



**North Middlesex Regional School District
Superintendent's FY2025 Budget Message
March 14, 2024**

Brad M. Morgan, Superintendent of Schools

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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 provides 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 into the fifth and final year of our 5-Year Strategic Plan, we will be focusing our attention on using the District’s updated Vision and Mission Statement as a springboard towards developing core values, developing a *Portrait of a Learner*, and finally creating a new 5-Year Strategic Plan that will be grounded in ensuring that all students, PreK-12, have access to the best education possible and are prepared to thrive on their own in a global society at the conclusion of their public school experience in North Middlesex.

NMRSD, like all districts, continues to deal with the fiscal challenges that come with offering an education to meet all our students' needs. These include, but are not limited to:

1. A significant increase in requests for conducting evaluations for students who need educational, health, and/or social-emotional accommodations and/or modifications. These increases, tied to federal and state laws, have led to increased staff (teachers, counselors, paraprofessionals, behavior technicians, occupational therapists, physical therapists, speech and language pathologists, BCBAs, nurses, etc.) Currently, our students requiring Individualized Education Plans (IEP) or Section 504 Accommodation Plans (504) are as follows:

	IEP	504	Total %
NMRSD	24.9%	9.1%	35%

State	19.4%	5%	24.4%
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This has resulted in a significant number of new hires (teachers, paraprofessionals, service providers, etc.) to remain in compliance with both state and federal laws.

2. 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. We conducted an independent study to see how we compare with our neighbors to the east and our surrounding districts. In doing this, we compared ourselves to the following districts:

- Ayer-Shirley
- Ashburnham-Westminster
- Groton-Dunstable
- Lunenburg
- Littleton
- Chelmsford
- Westford
- Danvers (District Analysis and Review Tools or DART District indicating a Massachusetts district with a similar profile to NMRSD) 7 buildings/3217 student enrollment
- Dedham (DART District) 7/2567
- Dartmouth (DART District) 6/3411

All collective bargaining agreements (CBA) expire at the conclusion of the 2023-2024 school year (6/30/24). Negotiations with the North Middlesex Regional School District Teachers' Association (NMRSDTA) have already commenced. However, as it has been well documented in the news, districts across the state are using the current shortage to come to agreements that fiscally exceed, in some cases substantially, what NMRSD has been able to offer in the past.

3. Chapter 766 School Tuition (Students who require an out-of-district school placement based on the level of their disability) increased by 14% for private school placements in FY24. The rates for FY25 have yet to be made available. Tuition rates for students who attend special education collaboratives are also expected to increase moving forward, partly due to

new collective bargaining agreements of their own. There have been discussions about assistance from Beacon Hill regarding the significant increase in FY24, but this still needs to be determined. We are still determining whether or not it will be provided moving forward. Additionally, DESE has apportioned some monies available to districts to assist with these tuition increases; however, they will not offset the total increase.

4. The Ashby Elementary Building Committee is examining the potential for renovation. A challenge facing AES is the recent complaint filed with the Office of Civil Rights regarding handicap accessibility compliance issues. While this still needs to be resolved, any findings in this area could present additional and substantial budgetary challenges for the NMRSD.
5. The regular transportation contract expires at the conclusion of the 2023-2024 school year. Bids for the next contract will be received in mid-January. Based on early projections, we expect our contract for FY25 to be substantially higher than FY24.
6. The special education transportation contract is a new three-year agreement ending at the conclusion of the 2025-2026 school year. Special education transportation is exempt from Chapter 30B requirements. The three-year contract represents a 5% increase for the next three years, totaling 15%.

As in years past, it is recognized that our member towns prefer the annual budget to minimally increase from one year to the next. NMRSD not only has to deal with an outdated funding formula for regional schools but also lacks a commercial tax base and misses out on many grant awards because we do not qualify as urban or rural. Additionally, many 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 (CBAs) & Salary Schedules increase - an average of 4%

- Health Insurance - Projecting approx 7% rate increase overall (Minuteman Nashoba Health Group is dissolving)
- Regular Transportation - TBD (approx 10% in FY25)
- Special Education Transportation - 5% in rates for FY25
- Continued increase for Out-of-District Placements - 14% increase in FY2024. FY25 rates have yet to be released.

These five areas put us well over our goal of 3% before we even start the budget process. Coupled with the end of ESSER funding, increased special education needs from summer move-ins, DCF placements, and newly identified students, and the continuation of unfunded mandates, there is minimal flexibility to deal with unknowns or unplanned. With all of these challenges, there will be a need for a Proposition 2 ½ Override in our member communities.

We have engaged in talks with our elected officials at the state level around the regional funding formula, and while the advocacy is there, there is little hope for substantive change for 3-5 years.

Budget Summits

With respect to the FY25 budget, we have continued hosting our “Budget Summits” with the towns. Over the past two budget cycles, these summits ensured a smooth budgetary season due to the improved communication between the school district and its member towns. This year, we hosted monthly Budget Summits, beginning in August, 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 FY25, we are working to establish a reasonable forecast, knowing that there may be some “*unknowns*,” including

- **Transportation** - As previously stated, our regular yellow bus transportation contract ends at the conclusion of this school year. We are currently in the initial stages of the bidding process. Bids are expected by mid-January. On average, we receive approximately 70% reimbursement for student transportation and cannot charge ridership

fees to make up the additional 30% in costs, which, in essence, has created an unfunded mandate. Since COVID-19, reimbursement has been closer to 90%; however, we have been told that the reimbursement percentage is expected to be less than 80%. Massachusetts Association of Regional Schools is recommending estimating less than this. 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;"

- **Staffing Requirements** - This fiscal year, we saw a number of staff members take leave of absence or retire. In some cases, these positions were filled with long-term substitutes. The final needs for FY25 staffing will be estimated as permanent hires must be assessed. The impact of the staffing changes also affects benefit costs. In addition to the open collective bargaining agreements, we are also including some staff that were originally supported with ESSER grant funding, and a number of these necessary positions, of which most are related to an increased need for special education services, are being added to the general fund.
- **Salaries/Compensation** - FY24 will be the final year of the current contractual agreements for all five of our CBA groups (teachers, nurses, custodians, secretaries, and paraprofessionals). Negotiations between the Teacher's Union and the district have begun. FY25 will rely on estimates for locally settled salaries and compensation agreements. Finding qualified staff has become highly competitive, which may impact some estimates.
- **Homeschooling** - The number of families electing to homeschool their students has decreased this school year. The total number of students currently homeschooled is 158 from 78 families. We are seeing more families come back to the district after the pandemic.
- **Special Education Tuition and Transportation:** As a district, we continue to closely monitor the needs of our students receiving special education services. While all our students have been affected by the

pandemic, this population has been hit particularly hard regarding maintaining skills, regulating social interactions, and adjusting to virtual learning and the hybrid model during the closure period. As a result, the district has been doing its best to accommodate the changing needs of these students. Additionally, the district must locate out-of-district placements for some students due to significant behavioral and/or anxiety-related needs (increasing out-of-district tuition costs).

Special education transportation increases due to contractual increases and the increasing number of students requiring special education services. That said, we will continue to monitor this closely and consolidate routes as appropriate.

- **FY25 Employee and Retiree Benefits.** The cost of FY25 Active employee health benefits is projected to be 6.40% over FY24. We are anticipating moving to Blue Cross through a fully insured plan. The Minuteman Nashoba Health Group voted to dissolve the joint purchasing group effective the end of this school year. We have taken steps to begin the quote process for standalone providers. The district will likely cover all “runout” claims with health insurance, available funds, and School Choice funds. If the “runout” claims are less than anticipated, a return of funds may happen in the next 1 - 2 years.

The Group Insurance Commission (GIC) rates for retired municipal teachers came in less than anticipated and a reduction of (\$36,339) overall. This is due mainly to the adjustment of the prior year that affected us favorably.

Please Note:

NMRSD has engaged with our local state legislature, the MTA, and the GIC in an effort to file for emergency legislation that would allow NMRSD to join the GIC on July 1, 2024, which would result in projected and substantial savings to the current budget proposal.

- **FY25 State Aid** - The basis for the revenue estimates for the FY25 budget begins with the proposal issued by the Governor. The District is still in “hold harmless” status with only minimum aid. The governor's proposal includes minimum aid of \$30/per student, which is equal to an increase of \$92,910 in Chapter 70 state aid. Transportation aid

(Chapter 71) is an overall reduction over FY24 due to the projected 80% reimbursement rate. State charter reimbursement is also a reduction for FY2025. The overall State aid is projected as a decrease of (\$22,991) over FY24 based on the Governor’s budget proposal.

5 Year State Aid History:

FY20	FY21	FY22	FY23	FY24	FY25
Budget	Budget	Budget	Budget	Budget	Gov Proposal
20,361,653	19,954,420	20,482,913	20,666,873	20,852,633	20,945,543
981,984	983,369	1,056,918	1,107,417	1,357,584	1,293,919
67,800	102,087	64,172	134,829	377,897	325,661
21,411,437	21,039,876	21,604,003	21,909,119	22,588,114	22,565,123
0.94%	-1.74%	2.68%	1.41%	3.10%	-0.10%

- **Enrollments -**

Link to [NESDEC Enrollment Projections Fall 2023](#)

Enrollment & Apportionment

2025 Estimated	Enrollment	Apportionment	Increase/Decrease over FY24
Ashby	406	13.11%	0.254%
Pepperell	1,494	48.24%	-0.597%
Townsend	1,197	38.65%	0.343%
Total	3,097	100.00%	

FY25 Budget Components

Budgets are the vehicle by which leaders communicate their priorities and implement the organization's mission, vision, core values, and goals. 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 increased contractual obligations, rising health insurance costs, transportation increases, and the need to address social-emotional education and 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 creating programmatic consistency at the elementary and middle levels as we work towards truly becoming a PreK-12 district. We have made significant 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 to fund additional enhancements without overly burdening the annual operating budget. To this end, the district has aggressively pursued competitive grant monies available in various areas, including school safety, mental health support for students, support for students who are homeless, and special education grants.
4. To build an equitable technology infrastructure to increase our purposeful use of technology to benefit students and staff.
5. Continue implementing 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 private, charter, and technical school options, 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)

August 28, 2023	1st Budget Summit with Towns
November 2023	Leadership Meets to Establish FY25 Budget Priorities
October 17, 2023	2nd Summit Forum with Towns

November 14, 2023	3rd Summit Forum with Towns
November 17, 2023	Budget Requests Due from Departments/Buildings
December 7, 2023	Goal-setting/Parameters with Finance Subcommittee
December 19, 2023	Business Manager Presents Budget Drafts to Building & District Leadership
December 19, 2023	4th Summit Forum with Towns
January 18, 2024	Superintendent's Preliminary Budget Message
January 24, 2024	Governor's Budget Released
February 6, 2024	Proposed FY25 Budget Posted Online
February 8, 2024	Joint Boards & Public FY25 Budget Hearing Superintendent's Budget Message - Draft #2
February 12, 2024	Joint Boards & Public FY25 Budget Hearing Snow Date
March 14, 2024	FY25 Budget Adoption Superintendent's Budget Message - Draft #3 (Final)
March 18, 2024	FY25 Budget Adoption - Snow Date
March 19, 2024	Townsend Special Town Meeting
April 8, 2024	Pepperell Special Town Meeting
April 22, 2024	Ballot Election
May 4, 2024	Ashby Town Meeting
May 6, 2024	Pepperell Town Meeting
May 7, 2024	Townsend Town Meeting

Overall Budget Picture

The FY2025 budget development proposal represents a 6.27% increase over FY2024. The current FY2025 general fund budget estimate is \$67,388,812.

The 6.27% increase breaks down into the following categories:

- 2.73% Employee Salary, including contractual costs
- 1.93% ESSER, FY25 Requested or Required Positions
- 0.57% Benefits - Active & Retiree Health Insurance
- 0.57% Transportation (Special ed and Regular)
- 0.30% Insurance, Legal, Fica
- 0.19% Special Ed Contracted Services
- 0.12% Facilities & Building Expenses (excluding staff)
- 0.11% Middlesex Retirement Assessment
- 0.06% Athletic
- 0.05% Technology (excluding staff)
- 0.04% Substitute Increase
- 0.03% Other expenses: classroom, textbook, PD
- 0.03% Assessments Choice/Charter
- 0.02% Utility Increases
- -0.08% Special Education Tuition costs (use more CB)
- -0.16% Debt Service
- -0.24% Reduce Stabilization Transfer

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 essential to understand that equity does not mean equality. Some of our students require more of our teachers and services than others 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 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 from the NM taxpayers. We look forward to the opportunity to continue these discussions over the coming months.

This FY25 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 district's goal is to implement this within the framework of the larger, ongoing conversation about the resources and choices necessary to make our mission, vision, core values, and goals a reality.

I have actively consulted with my leadership team in formulating the FY25 plan. The following spending plan represents my best judgment of the greatest good in line with our obligations to the current citizens and the taxpayers of the next generation.

Expenditures

Educator, Secretarial, Nursing, Custodial, & Paraprofessional Increases

Based on our current projections, which include student population, class size, individual education plan needs, scheduling, and the loss of the ESSER Funding, FTEs are 26.60 over the original FY24 budget. This is made up of the following:

11.75 FTE added from ESSER

5.0 FTE Requests for FY25

8.34 FTE in increases needed in FY25 (carried forward)

We remain very close, based on policy, to having to hire additional staff, especially given the class sizes at each of our elementary schools.

Staffing Increases and changes for FY24 (Will carry into FY25)

Position	FTE	Location	FY24 Funding Source	FY25 Funding Source	Comment	Mandated
<i>Gr. 3 Teacher</i>	1.0	VBES	Budget -	<i>Budget</i>	\$81,968.00	<i>Policy - Class Size - 6 sections</i>
<i>Inclusion Teacher</i>	1.0	NMS	Budget	<i>Budget</i>	\$70,000 <i>Pending</i>	<i>TBD</i>
Sped Inclusion Teacher	1.0	VBES	Budget	Budget	\$54,823 (½ year hire) Inclusion Teacher (full year = 96199.00)	Federal and State Special Education Law
Sped Teacher	1.0	HBMS	Budget	Budget	\$64,058 Additional Sped Teacher for coverage	Federal and State Special Education Law
Sped Teacher	1.0	HS	Budget	Budget	\$59,237 TBD (open position unfilled in FY24)	Federal and State Special Education Law
ELL Specialist Teacher	0.5	SMS	Budget	Budget	\$37,459.00 Shifting Salary	Federal and State Mandates (Title III)
ELL Specialist	0.10	SECC	Budget	Budget	\$7,493.80 Shifting Salary	Federal and State Mandates (Title III)
Medical Therapeutic	0.80	DWS	Budget	Budget	@\$25,000 Multiple changes across schools	To service IEP (required)
General Para adjust & ELL Para	2.19	DW/NMS	Budget	Budget	\$22,207 Shifting Salary	Federal and State Mandates (Title III)
Library media savings	-0.25	AES	Budget	Budget	(\$15,266.60)) Move from Library Media to Para position	Reduced due to reduction of librarians

Custodians	(1.5)	SMS, HB, HS	Budget	Budget	0	Contract Pending - TBD currently unfilled positions - Correction to prior version
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Staffing Increases for FY2025 - From ESSER

Position	FTE	Location	FY24 Funding Source	FY25 Funding Source	Mandated
Grant Manager/Admin	0.5	DW	ESSER	\$25,000 Budget	No
Teacher-K	1.0	AES	ESSER	\$58,668 Budget	Policy - Class size - TBD FY25
Teacher-2	1.0	VB	ESSER	\$87,383 Budget	Policy - Class size - TBD FY25
Sped Teacher-LEAP	1.0	DW	ESSER	\$72,055 Budget	Federal and State Special Education Law
Teacher-ELL	1.0	VB	ESSER	\$67,000 Budget	Federal and State Mandates (Title III)
Behavior Tech	2.0	VB	ESSER	\$64,000 Budget	Federal and State Special Education Law
Para Library	0.2	AES	ESSER	\$5,000 Budget	No - But covering a class period
Para Library	0.8	SMS	ESSER	\$ 18385 Budget	No - But covering a class period
Para Library	1.0	HBMS	ESSER	\$22,207 Budget	No - But covering a class period
Para Library	1.0	NMS	ESSER	\$24,000 Budget	No - But covering a class period
Para Library	1.0	VB	ESSER	23,783 Budget	No - But covering a class period
Para SPED	1.0	HBMS	ESSER	\$22,000 Budget	Federal and State Special Education Law
Facilities Secretary	0.25	DW	ESSER	\$14,743 Budget	No

Staffing Increases for FY2025 - Requested Positions

Position	FTE	Location	FY24 Funding Source	FY25 Funding Source	Mandated
TeacherTheater	0.5	HBMS		\$40,000 Budget	No
Teacher Theater	0.5	NMS	N/A	\$40,000 Budget	No
Sped Teacher - MS LEAP	1.0	HBMS	Tuitions	\$80,000 Budget	No, but program may allow students to return to the districts from outside placements.
Para Sped -MS LEAP	1.0	HBMS	Tuition	\$30,000 Budget	No, but program may allow students to return to the districts from outside placements.
Counselor	1.0	NMS	Budget	\$80,000 Budget	To service IEP (required)
Athletic Trainer	1.0	HS	Budget	\$20,000 Budget	MIAA requirement to have someone at all football games, home and away, Home games for wrestling and ice hockey.
Tech Technician	0	DW	N/A	Requested- Not funded in FY25	

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 FY2025. 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 FY2025 preliminary active employee health insurance and related benefit lines are projected to increase by an average of 7.73%. The Group Insurance Commission (GIC) assessment for retired teachers has come in less than anticipated, and we have reduced that line by \$36,339 from FY24.
3. The District is currently in negotiations for all five of the collective bargaining groups. We anticipate updating more information in the future.

Professional Development

As we continue to implement the strategic plan, the FY25 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 continued ELA implementation support and the third year of implementing a new K-8 math curriculum, as well as implementing 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 that diversity, equity, and inclusion are 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 and 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 2024-2025 school year will focus on continuing 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 natural gas and electric supplier contracts. The FY25 Budget will include estimates for increases in the electric costs due to a

renewal of the supplier contract that begins in Dec 2024. Utility costs for the Squannacook Early Childhood Center were shifted to the rental revolving fund. This will also be the first year of the “on-bill repayment” of the retrofit lighting projects at the Nissitissit Middle School and the Varnum Brook Elementary School. We will continue to monitor utility usage throughout the budget process.

Utilities	FY2025	FY2024	FY2023	FY2022	FY2021	FY2020
Heat	\$ 453,000	\$ 533,062	\$ 603,000	\$ 510,000	\$ 609,500	\$ 725,000
Heat RevolvingRental	\$ 62,000	\$ 62,000	\$ 50,000	\$ 40,000	\$ -	\$ -
Electric / other	\$ 1,184,000	\$ 1,092,500	\$ 931,500	\$ 960,500	\$ 1,029,900	\$ 996,500
Electric Revolving	\$ 80,000	\$ 70,000	\$ 50,000	\$ 30,000	\$ -	\$ -
Total Utilities	\$ 1,779,000	\$ 1,757,562	\$ 1,634,500	\$ 1,540,500	\$ 1,639,400	\$ 1,721,500
Change over PY	\$ 21,438	\$ 123,062	\$ 94,000	\$ (98,900)	\$ (82,100)	
Increase over PY	1.22%	7.53%	6.10%	-6.03%	-4.77%	

Special Education Tuitions

The district continues to work with students to find the least restrictive environment. Out-of-district tuition costs for FY2025 are budgeted at \$6,893,000. The expected circuit breaker reimbursement is also higher, allowing us to allocate more funding to cover the tuition costs. The FY25 request is currently \$6,893,000, which is \$32,000 over the FY24 budget. As mentioned, the Circuit Breaker funding covers a larger percentage of the tuition. These numbers will be tracked and updated throughout the budget process.

	FY23 Act.	FY24 Budget	FY25 Request
Collaborative Schools	\$2,324,598	\$2,752,000	\$2,850,000
Private Schools	\$3,455,895	\$3,916,000	\$3,750,000
Massachusetts Schools	\$ 181,948	\$ 193,000	\$ 293,000
Total Tuitions	\$5,962,441	\$6,861,000	\$6,893,000
Paid by General Fund	\$4,026,838	\$4,361,000	\$4,313,000
Paid by Circuit Breaker	\$1,935,603	\$2,500,000	\$2,580,000
Total Tuitions	\$5,962,441	\$6,861,000	\$6,893,000

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. This includes information technology, classroom audio/video, security, communication, network infrastructure systems, and licenses for instructional and operational applications used throughout the district.

A district-wide network switch refresh is planned for FY25. This refresh was planned well in advance, with significant funding from Erate and the balance from operational lines budgeted annually for network and hardware maintenance with no operational budget increase.

An increase of 1.0 FTE Information Technology Technician was requested but is not included. If this requested position was included, this would create a total of 3.0 FTE Information Technology Technicians within the district. This position provides primary technology installation, maintenance, and support for all classroom and office technology. Each Information Technology Technician will be assigned primary responsibility for supporting 2 to 3 schools based on geographic proximity and population size. This will address the need to keep up with increases in the number of devices and systems supported and resolve lagging implementation and response times, which are beginning to impact classrooms.

Transportation

FY25 will be the 1st year of a new regular transportation contract. As stated above, we are currently in the bid process. We hope to have some final confirmation for the budget shortly. We expect significant increases in this line item (we are presently estimating 10% for regular transportation) but will watch this throughout the budget process.

Historical State Reimbursement for Transportation:

Historical Chapter 71 Reimbursement

Fiscal Year	FY25 (estimate)	FY24 (estimate)	FY23	FY22	Fy21
Chapter 71 Received:	\$ 1,168,812	\$ 1,168,812	\$ 1,199,933	\$ 1,263,037	\$ 1,159,915
(end of year report year)	FY24	FY23	FY22	FY21	FY20
Regular Ed Transportation Total Cost	\$ 1,833,431	\$ 1,833,431	\$ 1,774,620	\$ 1,665,744	\$ 1,433,041
Less Students under 1.5 Miles	\$ (275,015)	\$ (275,015)	\$ (266,193)	\$ (266,519)	\$ (229,287)
Total Basis for Chapter 71	\$1,558,416	\$1,558,416	\$1,508,427	\$1,399,225	\$1,203,754

Percentage reimbursement from State of students greater than 1.5 miles from school

	75%	75%	80%	90%	96%
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Number of students

Riders outside of 1.5 miles	2567	2425	2373	2459
Riders within 1.5miles	453	432	449	468
Total	3020	2857	2822	2927

Custodial & Maintenance

The district continues to fund building capital repairs within the budget. The FY25 operating budget includes \$250,000 allocated for this purpose. The district is prioritizing the projects to be included for FY25 and will share the updated FY25 capital plan in a future update.

The FY25 facilities budget includes staffing of 36.0 FTEs. 33.5 FTEs are from the general fund, and 1.5 FTEs are from the Keystone Collaborative rental fund. Hiring custodial and maintenance staff for open positions continues to be a challenge, and we anticipate this continuing into FY25.

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 still

needs to file 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's use of Excess & Deficiency funds is as follows:

Fiscal Year	Certified E & D	Used to support subsequent budget	
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 5% is \$24,075
FY23	\$2,674,100	\$2,045,000 (estimate)	No Certified excess over 5%

2022 Per Pupil Cost¹

North Middlesex Regional School District	\$18,599
Francis W. Parker Charter Essential School	\$16,236
Amesbury (dart)	\$21,622

¹ Updated November 03, 2022, <https://profiles.doe.mass.edu/statereport/ppx.aspx>

Sizer School, A North Central Charter Essential School	\$15,832
Ayer-Shirley	\$18,783
Ashburnham-Westminster	\$15,076
Belchertown (dart)	\$16,413
Bellingham	\$20,659
Billerica (dart)	\$19,709
Danvers (dart)	\$19,422
Dartmouth (dart)	\$17,300
Dedham (dart)	\$24,661
East Bridgewater	\$15,299
East Longmeadow (dart)	\$17,836
Foxborough	\$20,577
Groton-Dunstable	\$19,392
Gil-Montague	\$21,412
Grafton	\$16,192
Hampden-Wilbraham	\$18,076
Harvard	\$22,506
Hudson	\$20,745
Littleton	\$18,317
Lunenburg	\$15,864
Mendon-Upton	\$19,073
North Attleborough (dart)	\$15,834
Northampton (dart)	\$18,624
Norton (dart)	\$18,998
Tewksbury	\$20,675
Tyngsborough	\$17,631
Nashoba Valley Regional Vocational Technical High School	\$21,587
Montachusett Regional Vocational Technical High School	\$22,714

It is important to recognize that technical high schools' higher per-pupil cost is due to the higher cost of running their programs.

State Average Per Pupil Cost **\$20,132**

- NMRSD 2022 per-pupil cost is \$1,533 per student below the state average.
- 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

- Federal and State Grants - Chapter 70 revenue estimate includes a per-pupil increase of \$30/student. Coupled with the changes in Chapter 71 Transportation and the anticipated charter school reimbursement, the overall state revenue is projected to be a reduction of \$22,991 or is -0.10% less than FY2024.

District Revenue

- The FY2025 General Fund budget proposal is supported with \$2,045,000 of Excess and Deficiency (E & D) funds. This is just under 77% of the total certified E&D. E & D funds are replenished by operations from the prior year and are considered one-time funds.
- The FY2025 General Fund budget proposal is supported with \$450,000 in School Choice revolving funds. This is level funded from FY24. We are currently expecting less than this in school choice revenue in FY24 (estimate \$290K). There are currently approximately 44 Students from 10 Communities choosing into the district. The final certified numbers should be released shortly. The district will use school choice funds to offset health insurance costs and one-time curriculum needs. We anticipate receiving approximately \$300,000 in school choice revenue in FY25.
- The district increased the investment income by \$115,000, for a total of \$160,000, to reflect increased investment income. The reimbursable services have also increased, and we have increased Medicaid reimbursement by \$40,000, which is an estimate of \$350,000. We will continue to monitor the actual reimbursements through the budget process.

Town Assessments

The town assessments are currently projected to increase an average of 11.86% based on the increase of 6.27% to the NMRSD budget. Student enrollment in the Member Towns and municipal growth rates affect each town's portion of the final assessment numbers.

- Operating Assessments: The share each town is assessed is influenced by 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 legislature determines the rate of reimbursement. We currently use a 75% reimbursement for all students over 1.5 miles from school.
- Debt Assessment: This is a draft estimate of the debt assessment for FY25. The FY25 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 FY25 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 also required for the ARP projects.

NMRSD District Debt Service FY25:

Total Debt Service FY2025				<u>Issue Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
NMS	NMS School Construction - BOND (refinance)	excluded	5/1/2015	\$230,000	\$5,750	\$235,750	
VBES	ARP Feasibility Study - BAN (Roof/Window)	excluded	5/22/2017	\$5,000	\$3,792	\$8,792	
HBMS	ARP Feasibility Study - BAN (Window)	excluded	5/22/2017	\$2,145	\$1,625	\$3,770	
HBMS	ARP Window HVAC Project - BAN	excluded	2/5/2018	\$107,144	\$86,043	\$193,187	
SECC	ARP- Roof, Interior, HVAC Project-BAN	excluded	2/5/2018	\$107,144	\$85,439	\$192,583	
VBES	ARP- Roof, Window, HVAC Project-BAN	excluded	2/5/2018	\$232,144	\$180,182	\$412,326	
NMRHS	High School Construction-BAN	excluded	2/5/2018	\$357,150	\$299,229	\$656,379	
NMRHS	High School Construction -12.5 BOND	excluded	6/1/2016	\$500,000	\$221,834	\$721,834	
NMRHS	High School Construction - 25 m BOND	excluded	2/15/2017	\$1,000,000	\$676,500	\$1,676,500	
				\$2,540,727	\$1,560,394	\$4,101,121	
HS BOND 12.5 - Payment of Interest from Premium:						\$40,041.28	
						\$0	
Total All Debt						\$4,141,163	

Projected Town Assessments :

	FY23	FY24	FY25	Change	Percent
	Adopted	Adopted 4-21-23	Draft	FY24 to FY25	FY24 to FY25
Total Operating Assessment					
Ashby	3,583,967	3,848,969	4,424,259	575,290	14.95%
Pepperell	14,571,210	15,803,489	17,509,721	1,706,232	10.80%
Townsend	10,864,741	11,300,566	12,570,302	1,269,736	11.24%
Total Operating Assessment	29,019,918	30,953,024	34,504,282	3,551,258	11.47%

	FY23	FY24	FY25	Change	Percent
	Adopted	Adopted 4-21-23	Draft	FY24 to FY25	FY24 to FY25
Transportation Assessment					
Ashby	368,574	350,846	415,995	65,149	18.57%
Pepperell	1,350,501	1,344,129	1,530,781	186,652	13.89%
Townsend	1,156,367	1,034,911	1,226,469	191,558	18.51%
Total Transportation Assessment	2,875,442	2,729,885	3,173,245	443,360	16.24%

	FY23	FY24	FY25	Change	Percent
	Adopted	Adopted 4-21-23	Draft	FY24 to FY25	FY24 to FY25
TOTAL LOCAL REVENUE					
Ashby	3,952,541	4,199,815	4,840,254	640,439	15.25%
Pepperell	15,921,711	17,147,618	19,040,502	1,892,884	11.04%
Townsend	12,021,108	12,335,477	13,796,771	1,461,294	11.85%
Total Local Revenue	31,895,360	33,682,909	37,677,527	3,994,618	11.86%

Projected Town Debt Service:

	FY23	FY24	FY25	Change	Percent
	Adopted	Adopted 4-21-23	Draft	FY23 to FY24	FY23 to FY24
Long-term Debt Assessment					
Ashby	468,935	565,106	567,967	2,861	0.51%
Pepperell	2,021,784	2,211,956	2,197,868	-14,088	-0.64%
Townsend	1,401,680	1,420,384	1,335,286	-85,098	-5.99%
Premium Used for Interest Pmt	48,073	43,867	40,041	-3,826	-8.72%
Total Long-Term Debt Assessment & premium	3,940,472	4,241,313	4,141,162	-100,151	-2.36%

Federal and State Grants

The district receives several state and federal grants, the largest of which is the SPED Allocation 240 Grant. For FY24, we plan to continue using this grant to pay for paraprofessional salaries and special education summer school salaries. The Coronavirus relief funds and the American Rescue Plan Act have also provided funding to support the district during the pandemic. The FY24 grant awards are listed below.

FY24 Grant Awards

- Title 1 Grant \$390,376
- Title IIA \$ 61,491
- Sped Allocation \$ 959,785
- Title IV \$ 30,634
- Early Childhood Allocation \$ 38,613
- Financial Literacy Planning/Imp \$5,350
- Investigating History Implementation \$63,378
- Deeper Learning Grant \$14,000
- Special Ed Program Improvement TBD

- Early Childhood Program Improvement TBD
- Integrating SEL into Academic Learn \$10,000
- School Health Services State \$40,000
- Project Lead the Way \$60,000
- Genocide education (state) \$33,000
- Investigating History Pilot \$63,378

Cares Act and Esser Fund Awards

- ESSER I (complete) \$254,114
- ESSER II (complete) \$977,524
- ESSER III (ends 9/30/25) \$2,258,260
- IDEA ARP Special Education (complete) \$162,436
- IDEA ARP Early Childhood (complete) \$14,449
- ARP Homeless Children & Youth \$6,430
- USDA Pandemic EBT Reimb. (complete) \$4,298
- Cares Act-Subrec. Pepperell (complete) \$92,683
- FEMA Emergency (final reimb pending) \$33,735

Circuit Breaker

The district can file for reimbursement for special education expenses through the state Circuit Breaker program. Beginning with FY21, 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 (FY24 will be \$51,721) are reimbursed at a rate set by the state (75% is the typical rate depending on state budget factors)). These funds are used exclusively to offset the cost of special education. In FY25, the district plans to use \$2,580,000 in circuit breaker funding to offset the tuition costs.

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, occasionally, other classroom supplies. These funds will be utilized in FY25 to support a 1.0 FTE Teacher.

Athletic Revolving - The district assesses user fees for the students who participate in sports. These user fees are waived for free and reduced students. The fees are used exclusively to support the athletic programs. The user fees

are used to support the cost of transportation and supplies, materials, and entrance fees for our athletes.

Athletic Turf Rental Revolving—The district separately tracks the revenue generated for renting the artificial turf field. The funds received in the turf rental account will offset the costs of the turf lease payment. The district received \$20,855 in revenue in FY23 and has received \$8,975 in FY24 (to date).

Athletic Donations/Advertising Revolving - The total of athletic donations received in FY23 was \$12,345, and we received \$0 in FY24 (to date).

Marching Band Revolving - The district charges user fees for students participating 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 FY22 were \$9,595, and they received \$5,450 in FY24 (to date).

Parking Lot Revolving - The district collects parking fees from students who bring their cars to school. Due to the pandemic, the fee was waived from FY20 to FY23. This fee was reinstated in FY24, and the payments received to date are \$12,685. The funds collected for this purpose are used to pay for the upkeep of the parking lots.

Building Use Revolving - Occasionally, the district leases space to both in-district and out-of-district groups. These funds are used to support building costs. The total building use fees received in FY23 were \$83,190, and fees for FY24 are \$50,090 (to date).

Food Services Revolving - The district aims to operate an entirely self-funded food service program. The district has been using an outside food service management company since FY11. The current contract is with Fresh Picks Cafe, and they began serving the district for the FY22 school year. The state legislature supported continuing subsidizing the free meals program, which started in FY22. The revolving fund ended FY23 with a positive balance of \$393,194. This was partly due to the higher reimbursement rates for the free meal program during the pandemic and increased 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 upgrade buildings and playgrounds. The district received donations of \$36,584 in FY23.

Keystone Rental Account - The district is reviewing the rental of SECC with Keystone. We will update this based on what is needed for the district and the collaborative. The lease is year-to-year, and the space used was reduced in FY23. The funds collected will continue covering utility costs, some capital upgrades, and custodial services at SECC. The district received a rental income of \$131,479 in FY23.

Before/After Revolving - The district moved to a self-operated before and aftercare program in FY22. The district currently operates at all three elementary schools. We anticipate utilizing these funds to support the cost of running the before and aftercare program.

Tuition-In Revolving - The district has a number of students who pay tuition to attend NMRSD. These funds are used to support the cost of additional student services. We utilize tuition funds to support salaries for teachers and paraprofessionals and, on occasion, capital purchases. The tuition funds in revenue received in FY23 were \$82,772.

Revenue Challenges

- The overall revenue projected from state funds for FY25 is a decrease of increase of -0.10%.
- Using one-time funds (i.e., E & D) can create structural issues for budgeting in future years. FY25 includes the use of \$2,045,000 in E&D.
- The state aid formula continues to hold NMRSD harmless for a reduction in student enrollment. The final Chapter 70 funding will be determined once the final state budget is approved. The Student Opportunity Act has closed the gap somewhat but NMRSD is still in a hold harmless status mainly due to enrollment reductions.
- No significant increase in state funding means that any modest budget increases result in complex assessments for our member towns and will likely have an impact that will require a 2.5 tax override.

Capital Plans for Schools & Budget Implications

The district has segregated a specific capital budget for FY25 of \$250,000 in the general fund. In addition to the annual capital repairs funded in the budget, the district will look at several larger building repair projects. The Ashby Elementary School building committee continues to review the projects needed for this building. The district decided to hold on to re-submitting a statement of interest to the MSBA for the Hawthorne Brook Middle School renovation. The MSBA had significant requests, and we were not invited into the program last year.

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 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 FY25 budget includes a transfer of \$100,000 to add to the Stabilization Account. This is a reduction of \$150,000 from the stabilization contribution made in FY2024.

Conclusion

The FY25 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 essential.
- 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 NM families seek in their school system.
- Teachers matter

- Equity does not mean equal . . . some of our students require more of our teachers and services than others to meet rigorous standards.
- Quality early education programming is an integral part of a public school system.
- Technology is an essential component of a quality teaching and learning environment.
- An agile central administration is necessary to serve a complex school population.

Most importantly, this FY25 proposal is designed to allow us to address critical classroom needs, 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 providing elected officials, appointed representatives, and the community with further explanations of these important proposals over the coming months.