



**North Middlesex Regional School District
Superintendent's FY2024 Preliminary Budget Message (Draft)
January 9, 2023**

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; supports energized instruction and engaged learning; pushes innovation in all aspects of the school experience, and remains aligned with our core values.

As we are well into year four of our 5-Year Strategic Plan, we will continue to measure the value and success of our work based on our current plan as we work to update NMRSD’s vision, mission, and core values as part of our preparation for our next strategic plan, which will begin in the fall of 2024.

NMRSD, like all districts, continues to deal with the residual impact of COVID-19 and other challenges that impact the budget. These include, but are not limited to:

1. Move-ins, state mandates, an influx of pre-K students who are special education eligible, post-pandemic student needs, and district policy (class size limits) have resulted in the need for additional staffing (+7.0 FTE) in the FY2023 budget, which will likely carry into subsequent budget cycles. These increases are currently being absorbed through temporary grants and revolving accounts, neither of which are sustainable.

2. NMRSD, like all districts, has experienced a significant increase in requests for special education eligibility testing, especially in Pre-K through grade 2 (students who struggled immensely during Covid-19), resulting in:

- A strain on the testing capacity of evaluators (psychologists, SLP's, OT's, PT's and behavior specialists)
- An increase in the number of special education students at these grade levels, especially students in Pre-K through grade 2

Students who qualify for special education services are placed on an Individualized Education Plan (IEP), which mandates the District to meet the student's needs.

3. With an identified nationwide shortage of those going into teacher preparation programs and the increase in those leaving the profession, competition for recruiting qualified new candidates and retaining current staff is at an all-time high. During FY2023, we will have an independent study to see how we compare with our neighbors to the east and our surrounding districts. We plan to compare ourselves to the following districts:

- Ayer-Shirley
- Ashburnham-Westminster
- Groton-Dunstable
- Lunenburg
- Littleton
- Chelmsford
- Westford
- Danvers (DART District) 7/3217
- Dedham (DART District) 7/2567
- Dartmouth (DART District) 6/3411

Currently, all collective bargaining agreements (CBA) expire at the conclusion of the 2023-2024 school year, so negotiations will commence next fall. The new CBAs will present additional challenges to the FY2025 budget and beyond.

4. Chapter 766 School Tuition (Students who require an Out of District school placement based on the level of their disability) is estimated to

increase by approximately 14% for private school placements. The Collaborative tuition expenses are also expected to increase (% increase TBD). Public school districts will need to absorb this increase in FY2024.

5. Special Education Tuitions expenses have also increased significantly in the district in FY2023. The total increase for this year is estimated to be just under \$1 million. We are covering this increase with the following funding sources:
 - a. Using additional circuit breaker funding, potentially securing special extraordinary relief (which is available if tuition costs increase more than 125% of last year's submitted costs)
 - b. Shifting available budget lines to cover these costs
6. Potential Ashby Elementary School Building Project. Currently, the Ashby Elementary Building Committee is examining the potential for renovation and/or a new school that is set to begin with a feasibility study if approved. A challenge facing AES is the recent complaints filed with the Office of Civil Rights regarding handicap accessibility compliance issues and with the Massachusetts Department of Labor Standards specific to indoor air quality. Any findings in this area could present additional and substantial budgetary challenges for the NMRSD.
7. Potential Hawthorne Brook Middle School Project. A preliminary committee has been formed comprised of school personnel related to building "needs." The charge of this group is to determine if, and to what extent, improvements need to be made to HBMS and whether or not a Statement of Interest should be filed with the Massachusetts School Building Authority.
8. Increase substitute teacher pay from \$60 per day to \$100 per day to compete with surrounding districts. Our previous rate left us without adequate coverage in all buildings on multiple occasions.
9. In response to ongoing school safety issues across the country, NMRSD plans to upgrade its School Security. While we plan for grants to defray costs, there will likely be costs that impact the budget as well. Plans include:

- A visitor screening and management system for PreK, Elementary, and Middle schools to match NMRHS.
- Camera Systems that are accessible by dispatch for NMRHS, HBMS, SECC, and VBES (SECC, VBES, and HBMS are covered with ESSER III Grant) NMS and SMS already have this system installed.
- Keyless entry systems (ESSER III Grant covering for NMS, VBES, SMS, and HB)
- Safety Kits for NMRHS & NMS, to include:
 - Chromebook
 - Radios
 - Traffic Vests
 - Sandwich Boards

10. Pepperell Planned Housing Project (180 Units) will likely result in an increase in students for FY2025.

- Limited space at both VBES and NMS
- Potential need to redistrict or shift special education programming, which could dramatically impact transportation costs
- Potential need for additional buses

11. The regular transportation contract with Dee Bus is expiring on 6/30/24. FY23 was negotiated at a 3% increase and FY24 at a 0% increase. We anticipate going out to bid in the fall of 2023 (for a 3-year contract FY2025 - FY2027). Our last initial contract was a 3-year contract and a 21% increase. With COVID and remote learning, we were able to mitigate this increase for years 4 and 5 by working with the vendor. Based on early projections, we expect our contract for FY2025 to be substantially higher than FY2024.

12. Special education transportation contract ends on 6/30/23 with no additional renewals on the contract. Special education transportation is exempt from Chapter 30B requirements. We estimate an increase of approximately 9.67% over FY2023 actuals or an increase of \$205,504. This is due to increases in the number of students transported as well as an increase in the cost per run.

13. We have successfully settled our natural gas contract for 24 months, but it is still significantly higher than the current agreement. Both electric and natural gas rates are expected to increase for FY2023 and FY2024.

As in years past, it is recognized that our member towns prefer the annual budget to minimally increase from one year to the next. NMRSD not only has to deal with an outdated funding formula for regional schools but we also lack a commercial tax base and miss out on many grant awards because we do not qualify as urban or rural and many of the substantial grants are reserved for regional vocational/technical districts.

The leadership team works hard to keep increases manageable whenever possible and has used 3% as a threshold in previous budgets. As this budget message will outline, this is no longer sustainable as the following areas exceed well beyond 3% annually:

- CBAs & Salary Schedules increases - an average of 4%
- Health Insurance - an average of 7%
- Transportation - an average of 7%
- Out-of-District Placements - 14% for FY2024

These four areas put us well over our goal of 3% before we even start the budget process and when coupled with increased special education needs from summer move-ins or newly identified students and unfunded mandates, there is minimal flexibility to deal with unknowns or unplanned.

Budget Summits

With respect to the FY2024 budget, we have continued hosting our “Budget Summits” with the towns. Over the past two budget cycles, these summits went a long way toward ensuring a smooth budgetary season due to the improved communication between the school district and its member towns. This year, we will hosted three (3) Budget Summits where each of our member towns was 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 FY2024, 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 still fails 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;"

- **Food Service** - The Commonwealth of Massachusetts voted to extend the USDA’s free meal waiver for all students regardless of their income through the 2022-23 school year. Link to the press release on free meals for FY2023: [FY23 MA DESE Public Media Release](#)
The federal free lunch meal reimbursement rate is currently \$4.33. It is currently not known if this extension of free lunch will be approved for the 2023-24 school year.
- **Staffing requirements** - This fiscal year, we saw a number of staff members take leave of absence or retire. In some cases, these positions were filled with long-term substitutes. The final needs for FY2024 staffing will be estimated as permanent hires will need to be estimated. The impact of the staffing changes also affects benefit costs.
- **Salaries/Compensation** - FY24 will be the final year of the current contractual agreements. We anticipate negotiations will open in the fall of 2023. Compensation costs will be predictable for current staff. 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 our students have been affected by the pandemic, this population has been hit particularly hard regarding maintaining skills, difficulties regulating social interactions, and difficulty adjusting to virtual learning during the period of closure and the hybrid model. As a result, 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 due to significant behavioral and/or anxiety-related needs (increasing 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 an 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 monitor this closely and consolidate routes as appropriate.

- **FY2024 Employee and Retiree Benefits.** The cost of benefits is estimated at 10% for FY2024 until the GIC and the Minuteman Nashoba vote on the rates for FY2024.

- **FY2024 State Aid** - The basis for the FY2024 budget begins with the proposal issued by the Governor. With a new Governor in place, the due

date of this budget will likely be well past the end of January. State aid includes estimated revenue for Chapter 70 aid, Transportation aid, as well as final enrollment calculations and minimum local contributions that are required by each member town. We will draft estimates that may change after the Governor's budget proposal is released.

- **Enrollments -**

Link to [NESDEC Enrollment projections Fall 2022](#)

FY2024 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 school system's goals 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 NMRSD.
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.
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 support 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 Finance Sub-Committee Meetings)

October 13, 2022	1st Budget Summit with Towns Goal-setting/Parameters with Finance Subcommittee
November 10, 2022	Leadership Meets to Establish FY2023 Budget Priorities
November 21, 2022	2nd Summit Forum with Towns
November 23, 2022	Budget Requests Due from Departments/Buildings
December 7, 2022	Business Manager Presents Budget Drafts to Building & District Leadership
December 19, 2022	3rd Summit Forum with Towns
January 9, 2023	Superintendent’s Preliminary Budget Message
January 24, 2023	Proposed FY2023 Budget Posted Online
February 6, 2023	Joint Boards & Public FY22 Budget Hearing Superintendent’s Budget Message - Draft #2
February 7, 2023	Joint Boards & Public FY22 Budget Hearing Snow Date

March 6, 2023

**FY22 Budget Adoption
Superintendent's Budget Message - Draft #3 (Final)**

March 7, 2023

FY22 Budget Adoption - Snow Date

March --, 2023

Anticipated Date of Governor's Budget

May --, 2023

Ashby Town Meeting

May --, 2023

Pepperell Town Meeting

May --, 2023

Townsend Town Meeting

Overall Budget Picture

The FY2024 budget development proposal represents a 6.34% increase over FY2023. The current FY2024 general fund budget estimate is \$65,002,893

The 6.34% increase breaks down into the following categories:

- 1.76% Employee Contractual obligations
- 1.36% Special Education Tuition
- 1.21% Active & Retired Insurance
- 0.87% Debt Service
- 0.29% Regular and special education transportation
- 0.85% Elementary/PreK staffing
- 0.22% Middlesex Retirement Assessment
- 0.16% SECC Assistant Principal
- 0.15% Utility Increases
- -0.25% Stabilization Reduction
- -0.26% Facilities reductions, staff, grounds, maintenance
- -0.02% Other reductions

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 focusing 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 FY2024 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 FY2024 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 12.71 over the FY2023 original budget.

Staffing Increases for FY2023 (Will carry into FY2024)

Position	FTE	Location	FY23 Funding Source	FY24 Funding Source	Projected Cost
<i>Gr. 3 Teacher</i>	<i>1.0</i>	<i>AES</i>	<i>Planned K position (had been unfilled)</i>	<i>Budget</i>	<i>*This will depend on 2023-2024 Kindergarten Enrollment. If we need two sections, we will need to add another position. Approximately \$65K new teacher possible.</i>
<i>Gr. 1 Para</i>	<i>1.0</i>	<i>AES</i>	<i>Planned Grade 2 position (had been unfilled)</i>	<i>Budget</i>	<i>*\$22,000</i>
Gr. 2 Teacher	1.0	VBES	Salary due to staff leaving and new hires	Budget	*\$75,000 potential
EL Teacher (Mandated)	1.0	District	DESE 1-Year Grant	Budget	*\$65,000
PreK Teacher	1.0	SECC	Esser II Grant	Budget	*\$60,000
PreK Para	1.0	SECC	Preschool Revolving Fund	Budget	*\$22,000
Special Educ Program Teacher	1.0	VBES	Pandemic Disruption Grant (one time)	Budget	*\$70,000
Behavior Technicians	2.00	VBES	Pandemic Disruption Grant (one time)	Budget	*\$64,000
ASD Teacher	1.0	SECC	Budgeted Savings	Budget	*\$73,000
Student Affairs/Athletic Coordinator		NMRHS	Budget	Budget	*8,173

These positions are being funded by the FY2023 budget and grants as the \$250K in contingency and an additional \$50K were reduced in April to pass the town meeting.

We remain very close, based on policy, to having to hire additional staff, especially with class sizes at the Varnum Brook Elementary School, Nissitissit Middle School, and Hawthorne Brook Middle School.

*These positions will need to be part of our FY2024 budget, and the projected costs ***do not*** include benefits.

Additional Staffing Requests for FY2024

Position	FTE	Location	Cost	Rationale
Commons Supervision	1.0	NMRHS	\$25,000	Currently, NMRHS does not have proper supervision for the Commons after school. With various after-school activities, the Commons and door must be monitored during the afternoon and early evening hours.
Event Supervision		NMRHS	\$10,000	We require staff coverage during home athletic contests.
Student Affairs/Athletic Coordinator		NMRHS/Middle Schools	\$10,000	Additional duties
Secretary HS		Not filling one position	-\$50,000	Move funds to cover security, event supervision
Secretary facilities	.25	Increase .20 FTE	\$14,313	Decrease of 1 at HS resulting in .75 decrease
Assistant Principal	1.0	SECC	\$95,000	

Staffing Requests Not Funded for FY2024

Position	FTE	Location	Cost	Rationale
Counselor	1.0	NMS	70,000	Nissitissit houses the district's substantially separate special education programs, including the STEP's ASD Program and the Therapeutic Learning Center. Both of these programs require a substantial amount of direct service counseling.
Technician	1.0	District	65,000	Needed for new security installs and FY2025 network switch update.
Middle School Teacher	2.0	NMS/HBMS	130,000	Class size
Athletic Trainer	.5	NMRHS	35,000	Additional hours athletic trainer
Custodian	0.5	SECC	22,000	Additional hours to cover SECC

Potential Administrative Consolidation

In an effort to combine resources and manage costs, Central Office will consolidate which will result in a savings of approximately \$60,430 while providing additional support in areas of need. More details on the plan will be included in the subsequent budget message.

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 FY2024. 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.
2. The FY2024 preliminary active employee health insurance budget is estimated at an increase of 10%. However, there are currently fewer staff members on the active insurance policy resulting in an increase of only 9.02%. The rates for Middlesex Nashoba Health Group will be voted on in early February, The Group Insurance Commission (GIC) assessment for retired teachers is also estimated at 10%. The FY2024 GIC assessment will not be available until the state approves the rates for FY2024.

Estimated Contractual Increases for FY2024

Teacher Steps & Column Moves	\$404,456
Paraprofessional Steps	\$125,704
Secretary Steps	-\$6,503 (savings due to new hires)
Custodial Steps	\$74,410
Nurses Steps	\$71,004 (staff shift)
Non-Represented Contracts	\$143,029

Professional Development

As we continue to implement the strategic plan, the FY2024 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 third year of our ELA implementation support and the second year of 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:

- 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 and have equitable opportunities to achieve academic success.
- 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 this important endeavor. The work for the 2023-2024 school year will focus on continuing the curriculum equity audits and providing staff with resources/strategies to respond meaningfully and respectfully to topics of equity.

Utilities

The district continues to look for ways to optimize utility costs across the buildings. We have settled a natural gas contract for another 24 months at an increase of just under 30%. Utility costs for the Squannacook Early Childhood Center were shifted to the rental revolving fund. We are estimating substantial increases in both heat and electric costs. 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 FY2024 are budgeted at \$6,733,600

which is \$1,764,100 higher than the FY2023 original budget and primarily due to the need for the district to locate private or collaborative school placements for our highest-needs students. The expected circuit breaker reimbursement is also higher which is allowing us to allocate more funding towards these costs.

Special Education

	FY23	FY23 Projected	FY24 Budget
Collaborative Schools	\$1,782,000	\$2,247,095	\$2,624,600
Private Schools	\$2,970,000	\$3,523,500	\$3,916,000
Massachusetts Schools	\$ 217,500	\$ 154,000	\$ 193,000
Total Tuitions	\$4,969,500	\$5,924,595	\$6,733,600
Paid by General Fund	\$3,474,000	\$3,428,595	\$4,233,600
Paid by Circuit Breaker	\$1,495,500	\$2,496,000	\$2,500,000
Total Tuitions	\$4,969,500	\$5,924,595	\$6,733,600

Circuit Breaker funds are state funds that can be used to offset special education costs. We typically use these funds to offset out-of-district tuition costs.

Technology

The technology budget includes funding to maintain current district licenses and hardware, including any necessary hardware updates, without any significant increases for FY24 aside from security system upgrades to be funded through grants. This includes information technology, classroom audio/video, security, communication, and network infrastructure systems as well as licenses for instructional and operational applications used throughout the district.

Transportation

FY2024 is the final year of a 5-year regular transportation contract. The regular transportation contract will be an increase of 0% for FY2024. The district is projecting the same number of buses (25) for the FY2023 school year but we continue to look at options that might allow for a reduction in buses. We will begin our bid process for FY2025 - FY2027 in the fall of 2023.

We continue to work to streamline costs for both in-district and out-of-district special education transportation. The McKinney Vento homeless transportation line is reduced slightly by \$15,000 based on the prior year's

lower costs. We anticipate a contract increase for the Special Education transportation expense. Total budget is estimated at 9.67% over FY23.

Historical State Reimbursement for Transportation:

Historical Chapter 71 Reimbursement

Fiscal Year	FY24 (estimated)	FY23 (estimated)	FY22	Fy21	FY20	FY19	FY18
Chapter 71 Received:	\$ 1,169,830	\$ 1,217,830	\$ 1,263,037	\$ 1,159,915	\$ 1,159,529	\$ 1,037,745	\$ 893,593
(end of year report year)	FY23	FY22	FY21	FY20	FY19	FY18	FY17
Regular Ed Transportation Total Cost	\$ 1,827,859	\$ 1,902,859	\$ 1,665,744	\$ 1,433,041	\$ 1,664,000	\$ 1,618,300	\$ 1,528,040
Less Students under 1.5 Miles	\$ (365,572)	\$ (380,572)	\$ (266,519)	\$ (229,287)	\$ (282,880)	\$ (275,111)	\$ (275,047)
Total Basis for Chapter 71	\$1,462,287	\$1,522,287	\$1,399,225	\$1,203,754	\$1,381,120	\$1,343,189	\$1,252,993

Percentage reimbursement from State of students greater than 1.5 miles from school	80%	80%	90%	96%	84%	77%	71%
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<u>Number of students</u>								
Riders outside of 1.5 miles			2425	2373	2459	2420	2401	2420
Riders within 1.5miles			432	449	468	494	498	519
Total			2857	2822	2927	2914	2899	2939

Custodial & Maintenance

The district continues to fund capital repairs to the buildings within the overall budget. The FY2024 operating budget includes \$250,000 allocated for this purpose. The district is in the process of prioritizing the projects to be included for FY2024 and will share the updated FY2024 capital plan in a future update.

The FY2024 budget includes the staffing of 34 custodians. 32.5 FTE from the general fund and 1.5 FTE from the Keystone Collaborative rental fund.

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 require 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 the 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 is as follows:

Fiscal Year	Certified E & D	Used to support subsequent budget	
FY15	\$1,958,782	\$300,000	
FY16	\$2,744,243	\$490,000	
FY17	\$3,035,703	\$1,360,000	
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	\$3,704,476	\$2,645,000	Certified excess over 5% is \$752,276
FY22	TBD (est) 3,050,00	TBD	

2021 Per Pupil Cost¹

North Middlesex Regional School District

\$16,163

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

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
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 over 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 of \$30/student.

District Revenue

- The FY2024 General Fund budget proposal is supported with \$2,045,000 of Excess and Deficiency (E & D) funds. This is just under 70% of the total projected E&D. E & D funds are replenished by operations from the prior year and are considered one-time funds. The E & D certification was submitted but has not yet been certified by the Mass Department of Local Services.
- The FY2024 General Fund budget proposal is supported with \$500,000 in School Choice revolving funds. This is level funded from FY2023. We are currently expecting less than this in school choice revenue in FY2024. There are currently only 48 Students from 13 Communities choosing into the district. The district will use school choice funds to offset health insurance costs and for one-time curriculum needs. We anticipate receiving approximately \$400,000 in school choice funds in FY23.
- The district increased the investment income by \$25,000 (for a total of \$45,000) and the expected Medicaid Reimbursement by \$90,000 due to increased services. We continue to watch the actual reimbursements to better gauge the trend.

Town Assessments

The Governor's budget will likely be released late this year. Normally, it is released in the last week of January. Because the state revenue estimate is unavailable until this date and the school funding formula includes many factors, we cannot estimate the individual towns' assessments ahead of time. The town assessments are currently estimated at an average of just under 11% based on the increase of 6.01% to the NMRSD budget. Member Towns with an increase in the percentage of students or minimum local contributions will result in higher or lower than this average amount. At this point, enrollment shifts slightly more to Pepperell and Ashby, and Townsend's percentage of the district is lower.

- 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 reimbursement of state aid

Chapter 71. The rate of reimbursement is determined by the legislature. At this point, we are using a 75% reimbursement for all students greater than 1.5 miles from school.

- Debt Assessment: This is a draft estimate of the debt assessment for FY2024. The FY2024 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 renewal BAN to be finalized in early February before we can finalize the debt service schedule. The FY2024 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 FY2024. The Coronavirus relief funds and the American Rescue Plan Act have provided funding to support the district during the pandemic. The FY2023 grant awards are listed below.

FY2023 Grant Awards

- | | |
|---------------------------------------|------------|
| ● Title 1 Grant | \$416,507 |
| ● Title IIA | \$ 73,674 |
| ● Sped Allocation | \$ 908,069 |
| ● Title IV | \$ 23.320 |
| ● Early Childhood Allocation | \$ 38,116 |
| ● Special Ed Program Improvement | TBD |
| ● Early Childhood Program Improvement | TBD |
| ● Early Literacy Screening & PD | TBD |
| ● Integrating SEL into Academic Learn | \$10,000 |
| ● School Health Services State | \$40,000 |
| ● Project Lead the Way | \$60,000 |
| ● North East Regional STEM | \$4,0000 |

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

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 percentage of special education transportation costs depending on the total cost of each student's expenses. Costs for each student that exceeds the designated threshold (currently \$45,793) are reimbursed at a rate set by the state (75% in FY2022). These funds are used exclusively to offset the cost of special education. In FY2024, the district plans to use \$2,500,000 in circuit breaker funding to offset the tuition costs.

Revolving Accounts

Preschool Revolving - The district provides preschool services at the Squannacook Early Childhood Center. The district receives preschool tuition 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 FY2024 to support a 1.0 FTE Teacher. The total revolving fund budget for FY2024 is \$91,110.

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. Participation in sports is down from past years. The district is evaluating the fee structure currently but we anticipate an increase in the sports user fees and some of the entrance/gate fees. The user fees are used to support the cost of transportation as well as supplies, materials, and entrance fees for our athletes.

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. The

district received \$ 13,926.27 in revenue in FY2022 and has received \$10,309.74 in FY23(to date).

Athletic Donations/Advertising Revolving - Recently, the district has been receiving donations and advertising revenue specifically related to the new turf field. The total of athletic donations received in FY2022 was \$26,775 and has received \$12,345 in FY23 (to date).

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 total marching band fees received in FY2022 was \$11,933 and has received \$5,595 in FY23 (to date).

Parking Lot Revolving - The district collects parking fees from students who bring their cars to school. Due to the Pandemic, this fee has been waived since FY2020. The funds that are collected for this purpose are used to pay for the upkeep of the parking lots.

Building Use Revolving - From time to time, the district leases space to both in-district groups as well as out-of-district groups. These funds are used to support building costs. The total building use fees received in FY2022 was \$6,390 and has received \$14,468 in FY23 (to date).

Food Services Revolving - The district's 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 state legislature supported continuing subsidizing the free meals program that was started in FY22. The revolving fund ended FY2022 with a positive balance of \$393,194. This was due in part to the higher reimbursement rates for the free meal program during the pandemic as well as an increase in participation due to the free meals offered.

Donations Accounts - Thanks to the generous support of families, our PTOs, 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 \$43,457 in FY2022.

Keystone Rental Account - The district has renewed the lease with Keystone Collaborative for the Squannacook Early Childhood Center. The lease is a year-to-year lease. The funds collected will be used to continue covering utility costs, some capital upgrades, and custodial services at SECC. The district received rental income of \$180,469 in FY2022.

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 pay tuition to attend our programs. These funds are used to support the cost of additional students in our programs. We utilize tuition funds to support salaries for teachers, paraprofessionals, and on occasion capital purchases. Presently, there are 2 students tuitioning into district programs. The tuition funds in revenue received in FY2022 were \$75,225. The district plans to use these funds to pay for a Teacher (1.0 FTE) and a job coach (0.50 FTE) total cost of \$98,339.

Revenue Challenges

- The overall revenue projected from state funds for FY2024 is an increase of only 0.52%.
- Use of one-time funds (i.e E & D) can create structural issues for budgeting in future years. In FY2023, the use of E & D was increased to \$2,645,000. \$300,000 of that increase was earmarked for increasing the transfer to stabilization and \$300,000 to reduce town assessments. We are reducing this amount in FY2024 back to the FY22 rate of \$2,045,000. This is just under 70% of the total projected E&D certification.
- The state aid formula continues to hold NMRSD harmless for a reduction in student enrollment. The actual Chapter 70 funding will be determined once the final state budget is approved. The student opportunity act has closed the gap somewhat but we still receive more aid than the formula would provide otherwise provide if we were not held harmless.
- Because of the reduction in revenue funding, any modest budget increases result in difficult assessments for our member towns

Capital Plans for Schools & Budget Implications

The district has segregated a specific capital budget for FY2024 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. The School Committee approved borrowing \$300,000 for a feasibility study for the Ashby Elementary School. This study will provide the committee with needed options for upgrades/renovations to the existing building. We currently wait for the member towns to vote to approve/disapprove this borrowing. The committee is in the process of also considering a renovation to the 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 FY2024 budget includes a transfer of \$250,000 to add to the Stabilization Account.

Conclusion

The FY2024 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 FY2024 proposal is designed to allow us to address key needs in the classroom, in-classroom supports, special education needs, and 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 explanations of these important proposals over the coming months.