



School Committee – Finance Committee

Strategic Financial Plan
Joint Meeting
December 6, 2022

Student Enrollment Facts



From 2018 to 2029, the U.S. Department of Education anticipates changes in PK-12 enrollment of +3.3% in the South; +0.9% in the West, -1.8% in the Midwest; and -2.6% in the Northeast.

State	Fall 2018 PK - 12	Fall 2029 Projected	PK-12 Decline	% Change, 2018-2029
CT	526,634	478,000	-48,634	-9.2%
ME	180,461	174,500	-5,961	-3.3%
MA	962,297	945,400	-16,897	-1.8%
NH	178,515	166,100	-12,415	-6.9%
RI	143,436	139,900	-3,536	-2.5%
VT	87,074	82,000	-5,074	-5.8%

SOURCE: U.S. Department of Education, National Center for Education Statistics, Table 203.20, August 2020

Note: Data collected prior to 2020 Coronavirus pandemic.

Although most New England districts are seeing a decline in the number of births, NESDEC's experience indicates that the impact on enrollment varies from one district to the next. Almost half of New England Districts have been growing in PK-12 enrollment, and a similar number are declining (often in rural areas), with the other districts remaining stable.

255 New Students Enrolled

Grade	# Students	Grade	# Students	Grade	# Students
K	157	5	13	8	4
1	20	6	4	9	8
2	7	7	6	10	6
3	9	Total	23	11	7
4	12			12	2
Total	205			Total	27

New Enrollments through 11-8-22

High Needs Group – Historical

School Year	Total Enrollment	SWD%	High Needs %	ELL%	Low Income %	First Language Not English %
13-14	2947	16.6	37.7	5.9	25.6	14.4
14-15	2876	16.8	33.4	4.9	16.9	14.4
15-16	2811	16.8	35.6	6.5	19.0	16.2
16-17	2643	17.0	36.4	7.5	21.5	17.7
17-18	2633	17.0	38.2	9.3	22.1	20.2
18-19	2544	16.7	38.9	9.6	20.8	23.0
19-20	2566	16.9	42.1	11.4	25.5	25.4
20-21	2416	17.6	45.9	12.9	29.6	27.6
21-22	2336	18.3	51.3	13.9	38.6	29.6
22-23**	2402	21.0		15.5		31.8

** Enrollment as of 11-8-22
 Historical Data – Based on October 1 Report

FY19 – FY23 Budget Accomplishments

- Therapeutic Stabilization Program at Forest Ave.
- Therapeutic Social-Emotional Program at Farley Elementary
- Bridge Program at Hudson High
- Child Development Program at Mulready Elementary
- HARBOR Program at Hudson High School
- PACE (Providing an Alternative, Caring Environment) Program at Quinn Middle School
- Dual Language Program
- Quinn Middle School New Courses
- Hudson High School New Courses
- Elementary Schools - New STEM Areas
- STEAM Block at Farley Elementary
- Hudson High School Pathways
- Hudson High School New Courses
- Seal of Biliteracy
- Elementary Schools - New STEM Areas
- Performing Arts Pathway
- Wellness Program at Quinn Middle School

FY19 – FY23 Budget Accomplishments

- Budget Sustainability Plan
- New District Website
- New Food Service Provider
- Portuguese Parent Liaison/Registrar
- 1:1 Technology Program expanded to grades PreK – 12
- Edmentum – On-line support for the Harbor Program and for Credit Recovery
- Language-Based Services at all three levels: Elementary/Middle/High
- Welcome Center Liaison
- Expanded services through the hiring of additional:
 - School Psychologist
 - Special Education Teacher
 - English Learners Teacher
 - Physical Therapist
 - Technology Integration Specialist
 - ABA Therapist
 - Instructional Coaches
 - School Adjustment Counselor
 - Board Certified Behavior Analyst
 - Technology Maintenance Assistant
- SEL Psychiatric Support Services

HUDSON



PUBLIC SCHOOLS

Delivering world-class education today
for the global leaders of tomorrow

Strategic Financial Plan

DECEMBER 6, 2022

Marco C. Rodrigues – Superintendent

Daniel Gale – Director of Finance and Operations

School Committee / Finance Committee

Strategic Financial Plan

Budget Outlook

The Hudson Public Schools provides outstanding programs and services for our students and we are proud of our educators and support personnel who care for our students each and every day. Yet, the District is facing a hard reality: student enrollment continues to decline; the achievement gap among student subgroups persists; and the cost associated with high needs population continues to rise.

The path ahead is challenging even while we continue with prudent allocation of resources. We must simultaneously be more efficient with the resources we have and more effective in the way we spend. Together, we must take courageous, strong, and consequential actions that right size our District finances while delivering excellent educational programs for ALL students.

Through the Zero-Based Budget approach, the District will continue to analyze all expenses generated by personnel, programs, and services and by allocating resources aligned with the priorities of the District Improvement Plan. The District will also accurately track and analyze student enrollment, resource allocations, Special Education services costs, and forecast cost increases for the next three to five years. This process will assist the District to better project future revenues and control expenditures while meeting the needs of our students.

Statement of the Problem

For several years, the District has faced funding challenges associated with the rising costs of programs and services. The increase in the annual expenditures necessary to provide level services to Hudson has consistently superseded the total revenue from Town Appropriation, Circuit Breaker, and School Choice receipts, creating annual budget gaps.

One main reason for the persistent gap in revenue is the District's reliance on the School Choice funds to balance the budget. The District has been relying on 5-6% of revenue (over \$2,000,000) coming from the School Choice account each year when new School Choice revenue is only in the range of 1-2% of total revenue (about \$1,000,000) each year.

Since the pandemic closed down schools in March 2020, several new factors have combined to paint a new picture of our long-term budget stability. These factors are summarized below.

Pandemic-Related Town Funding Reduction

The pandemic has had an impact on state and local revenue for FY21 and FY22. Based on expected local town revenue shortfalls due to the pandemic, all town department budgets were reduced by 2% in June 2020, a reduction of \$800,000 for the School Department. Besides FY21, Town appropriation's increases have been consistently in the 2.5-2.8% range and FY23 was 2.75%. The School Department budget is in need to recoup the \$800,000 cut as well as have the annual Town Appropriation increase be consistently above 3%. Due to the 2% cuts in FY21, increase need for staffing from effects of the pandemic, and our expected additional costs that will hit our budget in FY25, the school department's

budget is projected to have a revenue gap starting in FY25. Although our School Choice balance has significantly increased, that is one-time surplus that will only mask the budget revenue issue for a few years. A full restoration of the 2% cuts would keep the school department budget stabilized through FY25. There will still be a revenue/expense gap but it can be somewhat delayed by an increase in town appropriation.

Federal Pandemic-Related Funding

In FY23 and FY24, the School Department has available approximately \$1.7 million from the ESSER grant. These funds will go towards pandemic-related expenses and fund salaried positions to help accelerate learning as we hopefully move past the pandemic in the next couple years. Beside funding additional expenses and salaries, ESSER can supplant expenses that would normally come from our local budget, which will allow us to rely a little less on School Choice over the next couple years. In FY25, when the grant is no longer available, we will need to start to fund any additional staffing and expenses from our local budget.

Pandemic-Related Budget Savings

In FY20 and FY21, due to significant budget savings in personnel and expense costs, the amount budgeted to be spent from the School Choice Account were not needed. For Personnel, it was difficult to replace staff as the applicant pool for in-school staffing had vanished. Unfilled positions including lack of substitute teachers, created significant savings. On the expense side, fewer materials were purchased and hybrid schooling created savings in transportation costs as well as out-of-district tuition costs. Some of these savings were offset by the higher costs private staffing that was needed to fill some vacant positions. Overall, the savings in FY20 and FY21 were significant. In FY22, the District continues to see some savings that again allowed the District to underspend budgeted amounts. We are tracking FY23 to see how expenses are trending.

Pandemic-Related Staffing Increases

Several positions for academic and behavioral needs have been added during FY22 and FY23 school year. We expect to continue to need these positions moving forward and possibly need additional staffing to meet these increasing needs. The current positions are funded by the ESSER III grant but will need to be funded by the Town Appropriation starting in FY25.

High Needs Student Enrollment Increases

Over the last few years, Hudson Public Schools has seen a large increase in the high needs student population. In FY22/FY23 we added English Learner Teachers, Special Education Teachers, Adjustment Counselors, and other support staff to address students' needs. We also have a new Family Liaison budgeted through ESSER III grant to help with all of the significant amount of work to enroll, support, and track the progress of English Learners.

Chapter 70 State Aid

Chapter 70 is the Mass General Law that governs the State funding for schools. Hudson has been receiving minimum Chapter 70 State Aid increases for several years. When the Chapter 70 formula calculates how much aid Hudson needs, it shows that we have sufficient aid and only gives Hudson the minimum increase of \$30 per pupil. In the State's FY23 Budget, as part of the 2nd year of implementation of the Student Opportunity Act (SOA), the legislature raised the minimum to \$60 per pupil giving Hudson an additional \$73K in Chapter 70 funding. Although Hudson is getting the minimum increase in Chapter 70 aid in FY23, there is hope that as the SOA is fully implemented from FY24 through FY27, the increase in the foundation budget formulas rates could result in an additional State Aid increase for Hudson. State Aid has "hold harmless" provisions, which does not allow decreases so Hudson could depend on increased amount of funding for future year budgets. Recently the State passed the "millionaire's tax". The SOA, passed in 2019, pledged \$1.5 billion of increased funding to education. At the time, there was not a clear way to fund this Act. Our belief, at this time, is that the millionaire's tax will help fund the existing SOA funding goals and not necessarily drive increase funding above the SOA funding.

Long-term Financial Projections

The District has developed multi-year projection documents to help the District and the Town to have an outlook on our future budget needs. The following charts display scenarios for different projections.

Table 1**School Level-Service Budget Projections and Actuals FY20-FY28 (updated 12-6-22)**

	FY28 Budget	FY27 Budget	FY26 Budget	FY25 Budget	FY24 Budget	FY23 Projected	FY23 Budget	FY22 Actual
Personnel Expenses	\$42,521,278	\$41,282,794	\$40,080,383	\$38,912,993	\$37,143,682	\$35,500,864	\$35,697,750	\$33,245,005
Personnel Increase %	3.00%	3.00%	3.00%	4.76%	4.05%	3.20%	3.77%	3.90%
General Expenses	\$8,388,602	\$8,224,119	\$8,062,862	\$7,904,767	\$7,602,712	\$7,213,155	\$7,257,561	\$6,746,960
Gen Expense Increase %	2.00%	2.00%	2.00%	3.97%	4.76%	4.18%	4.82%	2.83%
Transportation Expenses	\$2,679,157	\$2,626,624	\$2,575,122	\$2,524,629	\$2,328,068	\$2,328,000	\$2,243,204	\$2,043,515
Transportation Increase %	2.00%	2.00%	2.00%	8.44%	3.78%	-0.09%	-3.73%	27.22%
Total Expenses	\$53,589,036	\$52,133,538	\$50,718,367	\$49,342,389	\$47,074,463	\$45,042,020	\$45,198,515	\$42,035,480
Total Estimated Increase % Needed	2.79%	2.79%	2.79%	4.82%	4.15%	3.18%	3.53%	4.65%
Estimated Appropriation	\$49,592,179	\$47,915,149	\$46,294,830	\$44,729,304	\$43,216,719	\$41,755,284	\$41,562,375	\$40,450,000
Approp. Increase %	3.50%	3.50%	3.50%	3.50%	3.50%	3.23%	2.75%	2.80%
Circuit Breaker Revenue	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,182,672	\$1,016,408	\$1,016,408	\$896,245
School Choice Revenue	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$900,000	\$793,752
School Choice Additional	\$0	\$0	\$0	\$1,374,816	\$1,675,072	\$1,270,328	\$1,719,732	\$0
Total Revenue	\$51,692,179	\$50,015,149	\$48,394,830	\$48,204,120	\$47,074,463	\$45,042,020	\$45,198,515	\$42,139,997
Difference	-\$1,896,857	-\$2,118,389	-\$2,323,537	-\$1,138,269	\$0			
School Choice Balance			\$0	\$0	\$1,374,816	\$3,049,888		\$4,320,215

Table 2**School Level-Service Budget Projections and Actuals FY20-FY28 (updated 12-6-22)**

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Personnel Increase %	3.00%	3.00%	3.00%	4.76%	4.05%	3.20%	3.77%	3.90%
General Expenses	\$8,388,602	\$8,224,119	\$8,062,862	\$7,904,767	\$7,602,712	\$7,213,155	\$7,257,561	\$6,746,960
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Transportation Increase %	2.00%	2.00%	2.00%	8.44%	3.78%	-0.09%	-3.73%	27.22%
Total Expenses	\$53,589,036	\$52,133,538	\$50,718,367	\$49,342,389	\$47,074,463	\$45,042,020	\$45,198,515	\$42,035,480
Total Estimated Increase % Needed	2.79%	2.79%	2.79%	4.82%	4.15%	3.18%	3.53%	4.65%
Estimated Appropriation	\$50,555,111	\$48,845,518	\$47,193,738	\$45,597,814	\$43,634,272	\$41,755,284	\$41,562,375	\$40,450,000
Approp. Increase %	3.50%	3.50%	3.50%	4.50%	4.50%	3.23%	2.75%	2.80%
Circuit Breaker Revenue	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,182,672	\$1,016,408	\$1,016,408	\$896,245
School Choice Revenue	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$1,000,000	\$900,000	\$793,752
School Choice Additional	\$0	\$0	\$147,794	\$1,644,575	\$1,257,519	\$1,270,328	\$1,719,732	\$0
Total Revenue	\$52,655,111	\$50,945,518	\$49,441,532	\$49,342,389	\$47,074,463	\$45,042,020	\$45,198,515	\$42,139,997
Difference	-\$933,925	-\$1,188,019	-\$1,276,835	\$0	\$0			
School Choice Balance			\$0	\$147,794	\$1,792,369	\$3,049,888		\$4,320,215

FY25 Budget Additions from ESSER Covid Grant

Grant Funded Positions Anticipated to transfer to School Dept General Fund in FY25

Position	FTE	Amount
Academic Staffing	2	\$ 187,000.00
Clinical Staffing	4	\$ 326,000.00
Health Services Staffing	0.5	\$ 30,000.00
Family Liaison Support Staff	1	\$ 47,000.00
Technology Support Staff	1.5	\$ 65,000.00
	<u>9</u>	<u>\$ 655,000.00</u>

Grant Funding Expenses Anticipated to transfer to School Dept General Fund in FY25

General Expenses - Academic/Tech	\$ 150,000.00
Transportation - 2 buses	\$ 150,000.00
	<u>\$ 300,000.00</u>