



## Acton-Boxborough Regional School District

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**To: Acton Boxborough Regional School Committee**  
**From: Peter Light, Superintendent of Schools**  
**David Verdolino, Director of Finance**  
**Date: December 2, 2019**  
**RE: FY21 Superintendent's Preliminary Budget Overview**

On December 5<sup>th</sup>, I will share with you an overview of the Superintendent's FY21 Preliminary Budget. This overview is designed to provide you with high level information about the proposed budget including timelines, key milestones, strategic items included in the budget and a broad overview of projected revenues and expenses.

As you are aware from previous years, the budget will evolve over multiple iterations in the coming months. This Preliminary Budget is based upon discussions with school committee, administration and staff which began early in the school year, along with an analysis of historical budget trends and patterns, as well as the use of the best available information to date regarding projected revenues. The discussion to date included seeking feedback from the Budget Subcommittee, Capital Subcommittee, school and district administrators, local officials, and staff regarding the development of the budget priorities, staffing requests, capital improvements, and key strategic allocations that will further the work of the district in realizing the goals included in our District Strategy.

The Superintendent's Preliminary Budget for FY21 is \$94,396,777 and represents an increase of 3.75% from FY20. Based on preliminary budget projections, the preliminary assessments to each community are:

Acton: \$63,674,672 (3.98% increase)

Boxborough: \$11,766,569 (2.12% increase)

The budget will continue to evolve over the next two months based on multiple sources of feedback and additional information that is made available to us by the state and at the local level. This process will culminate on February 6, 2020 (or February 13, 2020 if needed) when the School Committee votes to adopt its final budget that will be presented at the Annual Town Meetings.

This memorandum is designed to provide background information regarding my presentation to you on December 5<sup>th</sup>. The memorandum is broken down into several major sections shown in the Table of Contents on the following page.

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# FY21 Budget Presentation Timeline

December 5, 2019	Presentation #1	Superintendent's Preliminary Budget Overview <ul style="list-style-type: none"> <li>• Budget Guidelines &amp; District Goals</li> <li>• Preliminary Revenues &amp; Budget Drivers</li> <li>• Strategic Requests &amp; Cost Saving Strategies</li> <li>• Overall Budgetary Impact &amp; Preliminary Assessments</li> </ul>
December 19, 2019	Presentation #2	Superintendent's Preliminary Budget (Part 2) <ul style="list-style-type: none"> <li>• All Day Kindergarten</li> </ul>
January 9, 2020	Presentation #3	Superintendent's Recommended Budget v. 1 <ul style="list-style-type: none"> <li>• Line Item Budget</li> <li>• Capital Projects</li> </ul>
January 25, 2020	Presentation #4	Budget Saturday - Superintendent's Recommended Budget
February 6, 2020	Presentation #5	Superintendent's Final Budget Recommendation Public Hearing on Proposed FY20 Budget School Committee Votes FY20 Budget
February 13, 2020	IF NEEDED	
Begins April 1, 2020	ACTON TOWN MEETING	
Begins May 13, 2020	BOXBOROUGH TOWN MEETING	

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# FY21 Budget Guidelines

The following budget guidelines and starting assumptions were developed by the Budget Subcommittee in consultation with the administration and adopted by the school committee at a previous meeting:

- Develop an operating budget that is sensitive to the overall financial impact of the school building project.
- Evaluate opportunities to use existing resources to grow district programs in a fiscally sustainable manner that balances student needs with the economic interests of the communities.
- Prioritize initiatives and budget requests that promote equity, wellness and engagement.
- Continue to implement multi-year, phased-in staffing for:
  - K-6 science, technology, engineering and mathematics (STEM) Coaches/Specialists and
  - Certified Library/Media Specialists at each elementary school.
- Explore bringing tuition-free all-day kindergarten to the District.
- Evaluate special education and English Language Education (ELE) resources and student needs to ensure appropriate staffing levels.
- Negotiate with bargaining units to promote high quality educational opportunities and fiscal stability for the District.
- Address short-term capital needs through the annual operating budget while continuing our commitment to the District's Capital Improvement Plan (CIP) to fund medium-term capital needs.
- Strategically issue school bonds to leverage low municipal bond interest rates to maximize savings on overall interest costs.
- Continue the commitment to maintain annual budget variances between 0.5%-1% of the budget.
- Adhere to the district's reserves and capital stabilization fund policies.

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# FY21 Budgetary Expense Highlights

Whereas the FY20 budget was driven largely by decreases in health insurance costs and a greater than average one-time “bump” in regional transportation aid, the FY21 budget represents a “return to normal” and is largely driven by increases in 5 major fixed cost centers. These cost centers include salaries, health insurance, Middlesex County Retirement, special education cost increases and Capital outlay.

The District’s operating budget funds the general operation of the educational system in Acton and Boxborough. It is funded primarily through assessments of the member communities, which vote appropriations at their Annual Town Meetings. The total proposed annual assessment is calculated as the operating budget request, less outside revenues (the subject of a separate memo) and use of the District’s Excess and Deficiency (E&D) Reserve.

The purpose of this memo is to document the major year-to-year changes in the District’s preliminary budget request for FY2021 which relate to “Level Service” operations (defined as providing the same level of services, funding supplemented by identified revenue sources and level-funded use of reserves). In a separate memo, Superintendent Light will discuss changes relating to proposals beyond “Level Service” with related funding sources.

## **Preliminary FY21 Operating Budget Highlights – Total Budget Increase = \$3.69M (4.06%)**

It should not be surprising to learn that the major components of the preliminary budget increase relates to the following “usual suspects”:

1. Personnel
2. Health Insurance Premiums (active and retired employees)
3. Middlesex County Retirement Assessment
4. Special Education services (tuitions and transportation)
5. Capital Improvement Program plan

as well as a composite of budget changes from all other departments, all of which will be analyzed below.

### 1. Personnel

FY2020 Appropriated Budget	\$58,838,721
FY2021 Preliminary Budget	<u>\$60,851,075</u>
Increase	\$ 2,012,354 (3.4%)

The preliminary FY2021 personnel budget reflects a provision for cost-of-living adjustments to be negotiated in labor contracts with the District’s bargaining units, in addition to continued obligations such as steps and lanes in the teachers’ contract. This estimated budget assumes no additional staff (to be covered later in this memo), but does reflect the reduction of two elementary classroom teachers due to declining enrollment

### 2. Health Insurance Premiums

FY2020 Appropriated Budget	\$8,553,069
FY2021 Preliminary Budget	<u>\$9,009,519</u>
Increase	\$ 456,450 (5.3%)

The preliminary FY2021 health insurance budget reflects initial guidance from the board of the Health Insurance Trust to expect a 4.0% increase in rates (paid by the District and Town of

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Acton, and its active and retired employees). In addition, the total cost of this item will reflect an increase in headcount, from the District's increased number of both active and retired employees participating in the insurance plans offered through the Trust.

3. Middlesex County Retirement Assessment

FY2020 Assessment	\$2,663,092
FY2021 Preliminary Budget	<u>\$2,845,329</u>
Increase	\$ 182,237 (6.5%)

The FY2021 assessment to cover current and future benefits of the Middlesex County Retirement System (essentially, all eligible non-certified staff) is set at a 6.5% increase over FY2020. The System projects similar annual increases of 6.5% through FY2027, with increases then declining to 4.0% through FY2035, when actuarial full funding is expected to be achieved.

4. Special Education – Out-of-District Tuition and Transportation

FY2020 Appropriated Budget	\$4,855,000
FY2021 Preliminary Budget	<u>\$5,314,197</u>
Increase	\$ 459,197 (9.5%)

The preliminary FY2021 projection for out-of-district tuitions reflects an overall increase of \$459K; this is the net result of: (1) a number of previously-served students exiting the program during the current year (either through graduation or age); (2) several previously unidentified students (families moved into the District) with significant tuition costs; and, (3) normal cost inflation rates approved by state officials. Note that for purposes of this analysis, both years reflect the anticipated use of \$2.8M of Circuit Breaker reserve funds.

In addition to the above tuition increase, FY2021 special needs transportation reflects an increase in the assessment by the CASE Collaborative, through which the District transports virtually all special needs students. The CASE assessment increase for FY2021 is \$244,463, making the percentage increase 15.8% and 10.9% for FY2021 and FY2020, respectively.

5. Capital Improvement Program (CIP)

FY2020 Appropriated Budget*	\$1,250,000
FY2021 Preliminary Budget*	<u>\$1,500,000</u>
Increase	\$ 250,000 (FYI – 20%)

*\* - includes both capital outlay and debt service relating to the CIP plan*

FY2021 is year #2 of the 13-year CIP plan passed last year, and calls for another sizeable increase in capital investment to \$1.5M annually, after which total capital expenditures are planned to grow at an annual rate of 2.5%. The District anticipates issuing \$7.5M in bonds during early 2020 to finance a major portion of the plan, as approved by both towns. The final budget request will detail the breakdown between capital outlay (paying for projects via appropriated funds) and debt funding (paying for projects through the bond proceeds).

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6. Building and Departmental Budgets

In the aggregate, the budget requests for the District’s eight schools, four educational departments (music, art, athletics and health/PE), plus in-District special education and Diversity/Equity/Inclusion increased by \$42,302 (on average, about 2% above FY2020). Since many of the requested increases are the subject of offsets used to fund other purposes (as detailed in the Superintendent’s memo), they will not be documented here.

However, one item not included in the above increase is an additional \$43,000 to our contractual arrangement with the Assabet Valley Collaborative, in order to maintain level services with the District’s needs to provide “wrap-around services”. This initiative was begun during FY2020 at a cost of \$72K, which is insufficient to provide the same level of services in FY2021.

**Summary (amounts in \$000s)**

FY2021 Level Service Budget Cost Increases:

Personnel	\$2,012.4
Health Insurance Premiums	456.5
Middlesex County Retirement	182.2
Special Ed. Tuitions/Transportation	703.7
Capital Improvement Program	250.0
Building and Departmental	42.3
Assabet Valley Collaborative Contract	43.0

***FY2021 Budget Increase, Level Services = \$3,690,966 (4.06%)***

Recognizing that the five major cost centers described above are driving a level-service budget increase of approximately \$3.7M (4.02%), the administration is taking a series of steps to control costs where possible, ensure that requests for new staffing identify current resources that can be reallocated to offset costs, and to strategically use reserves to mitigate the impact of the budget increase on the communities.

# Staffing & Program Requests

## Staffing Requests

The preliminary budget proposes to reallocate staffing and other district resources in order to continue strategic growth and ensure that students receive appropriate supports and educational services. These fall into three major categories:

1. Strategic additions that continue a multi-year plan already in place
2. Staff necessary to meet the increasing need of students supported through IEPs, specifically in the areas of Social-Emotional Learning
3. High-priority requests

**The staffing request for FY21 proposes a NET decrease of 0.4 FTE with a projected budgetary impact of \$0.** This number includes \$559K of existing resources to be reallocated and \$174K that is offset by a reduction in Out of District Special Education Tuitions which will be funded through the use of additional Circuit Breaker Funds.

Staffing Requests are broken down as follows:

### General Education Requests

1. REDUCE 2.0 Elementary Classroom Teachers due to enrollment
  - a. This reduction has been planned and is due to decreases in elementary enrollment.
2. ADD Elementary STEAM Coach
  - a. The Elementary STEAM Coach position is the final position in a multi-year implementation plan to hire elementary STEAM coaches. The coaches will support new and improved teaching and learning practices in science, technology, engineering and mathematics in each of the elementary schools.
3. ADD 0.4 ABRHS Health & Physical Education Teacher
  - a. The Director of Physical Education currently teaches 2 classes beyond contractual limits in order to provide students with sufficient courses to meet enrollment needs. Adding this position will ensure that the district provides adequate supervisory support in this area.
4. ADD Strings Stipend for RJ Grey School to cover HS drop schedule periods
  - a. The implementation of the new schedule for the high school resulted in the strings teacher being unable to cover multiple sessions at the JHS over the course of the year. By adding this stipend, we will ensure that all JHS strings classes are covered.
5. CONVERT ABRHS Data Manager Position to Dean of Academics

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- a. Converting this position from a data manager position to a Dean of Academics will provide increased supervisory capacity with high school administration and provide additional focus on the academic growth of the high school program
6. CONVERT EdTech Desktop Support position to Digital Literacy Specialist at ABRHS)
- a. Next year, students who are currently in grade 8 in a 1:1 environment will enter ABRHS. In order to provide a similar experience at the high school, the district is planning to have a 1:1 environment for grade 9 students. Converting the current desktop support position to a Digital Learning Specialist will provide direct support to classroom teachers as the high school implements a 1:1 environment for students in grade 9.
7. CONVERT Convert Math Assistant to Math Support Teacher
- a. Converting the current Math Assistant position to at R.J. Grey will allow the school to provide an increased level of support to students who require assistance in math.

The above changes result in a NET *reduction* of 0.6 FTE and a NET impact on the operating budget of zero. All proposed changes have identified funding sources described in the table below:

New Position	+ FTE	- FTE	Cost	Funding Source (Reduced from Level-Service Budget)
Reallocate Data Manager to Dean of Academics	0	0	\$15,000	Furniture (\$15K)
Health and Phys Ed Teacher	0.4	0	\$23,200	Furniture (\$23K)
Convert EdTech Desktop Support to Digital Learning Specialist	1	-1	\$63,000	EDTech Position (\$45K); HS Operating Budget (\$18K)
Elementary STEAM Coach	1	0	\$75,000	DW Curriculum Budget (\$16K); Social Sentinel (\$10K); Web Designer (\$11K); Delay AEDs 1 Year (\$15K)
General Budget Reduction		-2	\$0	2 Elementary Classroom Teachers (enrollment)
Convert Math Assistant To Teacher	1	-1	\$30,000	JHS Position Funded through reduction of Math Assistant (\$30K), operating Budget Reduction (\$20K), Online Subscriptions (\$10K)
Strings Stipend	0	0	\$5,000	Dragonfly Budget Offset (\$5K)

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## Special Education Requests

The positions being requested in Special Education are detailed below and result in an overall increase of 0.2 FTE. Descriptions of each position are below as well as a table that describes the funding source used for each position:

1. Pathways Teacher at Blanchard
  - a. This position is being requested based on an analysis of current and anticipated enrollments in the Pathways Program at Blanchard. This position is necessary to meet program and caseload requirements.
2. Occupation and Physical Therapist - OT/PT (District-wide)
  - a. This position is being requested because an analysis of projected students' OT/PT needs exceeds the capacity of educators based on the current staffing levels.
3. Speech Language Pathologist -SLP (District-wide)
  - a. This position is being requested because an analysis of projected students' speech and language needs exceeds the capacity of educators based on the current staffing levels.
4. Learning Center Teacher (High School)
  - a. This position is requested to reduce educator caseloads in the high school learning centers from approximately 30 students per teacher to approximately 22 students per teacher.
5. Adjustment Counselor (High School/ REAL Program)
  - a. The REAL program at ABRHS serves students with high social emotional needs. In order to develop a continuum aligned with our JHS SEL program, we are proposing to add a full-time adjustment counselor that can focus on the SEL and behavioral needs of students in the program and in the regular education environment.
6. REAL Program Teacher (High School)
  - a. The position is being requested as there is anticipated (based on an analysis of current JHS students) to be an increase in the REAL program enrollment for students entering ninth grade.
7. BRIDGES Program Teacher (High School)
  - a. The position is being requested as there is anticipated (based on an analysis of current JHS students) to be an increase in the BRIDGES program enrollment for students entering ninth grade.
8. Adjustment Counselor (McT/ SEL Program)
  - a. In order to develop a continuum that aligns with our JHS SEL program, we are proposing to add a full-time adjustment counselor that can focus on the SEL and behavioral needs of students in the program and in the regular education environment.
9. Increase Psychologist from 0.6 to 0.8 (Junior High School)
  - a. This increase is being proposed in order to accommodate the needs of students enrolled in the JHS SEL program as well as keep pace with increased testing requirements.

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The above changes result in a NET *increase* of 0.2 FTE and an impact on the operating budget of \$174,000. The \$174,000 increase to the budget is offset by a reduction in OOD tuitions which will be funded through an increase in Circuit Breaker funds of \$174,000. After the increase in the use of Circuit Breaker funds, the NET impact of these positions on the operating budget is zero.

New Position	+ FTE	- FTE	Cost	Funding Source
Pathways Teacher	1	-2	\$58,000	2 DW Special Ed Assistants (\$60K)
OT/PT	1	-2	\$58,000	DW Special Ed Assistants (\$60K)
SLP (Speech Language Pathologist)	1	-2	\$58,000	1 DW Special Ed Assistant (\$60K); 1 DW SLPA (\$32K)
Learning Center Teacher	1	0	\$58,000	Circuit Breaker
REAL Adjustment Counselor (SEL/ Behavior)	1	0	\$65,000	ODP Revolving (\$30K); Special Ed DW PL, Conferences, Phones (\$8,500); HS Landscaping (\$7K); HS Furniture (\$9K)
REAL Teacher	1	0	\$58,000	Circuit Breaker
BRIDGES Teacher	1	0	\$58,000	Circuit Breaker
Adjustment Counselor for SEL program (SEL/ Behavior)	1	-2	\$65,000	2 Spec. Ed. DW Assistants (\$60K)
Increase Psych from .6 to .8	0.2	0	\$15,000	Dragonfly Budget Offset (\$15K)

## Capital Program

In FY20, the district adopted an aggressive Capital Plan, part of which called for an additional increase in Capital Spending of \$250K for FY21. Based on higher than anticipated increases in fixed costs, and an effort to mitigate the impact of these costs taxpayers, the district is proposing to slow the growth in capital funding to \$125K this year and defer an additional \$125K until FY22. This amount will continue to provide adequate funding to repay debt incurred for capital projects and continue to implement the capital plan. Additional details about this component of the budget will be presented on December 19.

## All-Day Kindergarten

The administration is proposing a reduction in Kindergarten Tuition as part of a multi-year plan to implement tuition-free All Day Kindergarten (ADK). The administration supports moving to an All Day Tuition-Free Kindergarten Program. However, we believe the reality of the current budget does not support full implementation of the program in its first year. Additional details of a proposed move to ADK has been previously discussed and will be discussed again on December 19.

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We propose to reduce K tuition next year by \$750 per student, per year. This is proposed to be the first year of a multi-year initiative to eliminate K tuition. The budgetary impact of the reduction is \$180K and we propose to offset this amount through the use of E&D funds. Under this proposal, in subsequent years of a transition to ADK, the district could use approximately \$180K from E&D annually to reduce tuitions and assume \$180K into the operating budget (beginning FY22). This would allow the district to gradually reduce dependence on tuition until such time as the increased revenue from the Student Opportunity Act can offset kindergarten costs. The state has not yet released its implementation plan for the Student Opportunity Act, and we believe that taking a conservative approach to ADK is prudent until such time as the state releases a full implementation schedule. We will discuss this further on December 19, but anticipate that the release of the Governor's Budget in early January will provide the clearest guidance on this topic.

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# Revenues

Revenues are outside sources of funding used to defray the cost of District operations and, accordingly, the extent to which member assessments (and reserve usage) are needed to finance District programs, their escalating costs, and program initiatives.

There are two basic categories of revenues, both which several components, all discussed below.

## **State Aid**

Revenue from the Commonwealth used to fund the District's operating budget consists of (1) State Aid for Public Schools per MGL Chapter 70 (hence, "Chapter 70 Aid"), (2) reimbursement for regional school transportation costs per MGL Chapter 71, Section 16D (Transportation Aid), (3) transition aid to reduce the financial impact of students living within the District but attending charter schools, and thereby transferring Chapter 70 Aid from the District (Charter Aid) and (4) partial reimbursement for high-cost special education students (Circuit Breaker, so-called). Revenue forecasts for the first three of these components will be discussed below; since the District uses Circuit Breaker reimbursement as an offset to out-of-district special education tuitions, it will be considered in a separate report on the District's FY21 budgeted expenditures.

### 1. Chapter 70 Aid

Chapter 70 Aid, FY2020		\$15,185,311
Projected Enrollment for Foundation Budget	5,279	(reflects 150 decline 10/1/19)
Minimum Aid increment per student	<u>\$ 30</u>	
Projected FY2021 Minimum Aid		<u>158,370</u>
Projected Chapter 70 Aid, FY2021 Budget		\$15,343,681

It should be noted that, as of this writing, the state had finalized legislation (the Student Opportunity Act) which will significantly increase the Foundation Budget (statewide, a total of \$1.4 billion, not including inflation) over a seven-year period, beginning (if enacted) in FY2021. However, as there is no chance this legislation will materially affect the District's Chapter 70 Aid next year (because of "Hold Harmless"), it is not considered in this memo. The District should benefit from the Student Opportunity Act in the future, assuming that projections of increasing enrollment materialize and depending on the details of the phase-in of the Student Opportunity Act. FY2021.

### 2. Transportation Aid

FY2019 eligible transportation expenditures	\$2,527,029
Estimated Cost Reimbursement Rate, FY2020	75.5%
Estimated Transportation Aid, FY2020	\$1,907,131
FY2020 estimated eligible transportation expenditures	\$2,587,029
Projected Cost reimbursement Rate, FY2021	77.2%
Projected Transportation Aid, FY2021 Budget	\$1,997,225

Transportation Aid represents a partial reimbursement for prior year transportation costs of regional schools. Final FY2020 aid amounts will be determined during this year based on

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eligible FY2019 expenditures; note that the District's transportation expenditures increased significantly during FY2019 (the first year of single-tier elementary busing). Similarly, the District added two additional buses in FY2020, increasing its reimbursable costs.

3. Charter Aid

Budgeted Charter Aid, FY2020	\$30,000
Estimated, FY2020 (final Cherry Sheet)	\$62,885
Projected, FY2021 Budget	\$50,000

Between various iterations of the state's FY2020 budget and the prospect of changes to Charter formula reimbursements going forward, there is uncertainty regarding this revenue item in FY2021. Therefore, we are projecting an amount based on the final FY2020 Cherry Sheet (an increase over the District's budgeted amount) but reduced to account for the declining nature of this reimbursement program.

**Other Revenues**

Other District revenue consists of the four categories discussed below:

1. Medicaid Reimbursement

Actual Medicaid Reimbursement, FY2019	\$296,228
Budgeted, FY2020	\$200,000
Projected, FY2020	\$250,000
Projected, FY2021 Budget	\$250,000

The FY2021 budget represents a \$50,000 year-to-year increase; this increase continues the District's trend to align the budget with actual claim experience. The FY2021 Budget is set at an amount equal to the current projected revenue for FY2020, which will be further adjusted during the current year.

2. Investment Income

Actual Investment Income, FY2019	\$366,157
Budgeted, FY2020	\$200,000
Projected, FY2020	\$299,860
Projected, FY2021 Budget	\$300,000

The FY2021 budget represents a \$100,000 year-to-year increase; this increase also continues the District's trend to align the budget with actual earnings. The FY2021 Budget is set at an amount equal to the current projected revenue for FY2020, which is somewhat less than FY2019 actual due to declining interest rates.

3. Rental Income and Miscellaneous

	<u>Rental Income</u>	<u>Miscellaneous</u>
Actual, FY2019	\$7,500	\$ 9,086
Budgeted, FY2020	-	\$10,000
Projected, FY2020	\$7,500	\$10,000
Projected, FY2021 Budget	\$7,500	\$10,000

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These two minor revenue sources are both budgeted level with current year projections. Rental income represents the use of one District classroom (Blanchard) by the CASE Collaborative; Miscellaneous Revenue is all other General Fund receipts not otherwise classified, including E-rate reimbursements, refunds, and unanticipated one-time revenues.

**Summary (amounts in \$000s)**

		FY2019 <u>Actual</u>	FY2020 <u>Budget</u>	FY2020 <u>Projected</u>	FY2021 <u>Budget</u>
State Aid-	Chapter 70	\$ 15,042.7	\$ 15,187.4	\$ 15,185.3	\$ 15,345.8
	Regional Transportation	1,644.9	1,907.1	1,907.1	1,997.2
	Charter Reimbursement	<u>18.3</u>	<u>30.0</u>	<u>62.9</u>	<u>50.0</u>
	Total State Aid	\$ 16,705.8	\$ 17,124.6	\$ 17,155.3	\$ 17,393.0

***FY2021 Budget Increase = \$268,464***

Other - Medicaid Reimbursement.	\$ 296.2	\$ 200.0	\$ 250.0	\$ 250.0
Investment Income	366.2	200.0	299.9	300.0
Rental Income and Misc.	<u>16.6</u>	<u>10.0</u>	<u>17.5</u>	<u>17.5</u>
Total Other Income	\$ 679.0	\$ 410.0	\$ 567.4	\$ 567.5

***FY2021 Budget Increase = \$157,500***

Total Revenues	\$ 17,384.8	\$ 17,534.6	\$ 17,722.7	\$ 17,960.5
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***FY2021 Budget Increase = \$425,964 (2.4%)***

**Cost Reduction Strategies (Savings Previously Included in Summaries)**

In developing this budget and in anticipation of additional staffing requests, the district administration is proposing a number of cost reduction strategies within the FY20 budget. These strategies are summarized below, but most have been noted in earlier sections of this memorandum:

- Hire Floating Custodian to reduce overtime currently paid at 1.5X hourly rate
- Hire Project Manager to avoid need for costs associated with outsourced project management needed to implement the proposed \$20M Capital Plan
- Reduce/Eliminate stipended positions for Acton elementary and secondary band directors
- Eliminate 2.0 FTE Library Assistants
- Eliminate 1.0 FTE Conant 6th Grade Teacher
- Reduced OOD Tuition Line Item to Offset w/ Circuit Breaker (-\$200K)
- Continued Health Insurance Plan Redesign (HSA Option)

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# Use of Reserves

The preliminary budget includes the use of reserve funds as described below:

- E&D - \$995K Total use in FY21 (+305K)

The school committee adopted a policy that the balance of the Excess and Deficiency Fund should remain between 4% and 4.5%. The fund balance currently falls within these guidelines and as such, the district is proposing to use \$995K of E&D, which is approximately 1% of the District's operating budget, an amount that can reasonably be predicted to be replenished within the current operating year. This amount is broken down as follows:

- \$690K - Reduce Assessments to Member Communities (level-fund from FY20)
  - \$125K - Capital increase for FY21
  - \$180K - Offset 1st Year of ADK Plan
- Circuit Breaker - \$3.3M (+499K)

In order to offset costs associated with hiring staff associated with various Special Education Programs, the district is proposing to reduce the line item budget for Out of District Tuitions and offset this amount with the use of Circuit Breaker funds as described below. The district is also proposing to use increased Circuit Breaker Reserves in order to fund several Out of District Placements anticipated for FY21.



# FY21 Overall Budget and Impact

The FY21 Budget is driven largely by increases in fixed costs among the five major cost centers including salaries, health insurance, Middlesex County Retirement, special education tuition and transportation, and Capital outlay. Staffing requests for FY21 represent a NET decrease of 0.4 FTE and the budgetary impact of these reductions are proposed to be offset entirely through reallocation of the District's existing resources. The administration is also proposing to use reserves as described in order to mitigate the impact of the budget increase on the member communities. A final summary of the FY21 Superintendent's Preliminary Budget and Preliminary Assessments is as follows:

	<b>FY20</b>	<b>FY21 Level-Service</b>	<b>FY21 Preliminary</b>
<b>Total Budget</b>	\$90,982,111	\$94,673,077	<b>\$94,396,777</b>
Increase from prior year	\$2,260,619	\$3,690,966	\$3,414,666
<b>Percent Increase from prior year</b>	2.55%	4.06%	<b>3.75%</b>
Final Preliminary Assessments	\$72,757,539	\$76,022,541	\$75,441,241
Acton TOTAL	\$61,235,254	\$64,164,927	\$63,674,672
<b>Acton % Change</b>	2.09%	4.78%	<b>3.98%</b>
Boxborough TOTAL	\$11,522,285	\$11,857,614	\$11,766,569
<b>Boxborough % Change</b>	1.51%	2.91%	<b>2.12%</b>

*To develop engaged, well-balanced learners through collaborative, caring relationships.*