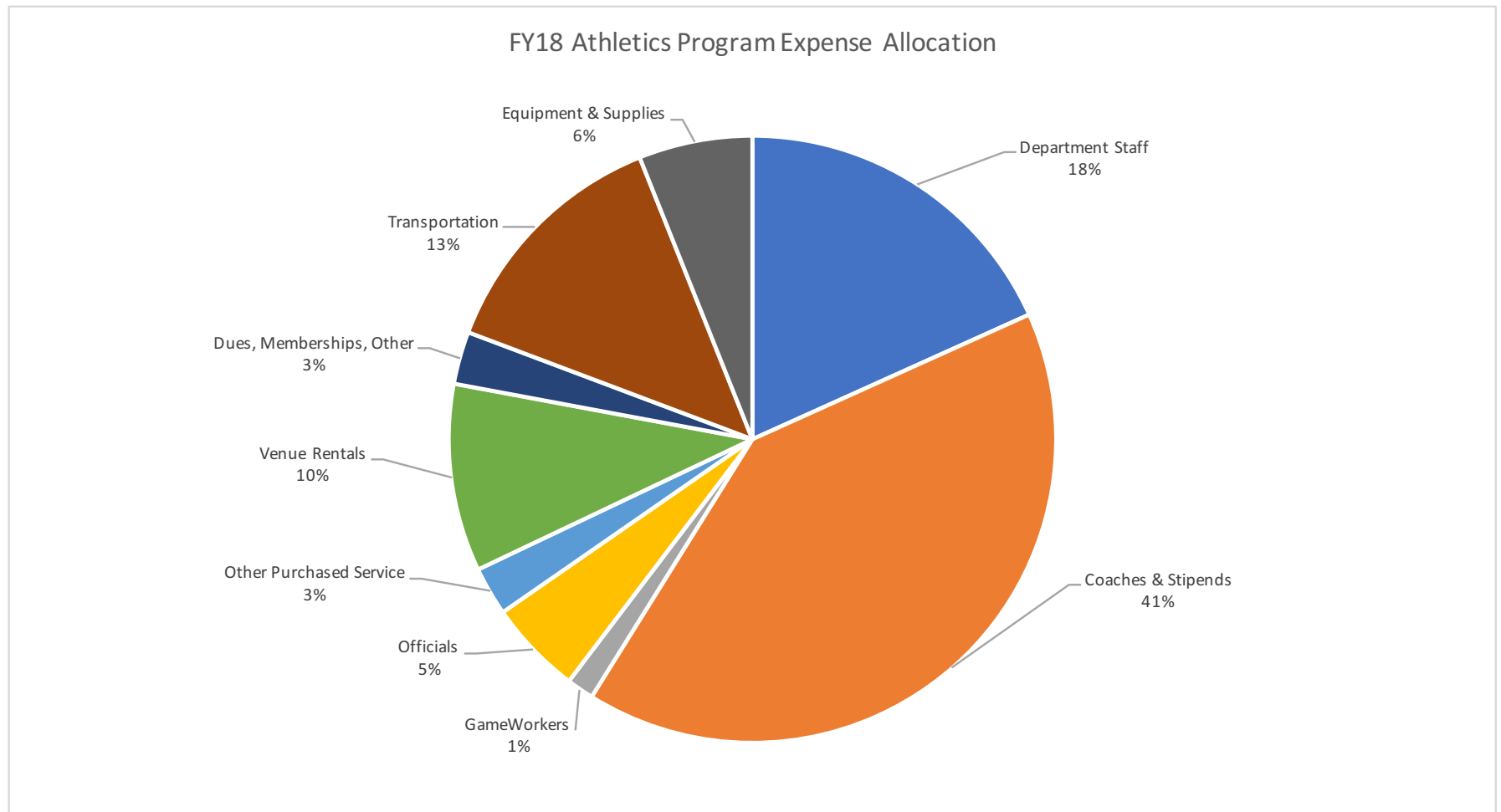
Needham School Committee
January 15, 2019

Athletics Fiscal Sustainability Study

- The Athletics Program, although subsidized, has been relying on fee revenues to support operations.
- Revenues have not kept pace with expenses and as a result the program is in deficit with ongoing structural deficits projected.
- Study to analyze the financial structure and metrics.
- Make recommendations for a fiscally sustainable program.

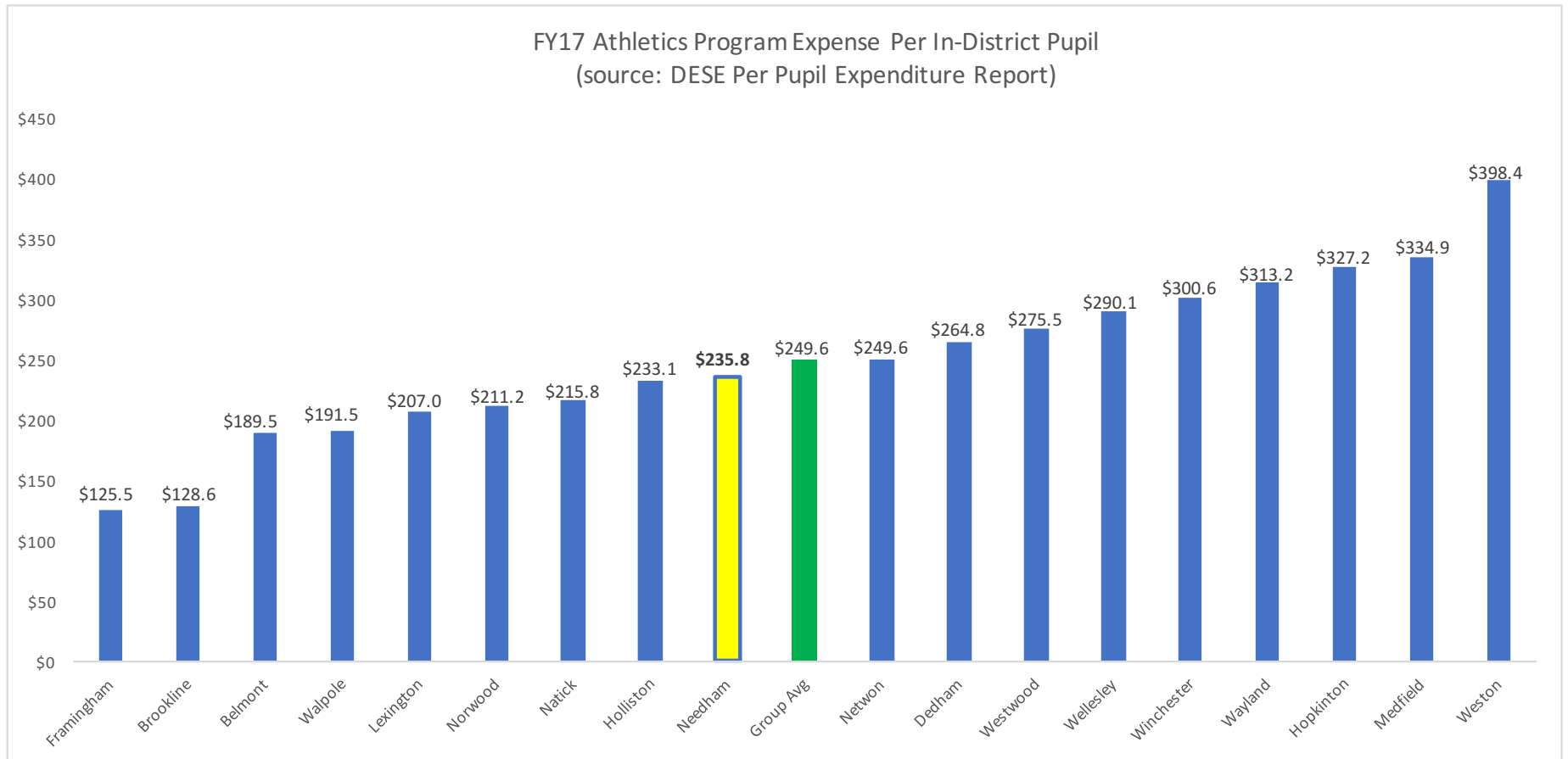
Athletics Program Expense

- Total Program Expense Totals \$1.3M Annually



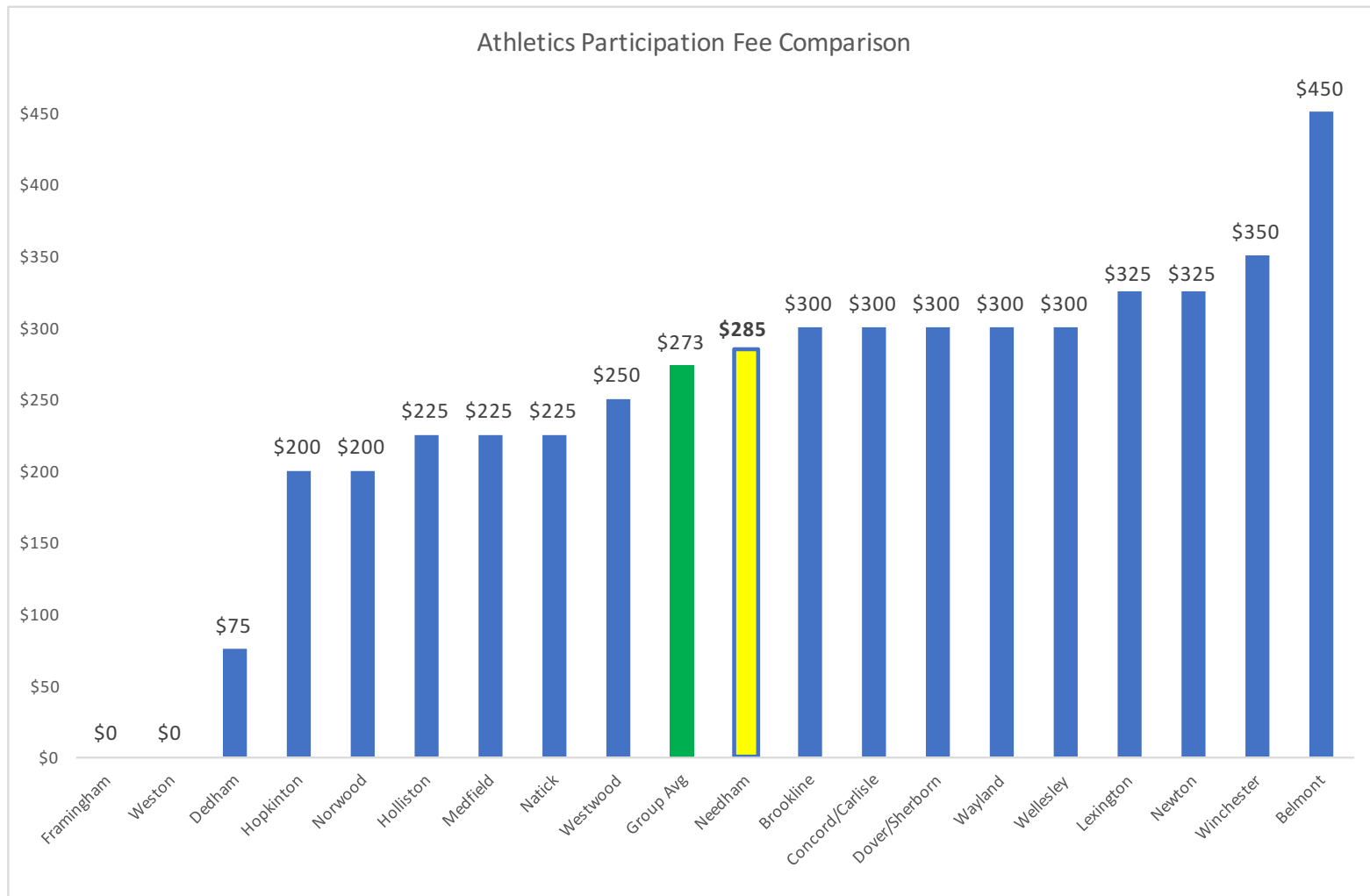
Athletics Expense Per In-District Pupil

- Athletics Expense per In-District pupil of \$235.8 is comparable but less than group average of \$249.6.
- Metric suggests program is “right sized” for student population.



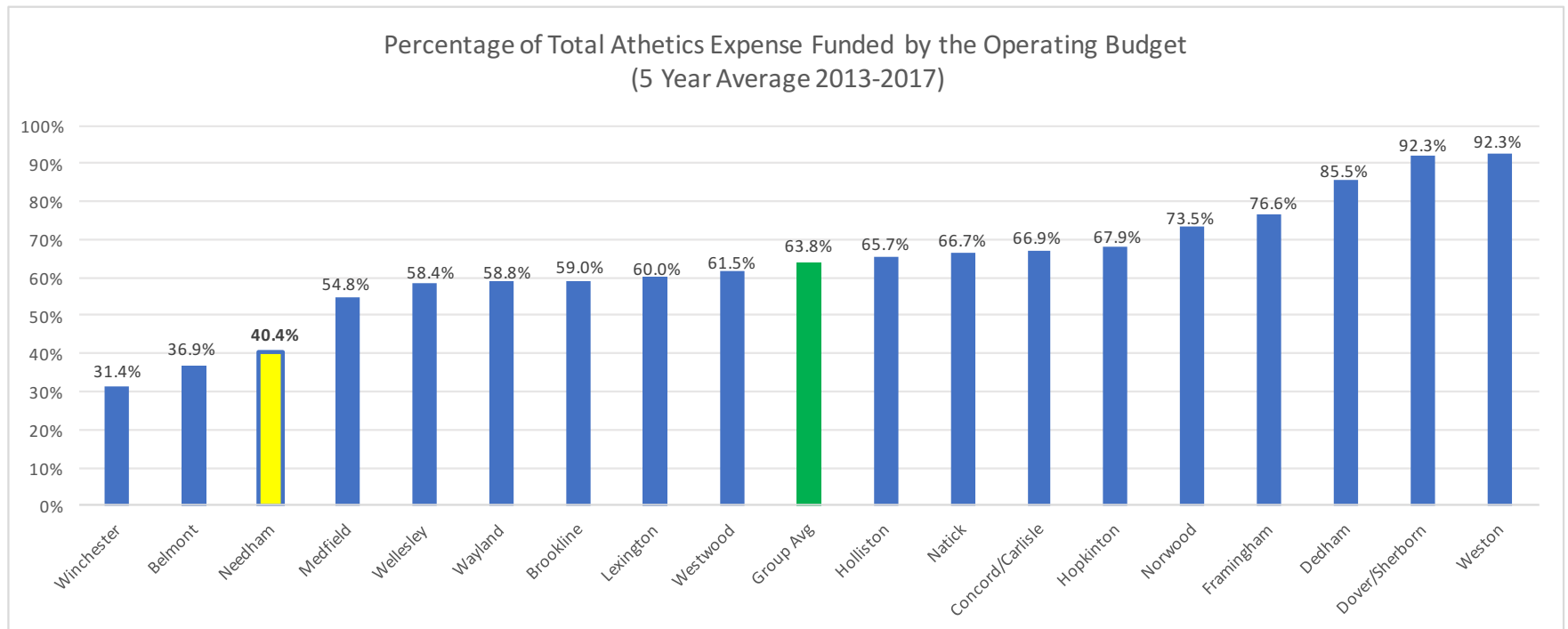
Funding Sources: Fees

- Needham User Participation fee of \$285 is comparable but higher than group average of \$273.



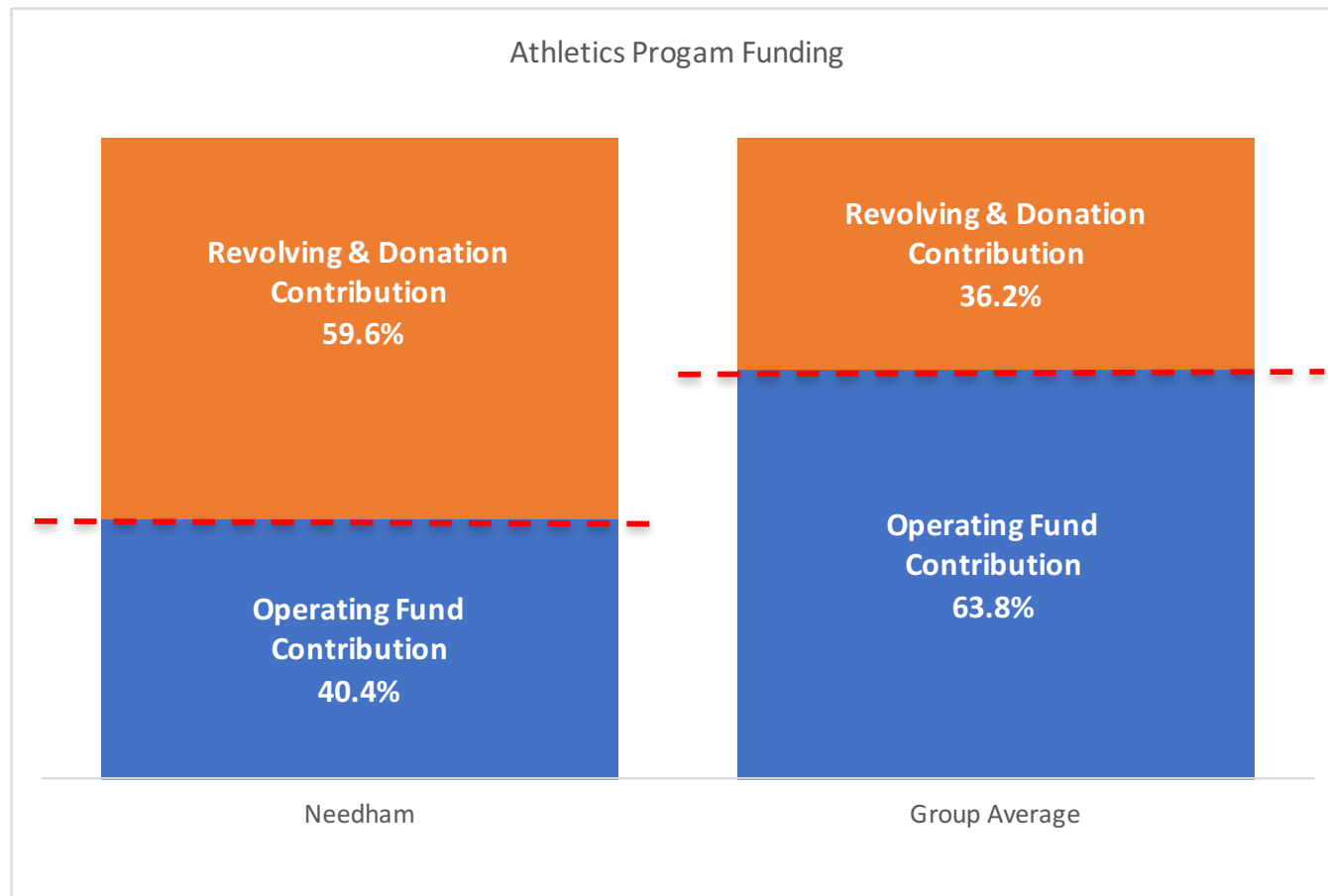
Funding Sources: Operating

- Needham funds 40.4% of the Athletics Program from the Operating Budget - average of comparable communities is 63.8%.
- Needham contributes smaller share of its overall funding than comparison districts.



Funding Structure Inverted

- As a result, in Needham, a lower operating budget contribution yields a higher reliance on fees.



Revolving Fund Deficits

- Current year fee revenues are failing to keep pace with expenditures and eroding fund balance.
- Deficit in FY18 and projection of ongoing deficits depletes fund balance.

Needham Athletics Revolving Fund	2018 Actuals	2019 Projected	2020 Projected	2021 Projected	2022 Projected	2023 Projected
Revolving Fund Revenues	\$705,387	\$738,801	\$738,801	\$738,801	\$738,801	\$738,801
<u>Revolving Fund Expenses</u>	<u>\$710,385</u>	<u>\$779,809</u>	<u>\$803,203</u>	<u>\$827,299</u>	<u>\$852,118</u>	<u>\$877,682</u>
Revolving Fund Surplus/(Deficit)	(\$4,998)	(\$41,008)	(\$64,402)	(\$88,498)	(\$113,317)	(\$138,881)
Revolving Fund Ending Balance	\$86,614	\$45,606	(\$18,796)	(\$107,295)	(\$220,612)	(\$359,493)

- Revolving Fund best practice: maintain fund balance equivalent to three months of expenditures. Target \$224,201.

Fiscal Sustainability Considerations

- Substantially increase Operating Budget contribution.
- Rely on Fees to resolve deficit.
- Eliminate programming.

Fiscal Sustainability Recommendation

Ongoing Recommendations for Sustainability:

- Increase contribution from the Operating Budget over next five years to meet expense growth.
- Estimated annual increases:
 - FY20: \$47,025 (\$40,000 toward deficit, \$7,025 for Unified Sports)
 - FY21: \$35,000, FY22: \$30,000, FY23: \$25,000, FY24: \$20,000
- Increase User Fees and Surcharges in FY20:
 - 5% Increase Interscholastic fee: \$285 to \$300
 - 5 % Increase Club & Middle School fee: \$225 to \$235
 - 10% Increase Surcharges