

FY26 Budget Presentation to Select Board: Revised New Growth Estimate

April 7, 2025



HUDSON
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Revised New Growth



LEVY CALCULATION	Actual FY2025	1/13/2025 Estimate for Budget FY2026	3/25/2025 Revised Estimate FY2026
PRIOR YEAR LEVY LIMIT	61,018,787	63,087,649	63,087,649
2.5 PERCENT	1,525,470	1,577,191	1,577,191
NEW GROWTH	543,392	625,000	2,200,000
CURRENT YEAR LEVY LIMIT	63,087,649	65,289,840	66,864,840
DEBT EXCLUSION TAX YIELD	3,719,522	3,423,518	3,423,518
MAXIMUM ALLOWABLE LEVY	66,807,171	68,713,358	70,288,358
TAX	66,774,365	68,713,358	68,713,358
EXCESS	32,806	(0)	1,575,000

Distribution of Additional New Growth and Override Funds



	FY26	FY27	FY28	FY29
Add'l New Growth - Town Proposed	\$325K	—	—	—
Add'l New Growth - School Proposed	\$1.25M	—	—	—
Override Per Fiscal Year-Town (\$650K)	\$325K	\$325K	\$0	\$0
Override Per Fiscal Year-School (\$3.3M)	\$2.05M	\$500K	\$500K	\$250K
Total Funds	\$3.95M	\$825K	\$500K	\$250K

4-year Override-Related Tax Impact AFTER Revised New Growth Estimate



Override Tax Impact / Excess Levy					
	FY26	FY27	FY28	FY29	Total
Override Per Fiscal Year-Town	\$325K	\$325K	\$0	\$0	\$650K
Override Per Fiscal Year-School	\$2.05M	\$500K	\$500K	\$250K	\$3.3M
Total Override by Fiscal Year	\$2.375M	\$825K	\$500K	\$250K	\$3.95M
Estimated Tax Impact on Residents - Avg Single Family Home (Dept of Revenue Property Tax Impact Calculator)	\$287	\$100	\$64	\$29	\$480
Excess Levy Capacity	\$1.575M	\$750K	\$250K	\$0	\$2.575M

Budget A and Budget B: Revised New Growth Estimate



Town Budget A: Failed Override

No longer relies on \$325,000 of Free Cash to balance the budget

Town Budget B: Passed Override

5.6 FTEs restored from Budget A cuts

School			
Budget A: Failed Override		Budget B: Passed Override	
Budget A	\$45,386,703	Budget A	\$45,386,703
Additonal New Growth	\$1,250,000	Additional New Growth	\$1,250,000
Override Funds	\$0	Override Funds	\$2,050,000
Revised Budget A	\$46,636,703	Budget B	\$48,686,703

5-year Projected Budget Gap

BEFORE Revised New Growth Estimate

Projected Budget Gap by Fiscal Year					
Scenario	FY26	FY27	FY28	FY29	FY30
Failed Override in FY26 and Assumed 2.5% Appropriation Increase in Subsequent Years	<div>\$3.3M</div> <div>Reduced from Level Service Budget Gap of \$4.4M</div>	\$3.8M	\$4.3M	\$4.8M	\$5.3M
Passed Override in FY26 and Assumed 2.5% Appropriation Increase in Subsequent Years	\$0	\$500K	\$1M	\$1.5M	\$2M

5-year Projected Budget Gap

AFTER Revised New Growth Estimate

Projected Budget Gap by Fiscal Year					
Scenario	FY26	FY27	FY28	FY29	FY30
Failed Override with revised New Growth estimate and Assumed 2.5% Appropriation Increase in Subsequent Years	\$2.05M <small>Reduced from Level Service Budget Gap of \$3.15M</small>	\$2.5M	\$3M	\$3.5M	\$4M
Passed Override with revised New Growth estimate and Phased-In Use of Override Funds (FY26-FY29)	\$0	\$0	\$0	\$250K	\$500K

Distribution of New Growth and Override Funds					
	FY26	FY27	FY28	FY29	FY30
New Growth in FY26	\$1.25M	\$0	\$0	\$0	\$0
Override Funds (3.3M Total)	\$2.05M	\$500K	\$500K	\$250K	\$0

Budget Gap and Potential Gap-Closing Measures

FY25 (This Year)

\$3.8M Budget Deficit

Closed by Using 1-Time Funds

- ☐ Circuit Breaker
- ☐ School Choice

FY26 (Next Year with Revised New Growth Estimate)

\$3.15M Budget Deficit

Partially Closed Through Reductions (\$1.1M)

- ☐ 12 Positions
 - ☐ 8 Instructional
 - ☐ 4 Administrative
- ☐ 2 Buses

These reductions **will not** be reinstated. They contribute to the reduction of the requested override amount (\$3.15M reduced to \$2.05M)

Failed override requires additional reductions (\$2.05M)

- ☐ 20-30 Positions in FY26, 4-6 additional per year
- ☐ Impact on class size
- ☐ Reduced student support
- ☐ Reduced opportunities and programs
- ☐ Increased fees

Passing the override avoids these reductions and fees, and creates budget stability for the School Department through FY30

Successful Override:

What About FY30 and Beyond?

FY30 and Beyond (with Revised New Growth Estimate)	
Projected Deficit / Impact	Possible Long-Term Solutions
<div>\$500K Per Year (FY30 and Beyond)</div> <ul style="list-style-type: none"> ❑ Reduce ~4-6 Positions Per Year ❑ Increase Fees ❑ Reduce Programming ❑ Use of Reserve Funds 	<ul style="list-style-type: none"> ❑ Increases in state funding as a result of proposed legislation ❑ Study completed to review space needs and district structure ❑ New transportation contract in FY28 ❑ Town of Hudson New Growth

Revised New Growth Estimate: Summary of Impact

- The **needs** outlined by the Hudson Public Schools at the start of the FY26 budget development process remain **unchanged**
- The **budget drivers** that have led to our current circumstances remain **unchanged**
- Future increases to New Growth has been an important part of our projected sustainability plan since the fall of 2024.
- The recent revision to the New Growth estimate for FY26 allows us to realize sustainability sooner than expected
- Keeping the override amount the same allows us to:
 - Sustain a Level Service School Budget through at least FY30
 - Phase-in the property tax impact on residents over 4 years