



North Middlesex Regional School District Superintendent's FY2023 Preliminary Budget Message January 10, 2022

Brad M. Morgan, Superintendent of Schools

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Executive Summary

The mission of the North Middlesex Regional School District is *“To provide a comprehensive educational experience focused on students becoming contributing members of society.”* Each year, the Superintendent’s job is to advance that mission with a budget that puts forth people, programs, and appropriate facilities; that supports energized instruction and engaged learning; pushes innovation in all aspects of the school experience, and remains aligned with our core values.

As we enter year three of our 5-Year Strategic Plan, we will continue to measure the value and success of our work towards our five (5) Core Values:

1. The well-being of our students is at the heart of what we do.
2. Learning is a lifelong process for both students and staff.
3. A safe and supportive school environment is essential to student success.
4. All members of the North Middlesex community have the capacity to grow and develop their character.
5. We respect diversity in all forms.

As with FY2022, we continue to deal with the impact of COVID-19 and its multiple variants. While our school district, like others across the country, continues to receive a large amount of federal funding through ESSER, it is

critical to point out that those funds come with a very specific approved list of items that school districts can utilize that money for. North Middlesex, like most, have used these funds to defray costs of personal protective equipment (PPE), the increased staffing needs required to properly supervise our schools in a pandemic environment through the supervision of physical distancing and cleaning, temporary outdoor covered spaces, and the hiring of over a dozen academic interventionists. While the increased staffing has been a necessary support for the short-term, we do have to consider that when the ESSER funds expire, the funding for these positions does as well. To help prepare for that, North Middlesex will be using a “step-down” approach to slowly phase these positions out over a three-year time period.

Budget Summits

With respect to the FY2023 budget, we have continued hosting our “Budget Summits” with the towns. During last year’s budget cycle, these summits went a long way towards ensuring a smooth budgetary season due to the improved communication between the school district and its member towns. This year, we hosted four (4) Budget Summits (one remaining), where each of our member towns will be invited to send a team made up of:

- Town Manager/Administrator
- Board of Selectmen Member
- Finance Committee Member

Budget Impacts-Unknowns

As we begin the process of budgeting for FY2023, we are working to establish a reasonable forecast, knowing that there may be some “**unknowns**” including:

- **Transportation** - There has been no movement with regard to the flawed bid process and funding formula for regional transportation since discussions were initiated with state officials in the fall of 2020. As previously shared, the state is still failing to follow through on its promise to fully fund regional school districts for transportation. On average, we receive approximately 70% reimbursement and cannot charge ridership fees to make up the additional 30% in costs, which, in essence, has created an unfunded mandate. In addition, the state has also made decisions around how to interpret MGL Chapter 71 Section 16C, which clearly states:

"the regional school district shall be obliged to provide transportation for all school children in grades kindergarten through twelve and the commonwealth shall reimburse such district to the full extent of the amounts expended for such transportation, subject to appropriation;"

If regionals are required to provide transportation for all students, and the state is obligated to fully reimburse, it is puzzling as to why we do not receive reimbursement for special education transportation. In the past, circuit breaker funds have not been able to be used to pay for special education transportation costs.

- **Food Service** - The USDA extended the free meal waiver for all students regardless of their income through the 2021-22 school year. The District currently is reimbursed for all meals at the federal rate of \$3.68 per meal. The District went out for a request for proposals and awarded our food service management to Fresh Picks Cafe. Participation has greatly increased this year. During the first three months of the school year, we served 111,352 lunches and 31,678 breakfasts. A la Carte options are being implemented slowly allowing for increased revenue at the middle schools and the high school. It is unknown at this time if they will continue the free meals for all students in FY2023.
- **Staffing requirements** - This fiscal year, we saw a number of staff take leave of absence or retire. In some cases, these positions were filled with long-term substitutes. The final needs for FY2023 staffing will be an estimate as permanent hires will need to be estimated. The impact of the staffing changes also affects benefit costs.
- **Salaries/Compensation** - Contractual agreements have been reached with all groups so staff compensation costs will be predictable for the next two years - through FY2024 ending 6/30/24. That said, finding qualified staff has become highly competitive, which could take us outside our "desired salary range" for some positions.
- **Homeschooling** - Due to the ongoing pandemic, our number of homeschooled students continues to be significantly higher than in previous years. Any change resulting in students returning to the system could impact class sizes, services, and staffing.

- **Special Education Tuition and Transportation:** As a district, we continue to closely monitor the needs of our students receiving special education services. While all of our students have been affected by the pandemic, this population of students has been hit particularly hard with regard to maintaining skills, difficulties with regulating social interactions, and difficulty adjusting to virtual learning during the period of closure and the hybrid model. As a result of this, the district has been doing its best to accommodate the changing needs of these students. Additionally, the district has needed to locate out-of-district placements for some of these students as a result of significant behavioral and/or anxiety-related needs (resulting in an increase in out-of-district tuition costs). Other ‘trends’ being closely monitored include:
 - A significant increase in requests for initial special education evaluations, additional assessments, and ‘early’ reevaluations (causing a tremendous load on the capacity of the district to conduct evaluations)
 - Increase in parents/guardians seeking attorney or advocate assistance for team processes
 - Increase in requests for the district to fund independent evaluations
 - Increase in requests for follow up team meetings after parents/guardians reject proposed services

With regard to special education transportation, as the number of students requiring special education services increases, so will the overall transportation cost to the district. That said, we will continue to closely monitor this as well as consolidate routes as appropriate.

- **FY2023 State Aid** - The basis for the FY2023 budget begins with the proposal issued by the Governor at the end of January. This includes estimates for Chapter 70 aid, Transportation aid, as well as final enrollment calculations and minimum local contributions that are required by each member town. Until we have these estimates, any estimate made for individual town assessments could be inaccurate.
- **Enrollments** -
[Link to NESDEC Enrollment projections Fall 2021](#)

NMRSD Organizational & Facilities Review - UMass Boston Collins Center

The Collins Center will be sharing their findings of the study in the early spring of 2022. The study involved:

- Facility data collection and walk-throughs
- Community input sessions
- Community survey
- School committee engagement

The findings will include a comprehensive examination and recommendations in the following areas:

1. Facilities - do our facilities adequately serve our students and staff?
 - a. Are there too many? Too few?
2. Could reassigning students to elementary schools have a positive impact on balancing class size throughout the school district?
3. Are we using the best model to educate our students (elementary-middle-high)
4. Are there better locations for the central office and preschool?
5. Do we need to re-examine aspects of our regional agreement?

FY2023 Budget Components

Budgets are the vehicle by which leaders communicate their priorities and implement the mission, vision, core values, and goals of the organization. Without a commitment of financial resources, the goals of the school system cannot be accomplished. The decrease in the student population has had little impact on services due to increases in the areas of contractual obligations, rising health insurance costs, transportation increases, and the need to address social-emotional education and supports for our students.

Specifically, this budget is consistent with the district's vision and education priorities. Areas of focus include:

1. To create a proposed budget that is transparent and specific so that the School Committee and community leaders can understand our proposals and how they support the educational vision of the District
2. To continue to create programmatic consistency at both the elementary and middle levels as we work towards truly becoming a PreK-12 district. We have made a great deal of progress in this area and will continue to move in this direction to ensure similar student experiences and preparedness.

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3. To examine all potential sources of revenue that the District has at its disposal in order to fund additional enhancements without overly burdening the annual operating budget. To this end, the district has been aggressively pursuing competitive grant monies available in a variety of areas including school safety, mental health supports for students, support for students who are homeless, and special education grants.
4. To build an equitable technology infrastructure so that we can increase our purposeful use of technology to benefit students and staff.
5. Continue the implementation of a long-term vision for instructional materials and equipment through our strategic plan.
6. To no longer assume that children will simply come to North Middlesex because of where they live. With the options of private, charter, and technical schools, NM must actively market “why” we are the best choice. This will be accomplished by closely monitoring and adjusting our curriculum, maintaining strong extra-curricular programs, maintaining a presence and promoting our successes on social media platforms, and working with our public relations firm to consistently relay timely and helpful information to our families.

Budget Timeline

(Does Not Include Bi-Weekly Finance Committee Meetings)

October 13, 2021	1st Budget Summit with Towns
October 28, 2021	Goal-setting/Parameters with Finance Subcommittee
November 3, 2020	DLT Meets to Establish FY2023 Budget Priorities
November 10, 2021	2nd Summit Forum with Towns
November 19, 2021	Budget Requests Due for Departments/Buildings
December 8, 2021	3rd Summit Forum with Towns
December 15, 2021	Business Manager Presents Budget Drafts to DLT

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January 10, 2022	Superintendent's Preliminary Budget Message
January 24, 2022	Proposed FY2023 Budget Posted Online
January 26, 2022	Anticipated Date of Governor's Budget
February 7, 2022	Joint Boards & Public FY23 Budget Hearing Superintendent's Budget Message - Draft #2
February 8, 2022	Joint Boards & Public FY23 Budget Hearing Snow Date
March 7, 2022	FY23 Budget Adoption Superintendent's Budget Message - Draft #3 (Final)
March 8, 2022	FY23 Budget Adoption - Snow Date
May --, 2022	Ashby Town Meeting
May 2, 2022	Pepperell Town Meeting
May --, 2022	Townsend Town Meeting

Overall Budget Picture

The FY2023 budget development proposal represents a 3.06% increase over FY2022. The current FY2023 general fund budget estimate is \$61,540,143.

The 3.06% increase breaks down into the following categories:

- 1.26% Employee contractual obligations
- 0.31% Elementary staffing
- 0.29% Special Ed Tuition & expenses
- 0.26% Regular and special education transportation
- 0.21% Custodial positions
- 0.19% Building & Grounds, Security needs
- 0.18% Guidance/Social workers
- 0.16% Transfer to Stabilization
- 0.13% Special Ed Program teaching position
- 0.13% Supervisor of Students positions
- 0.11% Technology expenses
- 0.11% Technology Tech position
- 0.09% Curriculum & Professional Development needs

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- 0.09% Middlesex retirement assessment
- 0.09% School Choice & Charter Assessment
- 0.08% World Language Programming Middle School
- 0.06% Nursing needs
- (0.07%) Substitute lines & Other
- (0.09%) Debt Service estimate
- (0.12%) Utilities Savings & move to revolving
- (0.41%) Reduction in covid related expense line

In addition, our budget is based on three (3) key overall principles:

- Classroom teachers and maintaining appropriate class sizes are important.
- Professional learning and program evaluation are critical elements of a successful organization. A second focus has been on teaching and learning, program review, professional learning around system objectives, and data analysis as the building blocks of continuous improvement.
- We have prioritized providing consistent programming at the elementary and middle levels, while putting a focus on how to actively market NMRHS as an institution that offers an education and overall culture that, at minimum, matches private, technical, and charter schools in the area.

It is important to understand that equity does not mean equality. Some of our students require more of our teachers and services than others in order to meet the high academic and social standards we set. Our emphasis continues to be on differentiation within the classroom and using quality assessments to drive instruction to provide tangible examples of our work to meet the needs of all learners, which can only be accomplished through reasonable class sizes and adequate staffing in the classroom and student services. Furthermore, our special education programming directs important resources to particular populations to ensure that all students and families have access to quality instruction, support, and information.

We know that compromises and choices will need to be made and that these ideas will require a substantial financial commitment on the part of the NM taxpayers. We look forward to the opportunity to continue these discussions over the coming months.

This FY2023 budget proposal represents an opportunity to provide critical resources to support student services, to continue to maintain and, where appropriate, enhance our special education services in NM, to reaffirm our commitment to the belief that class size matters, and to reiterate our pledge to provide an equitable technology plan throughout our schools. The goal of the district is to implement this within the framework of the larger, ongoing conversation about the resources and choices that will be necessary to make our mission, vision, core values, and goals a reality.

I have actively consulted with my leadership team, in formulating the FY2023 plan. The following spending plan represents my best judgment of the greatest good in line with our obligations to both the current citizens and the taxpayers of the next generation.

Expenditures

Educator, Secretarial, Nursing, Custodial, & Paraprofessional Increases

Based on our current projections, which include student population, class size, individual education plan needs, and scheduling, FTEs are 6.76 over the FY2022 budget.

Staffing Increases

FTE	Location	Position	Salary	Rationale
1.0	DW	Assistant Director of Facilities & Grounds	85,000	Need to establish a second position to assist when the director is unavailable which cannot currently be accomplished through a stipend.
1.0	DW	Custodial Maintenance Position	55,000	Current staffing is not able to keep up with the amount of work for our physical plants and property.
1.0	DW ES	Teacher	75,000	Provide for a “cushion” due to move-ins or a change in homeschooling.
2.0	NMS / HBMS	Student Supervisor	70,000	Need for lunch coverage and additional supervision at the middle school level. This has been highly successful at NMRHS.
1.00	IT	Technology Technician	65,000	Need for additional support with the significant increase in district-owned devices and the transition of responsibilities for security and communication systems to the Technology Department.

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1.2	HS/NMS	Nursing Staff, CNA	47,500	Need for sub-separate special education programming as well as the increase in workload due to COVID-19.
1.0	NMS	Therapeutic Learning Teacher	80,000	Class size in the program requires it.
2.0	VB/SMS	Counselors	110,000	Needs for additional social-emotional support due to COVID-19.

Budget Changes

Location	Expenditure	Cost	Rationale
Middle School	DW WL Programming	50,000	50K addition over FY22 possible programming needs.
DW	K-8 Math Curriculum	\$66,500	Anticipated additional implementation costs
DW	Technology	\$84,417	Technology increases - including hardware, software for students & staff, classroom technology. Continue with 1:1 devices for in-school use.
DW	Professional Development	\$46,500	Equity Training
DW	Facility	\$114,500	Building, security, equipment increases
DWS	Special Ed Tuition	\$154,019	
DW/DWS	Transportation	\$157,059	Transportation - Regular and Special
DW	Special Education Contracted Services	\$25,000	
DW	Substitute Costs	(48,000)	
DW	Pandemic Expenses	(250,000)	
DW	Utilities	(\$74,000)	Savings Electric and Heating and moving funding to Keystone revolving

Employee Salaries & Benefits

1. Employee retirement expenses directly impact the budget on an annual basis. Specifically, we are forecasting exit costs of \$85,000 (level funded) in FY2023. However, through the recruitment process to fill these positions, we will look at a combination of skill-set and cost to the district, which usually results in a decrease. We will be reviewing this further as less staff have submitted retirement requests to date.

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2. The FY2023 preliminary active employee health insurance budget is estimated at an increase of 7%. However, there are currently fewer staff on the active insurance policy resulting in an increase of only 3.24%. The rates for Middlesex Nashoba Health Group are normally voted on by the membership in early February. The Group Insurance Commission (GIC) assessment for retired teachers is estimated at an increase of 5%. The FY2023 GIC assessment will not be released until the GIC votes on the new rates for FY2023. This vote takes place in mid-February as well.

Contractual Increases

Teacher Steps & Column Moves	226,920
Paraprofessional Steps	161,435
Secretary Steps	40,367
Custodial Steps	20,027
Non-Represented Contracts	103,745

Professional Development

As we continue to implement the strategic plan, the FY2023 budget will support the continuation of staff professional development as we move our district forward for student success. In our Strategic Plan, Initiative 1 - Consistent and Rigorous Curriculum - the budget will support the second year of our ELA implementation support and the first year implementing a new K-8 math curriculum, as well as piloting new curricula at the high school level.

For Initiative 2 - Meeting the Needs of All Learners - we will continue to support the NMRSD School Committee and Massachusetts Association of School Committee (MASC) resolution on anti-racism, which states:

The NMRSD and all the school districts in the Commonwealth must guarantee that racist practices are eradicated, and diversity, equity, and inclusion is embedded and practiced for our students, families, faculty and staff.

We must ensure our own school culture and that of every district in the Commonwealth is anti-racist, that acknowledges that all lives cannot matter until black lives matter.

NMRSD’s Equity implementation will continue to focus on the following:

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- Provide school staff with the skills to have difficult conversations so that we can approach this work without sharing personal political beliefs with students.
- Look to see how our curriculum can be improved so that all students can see themselves in the materials.
- Determine how we can better support our staff and students around issues of race, color, national origin, religion, gender identity, sexual orientation, or disability and provide an educational environment where all members feel safe, comfortable, supported, heard, and have a strong sense of belonging.

NMRSD will continue to partner with an outside consultant firm to work with us on the important endeavor. This is a 2-year commitment, and elements for the 2022-23 school year are highlighted below:

July 2022

- Work to conduct a Curriculum Audit to ensure representation in student-facing materials
- Planning stages to conduct online community survey

August 2022

- Professional development provided for middle school staff (replicating high school PD from Fall 2021)
- Continue curriculum audit work
- Continue survey planning

September/October 2022

- Administer and analyze community survey

November-June 2022

- Follow-up sessions based on needs identified in the audit, survey, and during staff professional development

Utilities

The district continues to look for ways to optimize utility costs across buildings. The Varnum Brook Elementary Solar project went live in August 2021. It is anticipated that this new site will generate approximately 215,000 kW and it is estimated to cover approximately 46% of the utilities at the VBES School. The first-year savings are expected to be \$8,100. Utility costs for the Squannacook Early Childhood Center were shifted to the Keystone Collaborative rental revolving fund. After a review of the historical rates, we have made reductions to the overall electric and heating budget lines for

FY2023. We will continue to monitor utility costs throughout the budget process.

Special Education Tuitions

The district continues to work with students to find the least restrictive environment. Out of District Tuitions for FY2023 are budgeted at \$4,969,500 which is \$179,500 higher than the FY2022 budget and primarily due to the need for the district to locate private or collaborative school placements for our highest-needs students

Special Education FY23 Budget

Collaborative Schools	\$1,782,000.
Private Schools	\$2,970,000
Massachusetts Schools	\$217,500
Total Tuitions	\$4,969,500
Paid by General Fund	\$3,600,000
Paid by State Circuit Breaker	\$1,369,500
Total Tuitions	\$4,969,500

The 5 year average balance of the Circuit Breaker fund is \$1,084,267. These are state funds that can be used to offset special education costs. We typically use these funds to offset tuition costs. The increased cost of tuition will also result in a small increase in the amount of circuit breaker reimbursement.

Technology

The technology budget includes funding to maintain our current device quantities and infrastructure including the replacement of any Chromebooks and computers that will no longer be compatible with the latest operating systems and the replacement of our oldest mounted projectors.

Chromebooks will continue to be available at a 1:1 in-school access level for students and will be available through homerooms and high school classrooms to ensure equitable access to contemporary tools for all students. This will require the purchase of additional Chromebooks to replace aging devices.

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Online applications supporting communication, instruction, curriculum reinforcement, assessment, and alternative learning styles have been added in support of hybrid and remote learning through grants during the FY2021 and FY2022 school years. Licensing for many of these systems will be maintained, allowing the district to continue providing a contemporary education with equitable access for varied learning styles, instructional styles, and student access requirements.

Security and communication systems will be evaluated throughout the district to ensure all critical systems meet current needs including improved access in an emergency situation.

Transportation

The regular day transportation contract will be in year 4 of a 5-year contract next year. The overall increase for FY2023 is 3%. The district is projecting the same number of buses (25) for the FY2023 school year. The overall increase over FY2022 is \$53,239. The district negotiated a contract extension for years 4 and 5 of the contract with Year 4 (FY23) at 3% and Year 5 (FY24) at 0%.

We continue to work to streamline costs for both in-district and out-of-district special education transportation. The McKinney Vento homeless transportation line remains level-funded. We have budgeted the FY2023 special ed transportation at a 5.13% increase over the FY2022 budget. We continue to work with our vendors to review ways to reduce costs.

As a regional district, we are required to provide a “seat” for all students. What was promised to be a 100% funded program, is now only an average 70% reimbursement from the state for transportation costs for all students greater than 1.5 miles. The state aid for transportation is based on the cost of transportation expended in the prior year.

Custodial & Maintenance

The district continues to fund capital repairs to the buildings within the overall budget. The FY2023 budget includes \$250,000 allocated for this purpose. The district is in the process of prioritizing the projects to be included for FY2023 and will share the updated FY2023 capital plan in a future update.

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The FY2023 budget includes staffing of 33 custodians. 30.5 FTE from the general fund and 2.5 FTE from the Keystone Collaborative rental fund. In addition, the district has included funding for an additional 1.0 FTE maintenance position and a 1.0 FTE Assistant to Facilities Director position.

Excess & Deficiencies CMR 41.06 (E & D)

1. Every regional school district shall maintain an excess and deficiency fund on its books of account. At the end of every fiscal year, any surplus or deficit in the district's general fund shall be closed to the excess and deficiency fund.
2. On or before October 31st of each year, every regional school district shall submit to the Department of Revenue the forms and schedules as the Department of Revenue requires for the purpose of reviewing and certifying the balance in the regional school district's excess and deficiency fund. At the discretion of the Commissioner, the Department may withhold release of all or some part of the quarterly state school aid for the regional school district if the regional school district has not filed the required forms and schedules by such date.
3. A regional school committee may use all or part of the certified balance in the excess and deficiency fund as a revenue source for its proposed budget. If the certified balance exceeds five percent of the proposed budget, the regional school committee shall use the amount in excess of five percent as a revenue source for its proposed budget.

A recent history of NMRSD use of Excess & Deficiency funds are as follows:

Fiscal Year	Certified E & D	Used to support subsequent budget	
FY14	\$1,516,911	\$250,000	
FY15	\$1,958,782	\$300,000	
FY16	\$2,744,243	\$490,000	
FY17	\$3,035,703	\$1,360,000	

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FY18	\$3,172,219	\$1,300,000	Certified excess over 5% is \$450,593
FY19	\$3,118,553	\$2,045,000	Certified excess over 5% is \$323,434
FY20	\$3,256,149	\$2,045,000	Certified excess over 5% is \$373,406
FY21	\$3,800,000	\$2,045,000 ** tbd	Estimated only - not approved by DOR yet

2021 Per Pupil Cost¹

North Middlesex Regional School District	\$16,163
Francis W. Parker Charter Essential School	\$18,501
Sizer School, A North Central Charter Essential School	\$17,854
Ayer-Shirley	\$16,229
Ashburnham-Westminster	\$13,204
Belchertown	\$14,560
Bellingham	\$17,621
East Bridgewater	\$13,439
East Longmeadow	\$16,522
Foxborough	\$19,126
Groton-Dunstable	\$17,020
Gil-Montague	\$17,528
Grafton	\$13,574
Hampden-Wilbraham	\$16,185
Harvard	\$20,196
Hudson	\$17,985
Littleton	\$16,635
Lunenburg	\$13,929
Mendon-Upton	\$16,675
Norton	\$15,750
Tewksbury	\$18,520
Tyngsborough	\$15,895
Nashoba Valley Regional Vocational Technical High School	\$20,362

¹ Updated October 28, 2021, <https://profiles.doe.mass.edu/statereport/ppx.aspx>

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Montachusett Regional Vocational Technical High School \$20,252

It is important to recognize that the higher per-pupil cost for technical high schools is due to the higher cost of running its programs.

State Average Per Pupil Cost \$17,575

- NMRSD 2021 per-pupil cost is \$1,412 per student below the state average.
- The NMRSD is assessed just under a million dollars for students who opt to attend charter schools. This is a direct offset to the Chapter 70 state funding that is received.

Revenues

State Revenue

- Federal and State Grants - Chapter 70 revenue estimate includes a per-pupil increase. Due to the reduction in enrollment over time, we are considered a Hold Harmless district and typically get an increase of approximately \$35 per student. The estimated increase of Chapter 70 is \$78,000 or 0.38%. This will be determined by the state budget process and is just an estimate at this point in time. Chapter 71 (transportation) reimbursement is estimated as level-funded. The charter school reimbursement level-funded at \$64,172. These amounts are set by the state budget process which begins with the Governor's budget released on the 4th Wednesday in January so they are subject to change until the final state budget is approved.

District Revenue

- The FY2023 General Fund budget proposal is supported with \$2,045,000 of Excess and Deficiency (E & D) funds. This is a level-funded from FY2022 E & D funds are replenished by operations from the prior year and are considered one-time funds. Our goal is to use less E & D money to support ongoing expenditures so that our annual budget is sustainable on its own and to eventually utilize E & D money in order to establish a stabilization fund for capital items. The E & D number has not been certified for FY21 but is estimated at \$3,800,000.

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- The FY2023 General Fund budget proposal is supported with \$500,000 in School Choice revolving funds. This is a reduction of \$262,842 from FY22 that was used for one-time ELA curriculum purchases. There are currently 64 Students from 12 Communities choosing into the district. The district will use school choice funds to offset health insurance costs and for one-time curriculum needs. We will recommend that school choice be expanded for FY2023 to help fill out classes that have available space and would not require an additional teacher.
- The district increased the investment income by \$2,000 and level-funded the expected Medicaid Reimbursements.

Town Assessments

The Governor is expected to release the first revision of the state budget on the 4th Wednesday in January. We rely on these early estimates to compute town assessments. Because the state revenue estimate is not available until this date and the school funding formula includes many factors, we are not able to estimate the individual towns' assessments. We are able to "ballpark" the total of the town assessments based on the revenue estimates that are discussed here. Town assessments would rise by an **average** of approximately 6.23% based on the increase of 3.06% to the NMRSB budget.

- Operating Assessments: The share each town is assessed is influenced by both enrollment shifts between the towns and the minimum local contribution requirement (minimum local contribution uses EQV - Equalized Property Valuation and the Municipal Growth Factor to determine what each town pays).
- Transportation Assessment: Transportation is assessed to the towns based on enrollment and is offset with the cost state aid Chapter 71. The FY23 estimate for state aid is level funded and the average transportation assessment increases by 9.28%.
- Debt Assessment: This is a draft estimate of the debt assessment for FY2023. The FY2023 Debt Service assessment includes principal and interest payments for two long term bonds and one bond anticipation note (BAN) for the High School project as well as short term borrowing for the accelerated repair program (ARP) at Squannacook Early Childhood Center, Varnum Brook Elementary School, and Hawthorne Brook Middle School. We are waiting for the BAN to be finalized in early February before we can finalize the debt service schedule. The FY2023

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Debt budget also includes the bond payment of principal & interest payments for the Nissitissit Middle School refinancing and a bond anticipation note principal paydown for the HBMS/SECC Septic project. A principal payment is also required for the ARP projects. We will include a breakdown of the debt assessment in a future update.

Federal and State Grants

The district receives a number of state and federal grants. The largest of these is the SPED Allocation 240 Grant. We plan on continuing to utilize this grant to pay for paraprofessional salaries and special education summer school salaries for FY2023. The Coronavirus relief funds and the American Rescue Plan Act have provided funding to support the district during the pandemic. The Fy22 grant awards are listed below.

FY2022 Grant Awards

● Title 1 Grant	\$ 325,538
● Title IIA	\$ 68,084
● Sped Allocation	\$ 865,950
● Title IV	\$ 20,797
● Early Childhood Allocation	\$ 36,932
● Special Ed Program Improvement	Est \$26,000
● Early Childhood Program Improvement	Est \$2,500
● Early Literacy Screening & PD	\$12,000
● Civics Teaching & Learning	\$60,000
● School Health Services State	\$20,000
● Project Lead the Way	\$60,145
● North East Regional STEM	\$4,000
● Social Emotional Learning Grant	\$7,000

Cares Act and Esser Fund awards:

● ESSER I	
● ESSER II	\$977,524
● ESSER III	\$2,258,260
● IDEA ARP Special Education	\$162,436
● IDEA ARP Early Childhood	\$14,449
● ARP Homeless Children & Youth	\$6,430
● USDA Pandemic EBT Reimbursement	\$4,298

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- Cares Act-Subrecipient Town of Pepperell \$92,683
- FEMA Emergency Response \$33,735

Other Grants

- 10-year state health grant \$5,000 each year, recent two years have seen increases to \$20,000 per year.
- Project Lead the Way grants continue for a number of schools and the total anticipated grant funding for FY2022 is \$60,145.
- Civics teaching and learning grant (fund code 589) of \$60,000 through DESE.
- Footsteps to Brilliance - NMRSD receives grants/donations from the United Way and the Community Foundation for a 5-year lease of Footsteps to Brilliance reading program.
- SEL Grant to support mental health from Rockefeller Philanthropy
- North East STEM Network supported the middle schools STEM week initiative with \$4,000.

Circuit Breaker

The district is able to file for reimbursement for special education expenses through the state Circuit Breaker program. Beginning with FY2021, this also included a small percentage of special education transportation costs. Costs for each student that exceeds the designated threshold (currently \$45,793) are reimbursed at a rate set by the state (75% in FY2021). These funds are used exclusively to offset the cost of special education. In FY2023, the district plans to use \$1,367,500 in circuit breaker funding to offset the tuition costs. By way of comparison, the district received approximately \$1,503,854 in circuit breaker reimbursement last year (to be reimbursed to the district during FY2022).

Revolving Accounts

Preschool Revolving - The district provides preschool services at the Squannacook Early Childhood Center. The district is able to charge typical students fees for participation in the preschool program. These funds are used to support teacher salaries and on occasion, other classroom supplies. These funds will be utilized in FY2023 to support a 1.0 FTE Teacher. The total revolving fund budget for FY2023 is \$89,323.

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Athletic Revolving - The district charges user fees for the students that participate in sports. These user fees are waived for free and reduced students. The fees are used exclusively to support the athletic programs in the district. In the past, the district would collect approximately \$175K annually in athletic user fees and gate entrance fees but with the pandemic, this amount was greatly reduced in FY2021. The district received only about 60% of this number in FY2021 athletic fees. The user fees are used to support the cost of transportation as well as supplies, materials, and entrance fees for our athletes. Planning for FY23 continues to be a challenge but we are hopeful that there will be an increase in participation for athletes in FY2023.

Athletic Turf Rental Revolving - The district separately tracks the revenue generated for the rental of the artificial turf field. The funds received in the turf rental account will be used to offset the costs of the turf lease payment. This is a brand new source of funding for the district and we do not have an estimate on the total amount to be received. Due to the pandemic, the district received only \$6,000 in turf rental fees in FY2021. The district supported the lease payment by using school choice funds and will likely continue in this manner for FY2022 and FY2023.

Athletic Donations/Advertising Revolving - Recently, the district has been receiving donations and advertising revenue specifically related to the new turf field. The total of donations received in FY2021 was \$34,728.

Marching Band Revolving - The district charges user fees for students that participate in the Marching Band program. These funds are used to support the transportation costs and supplement the materials needed for this program. The average marching band user fee received in prior years (excluding FY2021 during the pandemic) is approximately \$12,000.

Parking Lot Revolving - The district collects a parking fee from students who bring their cars to school. Due to the Pandemic, this fee was waived during the FY2020 and FY2021 school years. The funds that are collected for this purpose are used to pay for the upkeep of the parking lots. The plan for FY2023 is to reinstate this fee to pay for parking lot expenses.

Building Use Revolving - From time to time, the district leases space to both in-district groups as well as out of district groups. All use of the district buildings was put on hold during the FY2020 and FY2021 pandemic. In the

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past, these funds were used to support building costs. A new policy and rate structure were implemented by the school committee in FY2020. The building use revolving account is used to pay overtime costs for custodial services and also to pay for building maintenance needs. The expectation is to allow outside groups to utilize the rental of our facilities in FY2023 pending the status of the pandemic.

Food Services Revolving - The district goal is to operate a fully self-funded food service program. The district has been using an outside Food Service Management company since FY2011. The current contract is with Fresh Picks Cafe and they began serving the district for the FY2022 school year. The USDA again is offering free meals for all in FY2022 and we await the final rule for FY2023. The district received a grant of \$8,000 from Project Break in FY2022 for equipment to enhance the participation of the breakfast program.

Donations Accounts - Thanks to the generous support of families, our PTO's, and businesses, the district receives donations to support our schools. These funds are used to support programs in those buildings. Donations have been used in past years to support classrooms, provide additional events and make upgrades to the building and playgrounds. The district received donations of \$28,911 in FY2021.

Keystone Rental Account - The district has a 5 year lease with Keystone Collaborative for the Squannacook Early Childhood Center. The lease is set to expire in August 2022. The Keystone Collaborative currently rents the equivalent of 16 classrooms. We plan to use funds of \$92,000 for custodial staff and \$100,000 for Squannacook utility costs.

Before/After Revolving - The district moved to a self-operated before and aftercare program in FY2022. The district currently operates at all three elementary schools. We anticipate utilizing these funds to support the cost of running the before and aftercare program.

Tuition-In Revolving - The district has a number of students that are tuitioned into specific special education programs in the district. These funds are used to support the cost of additional students in our programs. In the past, we have used tuition funds to support salaries for teachers, paraprofessionals, and capital purchases including the Gateway van. Presently, there are 3 students tuitioning into district programs. The tuition funds in revenue

received in FY2021 was \$45,649. The district plans to use these funds to pay for a Teacher (1.0 FTE).

Revenue Challenges

- The overall revenue projected from state funds for FY2023 is an increase of only 0.36%.
- Use of one-time funds (i.e E & D) can create structural issues for budgeting in future years. In FY2022, the use of E & D was level-funded at \$2,045,000
- Transportation reimbursement continues to be less than 100%
- The modest budget increases in other revenues result in difficult assessments for our member towns

Capital Plans for Schools & Budget Implications

The district has segregated a specific capital budget for FY2023 of \$250,000 in the general fund. In addition to the annual capital repairs funded in the budget, the district will be looking at several larger building repair projects. These include the demolition of the old 1960's wing at Ashby Elementary, renovations to Ashby Elementary, and renovations at Hawthorne Brook Middle School. The larger capital improvements typically require a school committee vote to authorize borrowing and can not be supported in the normal capital or operating budget.

G.L. c.71, s.16 G ½ provides for the establishment of stabilization funds by regional school districts. This law was recently amended, by St. 2010, c.188, s.58, to clarify the approvals necessary to make expenditures from these funds. The district received town meeting support from two member towns to establish a stabilization fund in order to address larger capital projects. The stabilization fund can be used to set aside funds to use for future capital projects. The use of this fund in the future would require a vote of the school committee. The FY2023 budget includes a transfer of \$100,000 to add to the Stabilization Account.

Conclusion

The FY2023 spending proposal for NMRSD represents our effort to continue a strong educational agenda in a challenging fiscal environment, continued examination of our priorities and beliefs, and at a time when we are contending with the costs of serving our students and families at a level that NMRSD demands of its public school system.

This plan is focused on our Vision, Mission, and Core Values, along with the long-established priorities and policy drivers of this system:

- Classroom teachers and class sizes are important.
- Professional learning and program evaluation are critical elements of a successful organization.
- Serving NM students within the NMRSD is best for families and our schools.
- Our 3-tiered level model best facilitates the academic program and community that NM families are looking for in their school system.
- Teachers matter
- Equity does not mean equal . . . some of our students require more of our teachers and services than others in order to meet rigorous standards.
- Quality early education programming is an integral part of a public school system.
- Technology is an important component of a quality teaching and learning environment.
- An agile central administration is necessary to serve a complex school population.

Most importantly, this FY2023 proposal is designed to allow us to address key needs in the classroom, in-classroom support, in special education, and in technology during the coming year while continuing to work toward long-term solutions to the financial implications of our growing capital improvement list.

We look forward to the opportunity to provide elected officials, appointed representatives, and the community with further explanation of these important proposals over the coming months.