



**North Middlesex Regional School District  
Superintendent's FY2024 Budget Message (2nd Draft)  
February 6, 2023**

Brad M. Morgan, Superintendent of Schools

**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. While ESSER funding was provided, aside from a couple of “permanent” positions due to student needs, NMRSD used these funds to purchase personal protective equipment (PPE), academic interventionists and building-based substitutes (which will be phased out), cleaning/disinfecting supplies and equipment, school security upgrades, and equipment to mitigate air circulation issues in some of our learning spaces.

The challenges we face moving forward include, but are not limited to:

1. Move-ins, state mandates, an influx of pre-K students who are special education eligible, post-pandemic academic and social-emotional student needs, and district policy (class size limits) have resulted in the need for additional staffing (10.46 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. Based on current projections, which include student population, class size, individual education plan requirements, and scheduling, we are requesting an additional 5.25 FTEs for FY2024, resulting in a total of 15.71 FTEs over FY2023. *This does not include any contingency monies, which would be used to hire additional staff if there are a substantial number of move-ins and DCF placements between now and the end of the next school year.*
  
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 "through specialized instruction and support."*
  
3. NMRSD, like all districts, has had to hire additional guidance and school adjustment counselors to help students navigate the social-emotional challenges that are, in part, due to a post-COVID environment.
  
4. 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. The district has experienced significant challenges with staffing for specialized positions, such as special education, high school science/technology, and world languages, which

has resulted in and will continue to impact our ability to offer a greater range of courses. 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 buildings/ 3305 students
- Dedham (DART District) 7 buildings / 2548 students
- Dartmouth (DART District) 6 buildings / 3444 students

Currently, all collective bargaining agreements (CBAs) 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.

5. Chapter 766 School Tuition (Students who require an Out of District (OOD) 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. Please see the attached memorandum from the student services director which outlines the OOD increase:

[FY 24 OOD Rate Increase memo](#)

6. As a result of a higher number of our students requiring private and collaborative school placements this fiscal year, special education tuition 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
7. 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 recent questions raised through the Office for Civil Rights regarding handicap accessibility 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.
  8. Potential Hawthorne Brook Middle School Project. A preliminary committee has been formed comprised of school personnel related to building and student “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.
  9. 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.
  10. An increase in substitute nurse pay from \$100 per day to \$125 per day.
  11. 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 Police 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

12. Pepperell Planned Housing Project (204 Units) may result in an increase in students in the future. There is no approved plan at this time. However, we will continue to work with Pepperell officials on the timing and impact of any increase in housing for Pepperell. Some challenges may include:

- 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
- Potential need for additional staff, including classroom teachers, specialist teachers, and special education service providers.

13. The regular transportation contract with Dee Bus is expiring at the conclusion of FY2024. FY2023 was negotiated at a 3% increase and FY2024 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.

14. Special education transportation contract ends at the conclusion of FY2023 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 a projected increase in the 'per route' cost calculation presented to the district (increases in driver pay, fuel increases, and costs of purchasing/leasing vehicles).

15. 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 however the FY2024 natural gas budget is based on a 30% increase over FY2022 actual expenditures resulting in actual savings.

Electric increase	\$76,000	
Heat increase	( \$69,938)	
Other utilities	\$35,000	*water rate increases and telephone reduction

As in years past, it is recognized that our member towns prefer the annual budget to minimally increase from one year to the next. In developing an annual budget, NMRSD faces many challenges that some other districts do not including:

- An outdated funding formula from the state for regional schools
- As mainly residential communities, we lack a significant commercial tax base
- As a suburban district, we 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:

- Collective Bargaining Agreements & Salary Schedules increases - an average of 4%
- Health Insurance - an average of 7%
- Special Ed Transportation - an average of 7%
- Out-of-District private school placements - 14% for FY2024 (see memorandum)
- Utilities - 30% 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 school year move-ins/newly identified students and unfunded mandates, there is minimal flexibility to deal with unknowns or the unplanned.

Additionally, to help reduce costs for the NMRSD, we have made the following adjustments:

1. We annually recommend school choice numbers to the school committee that will allow for some income in classrooms where there is space.

However, we have moved away from the previous practice that did not account for district growth and, when coupled with school choice students, forced the district to hire an additional teacher and/or paraprofessional. It is important to point out that like all districts in the Commonwealth, NMRSD only receives \$5K per school choice student and a portion of special education costs (historically, students who are school choice are a higher percentage of special education eligible than the general population of students). The per pupil cost from 2021 for the education-only cost for NMRSD students is \$18,225. Thus is not feasible or a sustainable model to allow for school choice when there is the possibility of having to increase staffing.

2. We have moved all special education sub-separate programming K-8 to Varnum Brook Elementary and Nissitissit Middle Schools. This move led to significant cost savings in special education program staffing, special education program administration, special education transportation, and localized delivery of related services (speech, occupational therapy, etc.) for these students.

### **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 hosted four (4) 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;"*

Currently, we are negotiating a contract for special education transportation and our school bus contract expires at the conclusion of FY2024.

- **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 (related to illness/injury or family leaves) or retire midyear. 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** - FY2024 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 harder-to-fill positions, such as in the area of special education and specialized content areas.



- **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. Additionally, homeschooled students who are eligible for special education are entitled to receive these special education services. This is an additional strain on our special education teachers, service providers and evaluation staff.
- **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, students with disabilities and who receive special education services have been hit particularly hard regarding maintaining skills, difficulties regulating social interactions, and difficulty adjusting to virtual/hybrid learning during the pandemic. 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 mental health (severe anxiety/depression)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 within the state-mandated required timelines)
  - Increase in parents/guardians seeking an attorney or advocate assistance for team processes, which often impacts our legal costs
  - 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. It is important to note that the ‘ride time’ for any student, per the state, cannot exceed 60 minutes. This becomes problematic when you have several students attending the same school who live in different communities (given the geographic distance from Ashby to

Pepperell).

- **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. Due to changes in those staff taking benefits, the resulting increase for active employee health insurance is a 9% increase.
- **Circuit Breaker reimbursement** - The state special education reimbursement program, commonly known as the **Circuit Breaker Program**, was started in FY2004 to provide additional state funding to districts for high-cost special education programs. Additionally, the Student Opportunity Act (SOA), signed into law in December 2019, set the threshold to adjust annually by the foundation inflation index, with the state reimbursing up to 75% of eligible costs (instructional and transportation), subject to appropriation. While this money does help offset the cost of special education tuition, the high threshold amount coupled with the fact that many collaborative placement tuitions hover around this threshold number does not assist the district in the way the program was initially intended to since its inception in 2004.

The example below demonstrates how the formula is applied to instructional costs. The instructional formula is:

Average Private School Placement	\$100,000
FY'23 Threshold Amount (the district pays 100% of this)	\$49,494
Resulting amount the district can 'claim' for reimbursement	\$50,506
Amount of money reimbursed to NMRSD for the next fiscal year (at 75% reimbursement rate)	\$37,879

Historically, NMRSD has used this circuit breaker money to help offset the tuition increases and account for new placements (students moving into the district, new placements, etc.), however; the inflation rate of 14% for FY2024 will not allow the circuit breaker monies to offset this increase and is not sustainable.

- **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 special education 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, curriculum

enhancements/additional academic opportunities for students, 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
January 30, 2023	3rd Summit Forum with Towns

<b>February 6, 2023</b>	<b>Joint Boards &amp; Public FY22 Budget Hearing Superintendent's Budget Message - Draft #2</b>
<b>February 7, 2023</b>	<b>Joint Boards &amp; Public FY22 Budget Hearing Snow Date</b>
<b>March 6, 2023</b>	<b>FY22 Budget Adoption Superintendent's Budget Message - Draft #3 (Final)</b>
<b>March 7, 2023</b>	<b>FY22 Budget Adoption - Snow Date</b>
March --, 2023	Anticipated Date of Governor's Budget
May 6, 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.

We understand that this proposed budget is significantly higher than in years past. That said, like FY2023, there are no contingency monies budgeted to compensate for growth or newly identified student needs between now and the fall. In years past, we have accessed revolving accounts to accounts to supplement the operating budget when needs arise, but this is not a sustainable solution. Where we are currently at a point where an override would be necessary to approve the FY2024 budget and where another challenging budget cycle is looming for FY2025, I have asked the building administration to collaborate on making two (2) rounds of reductions:

- Round 1 - \$300K in reductions per level (\$900K total)
- Round 2 - \$300-325K in reductions per level (\$900-975K)

This proposal does not include contingency funds in any area so if reductions are required, these reductions would have to come from current staffing. In addition, early kindergarten projections indicate the possibility that an additional kindergarten teacher may be necessary at both AES and VBES; currently, the VBES kindergarten teacher is not budgeted.

**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 15.7 over the FY2023 original budget.

**Staffing Increases for FY2023 (Will carry into FY2024)**

<b>Position</b>	<b>FTE</b>	<b>Location</b>	<b>FY23 Funding Source</b>	<b>FY24 Funding Source</b>	<b>Projected Cost</b>
<i>Gr. 3 Teacher (K teacher)</i>	1.0	AES	<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>
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	2.0	SECC	Preschool Revolving Fund & Grant	Budget	*\$44,000
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
Academic Transition Coordinator	0.07	NMS	Budget	Budget	\$2,100
Academic Transition Coordinator	0.30	HBMS	Budget	Budget	\$8,700
Speech Language Therapeutic	0.40	SECC	Budget	Budget	\$30,000 Est
Speech Language Therapeutic	0.40	SMS	Budget	Budget	\$30,000 Est
Speech Language Therapeutic	0.20	NMRHS	Budget	Budget	\$14,000 Est
Specialist Teacher Salaries	-0.50	SMS	Budget	Budget	Adjustment to final hires in FY23 (\$27,500) Est
Specialist Teacher Salaries	-0.40	AES	Budget	Budget	Adjustment to final hires in FY23 (\$18,000) Est
Instructional Assistant	1	HBMS	ESSER Grant	Budget	\$22,000
Instructional Assistant	-1.00	VBES	Budget	Budget	(\$22,000)

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**

<b>Position</b>	<b>FTE</b>	<b>Location</b>	<b>Cost</b>	<b>Rationale</b>
Commons Supervision		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		DW	\$10,000	Additional duties
General Asst	1.0	VBES	\$8,650	General Assistant
<i>Gr. K Para</i>	<i>1.0</i>	<i>AES</i>	<i>\$22,000</i>	<i>Budget - Grade K Para potentially needed</i>
Secretary	-1.0	NMRHS	-\$50,000	Move funds to cover security, event supervision
Secretary	.25	DW - Facilities	\$14,313	Requested FY24
Assistant Principal	1.0	SECC	\$95,000	
Teacher LEAP	1.0	HBMS	\$65,000	To be reduced from the 6.34% budget program canceled same day we released budget
Instructional Assistant	2.0	DW	\$44,000	Move from Grant - TBD

**Staffing Requests Not Funded for FY2024**

<b>Position</b>	<b>FTE</b>	<b>Location</b>	<b>Cost</b>	<b>Rationale</b>
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, a few positions in the Central Office will be consolidated and restructured, 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. Additionally, as we replace retiring and exiting staff with new staff members, it can be difficult to predict the health insurance costs, as it can fluctuate significantly based on whether or not a staff member opts into our insurance plans and which plan is selected (ie. individual/family, etc)

**Estimated Contractual Increases for FY2024**

Teacher Steps & Column Moves	\$538,000
Paraprofessional Steps	\$96,437

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.

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%. We will continue to review the current year utility costs. The actual usage is down which is helping offset these increases.

**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 \$6,861,000 which is \$1,891,500 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 (many of whom struggled immensely during and after the pandemic). The expected circuit breaker reimbursement is also higher which is allowing us to allocate more funding towards these costs.

**Special Education**

	<b>FY23</b>	<b>FY23 Projected</b>	<b>FY24 Budget</b>
Collaborative Schools	\$1,782,000	\$2,558,887	\$2,752,000
Private Schools	\$2,970,000	\$3,308,870	\$3,916,000
Massachusetts Schools	\$ 217,500	\$ 154,000	\$ 193,000
<b>Total Tuitions</b>	<b>\$4,969,500</b>	<b>\$6,021,757</b>	<b>\$6,861,000</b>
Paid by General Fund	\$3,474,000	\$3,900,235	\$4,361,000
Paid by Circuit Breaker	\$1,495,500	\$2,121,522	\$2,500,000
<b>Total Tuitions</b>	<b>\$4,969,500</b>	<b>\$6,021,757</b>	<b>\$6,861,000</b>

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 FY2024 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. The total budget is estimated at 9.67% over FY2023.

#### *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)
<b>Total Basis for Chapter 71</b>	<b>\$1,462,287</b>	<b>\$1,522,287</b>	<b>\$1,399,225</b>	<b>\$1,203,754</b>	<b>\$1,381,120</b>	<b>\$1,343,189</b>	<b>\$1,252,993</b>

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
<b>Total</b>			<b>2857</b>	<b>2822</b>	<b>2927</b>	<b>2914</b>	<b>2899</b>	<b>2939</b>

### 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.

**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 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:

<b>Fiscal Year</b>	<b>Certified E &amp; D</b>	<b>Used to support subsequent budget</b>	
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	\$3,055,573	\$2,045,000	Certified excess over \$24,075

**2021 Per Pupil Cost<sup>1</sup>**

North Middlesex Regional School District	\$18,225
Francis W. Parker Charter Essential School	\$19,458
Sizer School, A North Central Charter Essential School	\$18,080
Ayer-Shirley	\$18,364
Ashburnham-Westminster	\$14,920
Belchertown	\$15,420
Bellingham	\$19,438
East Bridgewater	\$15,156
East Longmeadow	\$18,006
Foxborough	\$20,621
Groton-Dunstable	\$18,969
Gil-Montague	\$20,021
Grafton	\$14,927
Hampden-Wilbraham	\$16,971
Harvard	\$21,006
Hudson	\$19,883
Littleton	\$17,778
Lunenburg	\$15,201
Mendon-Upton	\$17,910
Norton	\$17,350
Tewksbury	\$19,139
Tyngsborough	\$17,756
Nashoba Valley Regional Vocational Technical High School	\$20,629
Montachusett Regional Vocational Technical High School	\$21,574

*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* **\$19,113**

- NMRSD 2021 per-pupil cost is \$880 per student below the state average.

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

- 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 - TBD**

- Federal and State Grants - Chapter 70 revenue estimate includes a per-pupil increase of \$30/student. This is pending the initial release of the governor's budget in early March.

### **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 67% of the total certified E&D. E & D funds are replenished by operations from the prior year and are considered one-time funds. The E & D certification was approved on February 2, 2023 and certified at \$3,055,573.
- 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 48 Students from 13 Communities choosing into the district. The district will use school choice funds to offset health insurance costs. We anticipate receiving approximately \$400,000 in school choice funds in FY23.
- The district increased the projected investment income by \$25,000 (for a total of \$45,000) and the expected Medicaid Reimbursement was increased \$90,000 due to increased services. We continue to watch the actual reimbursements through the FY2023 school year to better gauge the trend.

### **Town Assessments**

The new Governor's budget is expected to be released around the beginning of March. Because the state revenue estimate is unavailable until this date and the school funding formula includes many factors, we cannot with certainty estimate the individual towns' assessments ahead of time. The expected minimum local contributions and each town's municipal growth factors are not available at this time. We are able to run anticipated scenarios. Using a projected revenue scenario, town assessments are currently estimated to increase an average of just under 12%. This increase is higher than the district 6.34% budget increase because revenues are relatively flat and any



increase more proportionately affects the towns. Member Towns that experience an increase in the percentage of students or minimum local contributions may result in higher or lower assessments. At this point, enrollment shifts slightly more to Pepperell and Ashby, and Townsend's percentage of the district is projected to be 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 being made for the ARP projects. We will update the final debt service when available.

### **Federal and State Grants**

The district receives a number of state and federal grants. 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	\$0
● Genocide Education	\$40,000 (over two years)
● Math Acceleration Academies	\$81,900
● Investigating History	\$5,340

*Cares Act and Esser Fund Awards*

● ESSER I	Complete
● 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 \$49,494) 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 is budgeting to use \$2,500,000 in circuit breaker funding to offset the tuition costs. The FY2023 reimbursement amount is expected to be \$2,419,172.

**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 currently 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 in revenue in FY2022 and has received \$10,310 in FY2023(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 FY2023 (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 FY2023 (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 FY2023 (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 FY2022. 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 a 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 programs and the indirect costs associated with running the program.

Tuition-In Revolving - The district has some students that pay tuition to attend district special education 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 was \$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 FY2022 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.
- Educators, paraprofessionals, and all district staff 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 and keeping up with technological advancements in our classrooms is an important component of a quality teaching and learning environment.
- An agile central administration is necessary to serve a complex and changing 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.