

Hudson Public Schools Finance - Revenue and Expense Overview

Chapter 70 State Aid for K-12 Districts

Chapter 70 State Aid is determined through the Foundation Budget formula which has many variables including enrollment, demographics (EL and low-income increments), inflation, and town's ability to pay. There is a rule that a district's aid can never go down and will always increase by at least \$30 per pupil. The legislature has increase the minimum aid to \$60 per pupil in recent years. Any increase in Chapter 70 State Aid can be counted on in future years to only increase. The Student Opportunity Act set out a goal to increase the rates for each category over six years which can potentially yield Hudson an increase each year through FY27. State Aid is paid to the Town and helps offset \$13 million of the District's appropriation.

	Foundation	Foundation	Required				
	Enrollment	Budget	Contribution	c70 formula	c70 aid	c70 increase	Per Pupil
FY20	2658	29,439,397	17,734,729	11,704,668	12,020,446	79,740	30
FY21	2658	30,603,552	18,666,759	11,936,793	12,020,446	0	0
FY22	2512	30,183,665	18,931,449	11,252,216	12,095,806	75,360	30
FY23	2432	31,921,912	20,140,158	11,781,754	12,241,726	145,920	60
FY24	2417	34,207,458	21,209,511	12,997,947	12,997,947	756,221	60

Town Appropriation

The town appropriation typically ranges from 2.5-2.8% over the previous year. In FY21, the expected 2.78% increase was reduced to .78% due to an assumed reduction of local revenue due to the pandemic. This was an \$800,000 reduction to the school budget and is part of the reason for the district's anticipated budget shortfall. In FY23, due to a reduction in assessment from Assabet Regional School, the Select Board voted to give a one-time additional appropriation on \$192,909, which is not reflected in the table. In FY24, the expected 2.75% increase was increased by \$600,000 to 4.19% due to a significant increase in state aid. A 2.75% increase is assumed going forward unless state aid increases or other revenue increases.

	Town	% Increase
	Appropriation	
FY20 Actual	39,043,303	
FY21 Actual	39,349,090	0.78%
FY22 Actual	40,450,000	2.80%
FY23 Actual	41,562,375	2.75%
FY24 Actual	43,305,340	4.19%
FY25 Estimated	44,496,237	2.75%

Circuit Breaker

Circuit Breaker is paid directly to the School District and reimburses districts for up to 75% of the special education costs that exceed a per pupil threshold, which is \$51,721 in FY24. Circuit Breaker reimburses special education costs per student including tuition and transportation costs. Reimbursement of transportation was added as part of the Student Opportunity Act and it has been phased in starting in FY22. The reimbursement is paid out in the following fiscal year. Hudson Public Schools uses Circuit Breaker revenue as a budget offset in the year after it is received. In FY24, special education private schools increased their tuition rates by 14%. We will submit a claim for Circuit breaker reimbursement for these FY24 expenses in June 2024 and receive the resulting revenue in FY25. That revenue will offset the FY26 budget.

Year Expenses Incurred	Year Revenue Received	Year Budgeted and Spent	Tuition Reimburse.	Transportation Reimburse.	Revenue Amount
FY19	FY20	FY21	996,184	0	996,184
FY20	FY21	FY22	896,245	0	896,245
FY21	FY22	FY23	968,065	48,343	1,016,408
FY22	FY23	FY24	920,189	272,322	1,182,672
FY23	FY24	FY25	1,115,743	316,044	1,431,788

School Choice

School Choice is paid directly to the School District and is funded \$5,000 per pupil plus reimbursement for any Special Education costs. The District manages School Choice enrollment per grade with the intent to not need to add a teacher to educate these students.

FY	Receiving		Sending	
	FTE Pupils	Tuition	FTE Pupils	Tuition
2020	108.08	659,456	20.52	160,747
2021	124.7	805,237	18.27	134,797
2022	145.2	1,091,923	22.6	184,914
2023	155	1,081,186	19.1	171,783

District Budget Information

The District has several funding sources including town appropriation, direct funding from the State, grants(Federal,State, private), and other special revenue accounts. The town appropriation typically ranges from 2.5-2.8% over the previous year. Historically the District has relied on the one-time revenue in the School Choice account to balance the budget. During FY20-FY22, the District realized savings related to the pandemic, in combination with significant pandemic grant funding, that reduced the usage of School Choice funds. Increased reliance on school choice balance is expected in FY24 and beyond (until it is exhausted) because of increased costs in personnel and transportation.

Revenue	FY22 Budget	FY23 Budget	Increase		FY22 Actual	FY23 Actual
Town Appropriation	40,450,000	41,562,375	2.75%		40,450,000	41,755,284
Circuit Breaker	896,245	1,016,408	13.41%		896,245	1,016,408
School Choice	700,000	900,000	28.57%		793,752	1,000,000
School Choice Balance	1,609,473	1,719,732	6.85%		0	1,072,788
Total Revenue	43,655,718	45,198,515	3.53%		42,139,997	44,844,480

Revenue	FY23 Budget	FY24 Budget	Increase		FY23 Actual	FY24 Estimate
Town Appropriation	41,562,375	43,305,340	4.19%		41,562,375	43,305,340
Circuit Breaker	1,016,408	1,182,672	16.36%		1,016,408	1,182,672
School Choice	900,000	1,000,000	11.11%		1,081,186	1,000,000
School Choice Balance	1,719,732	1,426,994	-17.02%		110,251	1,426,994
Total Revenue	45,198,515	46,915,006	3.80%		43,770,220	46,915,006

Revenue	FY24 Budget	FY25 Estimate	Increase		FY24 Estimate	FY25 Estimate
Town Appropriation	43,305,340	44,496,237	2.75%		43,305,340	44,496,237
Circuit Breaker	1,182,672	1,431,788	21.06%		1,182,672	1,431,788
School Choice	1,000,000	1,000,000	0.00%		1,000,000	1,000,000
School Choice Balance	1,426,994	2,776,499	94.57%		1,426,994	2,776,499
Total Revenue	46,915,006	49,704,524	5.95%		46,915,006	49,704,524

Other District Budget Information

The Budget including Town Appropriation, Circuit Breaker, and School Choice is allocated into three categories: Personnel, General Expenses, and Transportation. Within Personnel, the District budgets a \$750,000 vacancy factor assuming savings from unfilled positions, unpaid absences, and other variances. Employees typically receive a 2% raise as well as any union salary schedule step and lane increases. The salary increases are a significant portion of the total school budget increase each year. The District adds positions based on meeting compliance, maintaining class size, and to meet programatic needs. General Expenses budget includes full use of last year's Circuit Breaker reimbursement as a funding source. The biggest increases in this category are usually Special Education tuitions, instructional books/materials, technology, and utilities. Transportation budget includes costs of big yellow buses, in-district specialized transportatoin, out-of-district specialized transportation, athletic transportation, and field trips. The biggest increases in this category are if contractual rates increase or if we need to add a bus or van route. The main factor in FY25 is that we need to bid for a new 5 year contract.

	FY21	FY22	FY23	FY24	FY24 vs FY23	FY25	FY25 vs FY24
Personnel	33,361,014	34,401,713	35,697,750	36,822,456	3.2%	38,510,130	4.6%
General Expenses	6,519,446	6,924,005	7,257,561	7,777,733	7.2%	8,783,287	12.9%
Transportation	2,268,465	2,330,000	2,243,204	2,314,818	3.2%	3,111,114	34.4%
Total Expenses	42,148,926	43,655,718	45,198,515	46,915,007	3.8%	50,404,531	7.4%

Grants/ESSER

The main categories of grants are entitlement grants that we get each year based on student demographics, competitive grants that we can apply for, and pandemic-related grants. We have seen an increase in grant funding which can help offset new and existing programming. The ESSER pandemic grants will expire at the end of FY24. In FY25, when those grant funds expire, we expect to have approximately \$508,000 of salaries and \$300,000 of expenses that may need to be incorporated in our general budget. See ESSER Budget page for more details.