

## **Budget Planning Update – 2.29.24**

### **Personnel –**

No union contracts in negotiations for FY25

Continue to have issues hiring and relying on agencies

6 FTEs in ESSER that are still needed ongoing, projections also assume 1 additional FTE added

The district is analyzing all current positions and expect to repurpose some positions to offset the FTE being added to the general fund from ESSER

### **Expenses-**

Curriculum, instruction, and facility budgeted expenses, in aggregate, are not increasing from FY24 to FY25

Assuming \$700,000 increase in out-of-district tuition. As needed, this will be offset by using additional Circuit Breaker funds. District is hoping to receive Circuit Breaker Relief funds in FY24 that will also help.

Contracted Services may still need to be increased in FY25, above what is currently projected, as we continue to rely on agencies for staffing

Technology increases include \$65K for CrowdStrike cybersecurity protection, we are looking for grants and government funding to help fund the cybersecurity increase. \$93K for Grade 1 Chromebooks and charging carts in FY25, potentially can offset with remaining ESSER funds.

### **Transportation-**

Assuming \$1,000,000 contractual increases for in and out of district transportation based on bid received in late January. The bid includes a 7% increase per year for future fiscal years.

Currently 2 buses are funded by ESSER. We will analyze routing with the bus company to see if there is a possibility to reduce 1 or 2 buses to avoid this increased cost to the general fund.

### **Revenue –**

Assuming 2.25% FY25 appropriation increase over the FY24 appropriation

Chapter 70 is increasing by \$70K based on the Governor's budget published in late January

FY24 Circuit Breaker revenue of \$1,431,788 will be used to offset the FY25 budget. FY25 Circuit Breaker revenue will likely be needed to balance the FY25 budget. Typically the current year revenue is only used to offset the following year's budget.

The FY25 budget projections assume that we will use the estimated \$1,000,000 of the FY25 School Choice revenue as well as \$2.79 million of School Choice reserve to balance the budget. This would fully exhaust our School Choice reserve balance.

In a two year period of FY24 and FY25, the budget projections estimates exhausting approximately \$5.5 million of reserve funding. FY26 assumes no reserve funding used and a \$4.7 million budget gap

**Table 1****School Level-Service Budget Projections and Actuals FY22-FY30 (updated 1-30-24)**

	FY30 Budget	FY29 Budget	FY28 Budget	FY27 Budget	FY26 Budget	FY25 Budget	FY24 Budget	FY23 Projected	FY23 Budget	FY22 Actual
Personnel Expenses	\$45,041,981	\$43,657,263	\$42,312,876	\$41,007,647	\$39,740,434	\$38,510,130	\$36,822,456	\$34,646,703	\$35,697,750	\$33,245,005
Personnel Increase %	3.17%	3.18%	3.18%	3.19%	3.19%	4.58%	3.15%	4.22%	3.77%	3.90%
General Expenses	\$10,182,237	\$9,885,667	\$9,597,735	\$9,318,189	\$9,046,786	\$8,783,287	\$7,777,733	\$7,040,973	\$7,257,561	\$6,703,716
Gen Expense Increase %	3.00%	3.00%	3.00%	3.00%	3.00%	12.93%	7.17%	5.03%	4.82%	2.17%
Transportation Expenses	\$4,698,663	\$4,432,701	\$4,181,793	\$3,945,088	\$3,721,781	\$3,511,114	\$2,314,818	\$2,275,454	\$2,243,204	\$2,043,515
Transportation Increase %	6.00%	6.00%	6.00%	6.00%	6.00%	51.68%	3.19%	11.35%	-3.73%	27.22%
<b>Total Expenses</b>	<b>\$59,922,880</b>	<b>\$57,975,631</b>	<b>\$56,092,405</b>	<b>\$54,270,924</b>	<b>\$52,509,001</b>	<b>\$50,804,531</b>	<b>\$46,915,007</b>	<b>\$43,963,129</b>	<b>\$45,198,515</b>	<b>\$41,992,236</b>
Total Estimated Increase % Needed	3.36%	3.36%	3.36%	3.36%	3.35%	8.29%	3.80%	0.70%	3.53%	4.55%
Estimated Appropriation	\$50,098,428	\$48,876,515	\$47,684,405	\$46,521,371	\$45,386,703	\$44,279,710	\$43,305,340.31	\$41,755,284	\$41,562,375	\$40,450,000
Approp. Increase %	<b>2.50%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.50%</b>	<b>2.25%</b>	<b>4.19%</b>	3.23%	2.75%	2.80%
Circuit Breaker Revenue	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,400,000	\$1,431,788	\$1,182,672	\$1,033,689	\$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	\$1,000,000	\$1,081,186	\$900,000	\$793,752
Circuit Breaker Additional	\$0	\$0	\$0	\$0	\$0	\$1,299,253				
School Choice Additional	\$0	\$0	\$0	\$0	\$0	\$2,793,780	\$1,426,994	\$99,442	\$1,719,732	\$0
<b>Total Revenue</b>	<b>\$52,498,428</b>	<b>\$51,276,515</b>	<b>\$50,084,405</b>	<b>\$48,921,371</b>	<b>\$47,786,703</b>	<b>\$50,804,531</b>	<b>\$46,915,007</b>	<b>\$43,969,601</b>	<b>\$45,198,515</b>	<b>\$42,139,997</b>
<b>Difference</b>	<b>-\$7,424,452</b>	<b>-\$6,699,115</b>	<b>-\$6,008,000</b>	<b>-\$5,349,553</b>	<b>-\$4,722,298</b>	<b>\$0</b>	<b>\$0</b>			

<b>School Choice Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$2,793,779</b>	<b>\$4,220,774</b>		<b>\$4,320,215</b>
<b>Circuit Breaker Balance</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$100,747</b>	<b>\$1,431,788</b>	<b>\$1,182,672</b>		<b>\$1,033,689</b>

	FY30 Budget	FY29 Budget	FY28 Budget	FY27 Budget	FY26 Budget	FY25 Budget	FY24 Budget	Notes
Personnel Details	3% plus 1 FTE	3% plus 1 FTE	3% plus 1 FTE	3% plus 1 FTE	3% plus 1 FTE	3% plus 7 FTE	2.3% plus 5 FTE	FY25 6 of the FTEs from ESSER, 1 Add
Expense Details	3%	3%	3%	3%	3%	2% plus \$150K plus \$700,000	7.17%	FY25 \$150k for tech devices, \$700K for out-of-district tuition
Transportation Details	6%	6%	6%	6%	6%	2% plus \$150K, plus \$1,000,000	3.19%	FY25 \$150K from ESSER for 2 buses, \$1,000,000 due to expected contractual increases

	FY30 Budget	FY29 Budget	FY28 Budget	FY27 Budget	FY26 Budget	FY25 Budget
Total Expense Growth \$	\$1,947,250	\$1,883,226	\$1,821,480	\$1,761,923	\$1,704,469	\$3,889,525
Town Approp. Growth \$	\$1,221,913	\$1,192,110	\$1,163,034	\$1,134,668	\$1,106,993	\$974,370
Funding Gap Yearly Growth	\$725,337	\$691,116	\$658,446	\$627,256	\$597,477	\$2,915,155
Approp. Increase Needed	3.98%	3.95%	3.92%	3.88%	3.85%	9.23%

## 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.

	<b>Foundation</b>	<b>Foundation</b>	<b>Required</b>				
	<b>Enrollment</b>	<b>Budget</b>	<b>Contribution</b>	<b>c70 formula</b>	<b>c70 aid</b>	<b>c70 increase</b>	<b>Per Pupil</b>
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
FY25	2407	35,380,192	22,433,888	12,946,304	13,070,157	72,210	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. We expect 2.25% in FY25 and a 2.5% increase is assumed going forward unless state aid increases or other revenue increases.

	<b>Town</b>	<b>% Increase</b>
	<b>Appropriation</b>	
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 Proposed	44,279,710	2.25%

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. The district will submit the School Choice claim in April 2024 which will determine FY24 revenue.

FY	Receiving		Sending	
	FTEPupils	Tuition	FTEPupils	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	44,279,710	2.25%		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	3,876,506	171.66%		1,426,994	3,876,506
Total Revenue	46,915,006	50,588,004	7.83%		46,915,006	50,804,531

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 we need to add a bus or van route. Another factor coming in FY25 is when we 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%	3,511,114	51.7%
Total Expenses	42,148,926	43,655,718	45,198,515	46,915,007	3.8%	50,804,531	8.3%

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.