

MERSD

Reconsidered Budget

May 16, 2023

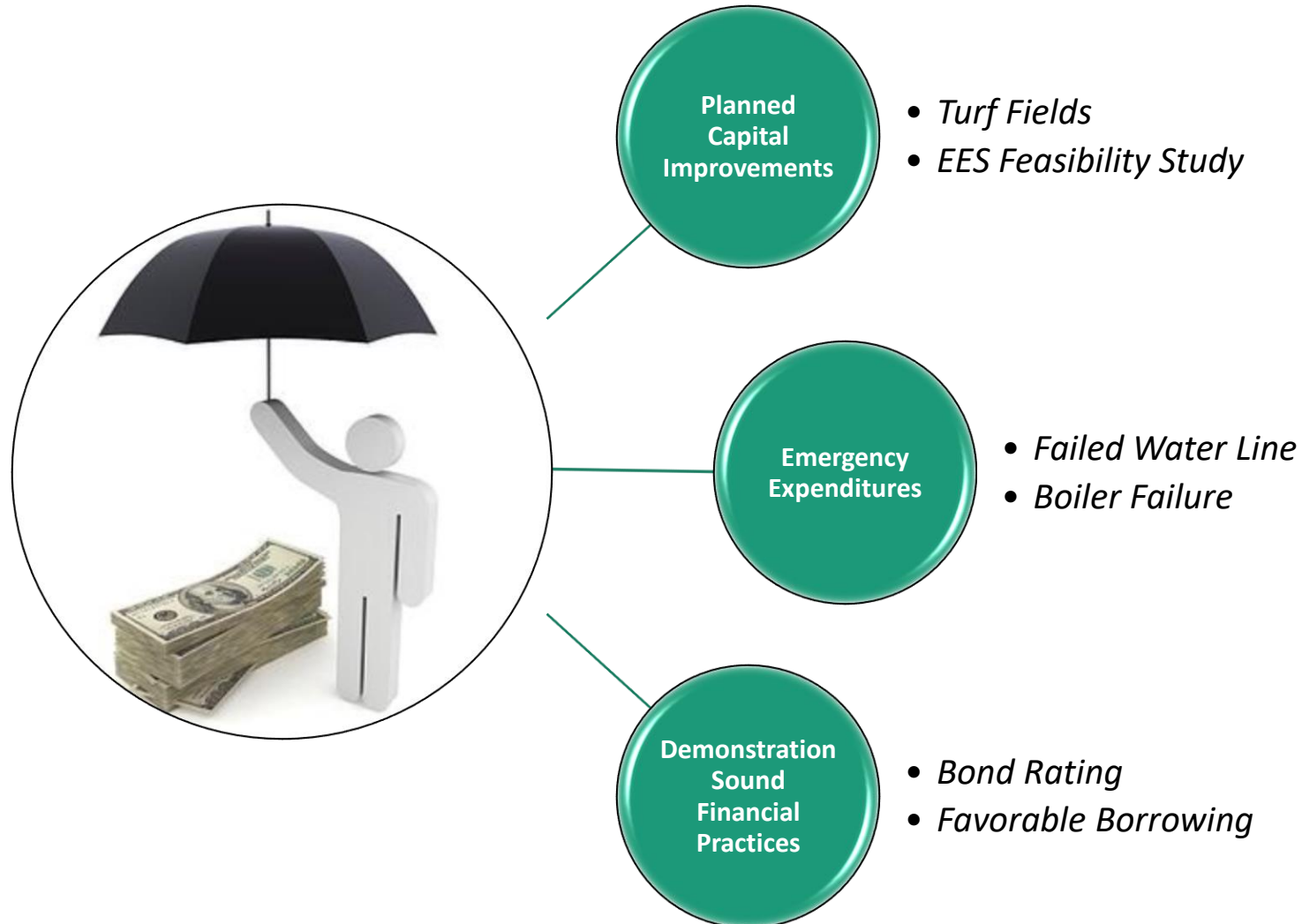
Revised MERSD Budget

Order of Presentation

- Limited Available Resources
 - Role of Reserves & Capital Liabilities
- Operational Budget Reductions
 - Aligning budget to Town Meeting approved funding levels
- Options and Decisions Discussion
- Next Steps

Financial Reserves

Funds accumulated over multiple fiscal years that are dedicated to planned capital investments, emergency needs, and maintenance of a favorable bond rating to minimize the cost of borrowing.

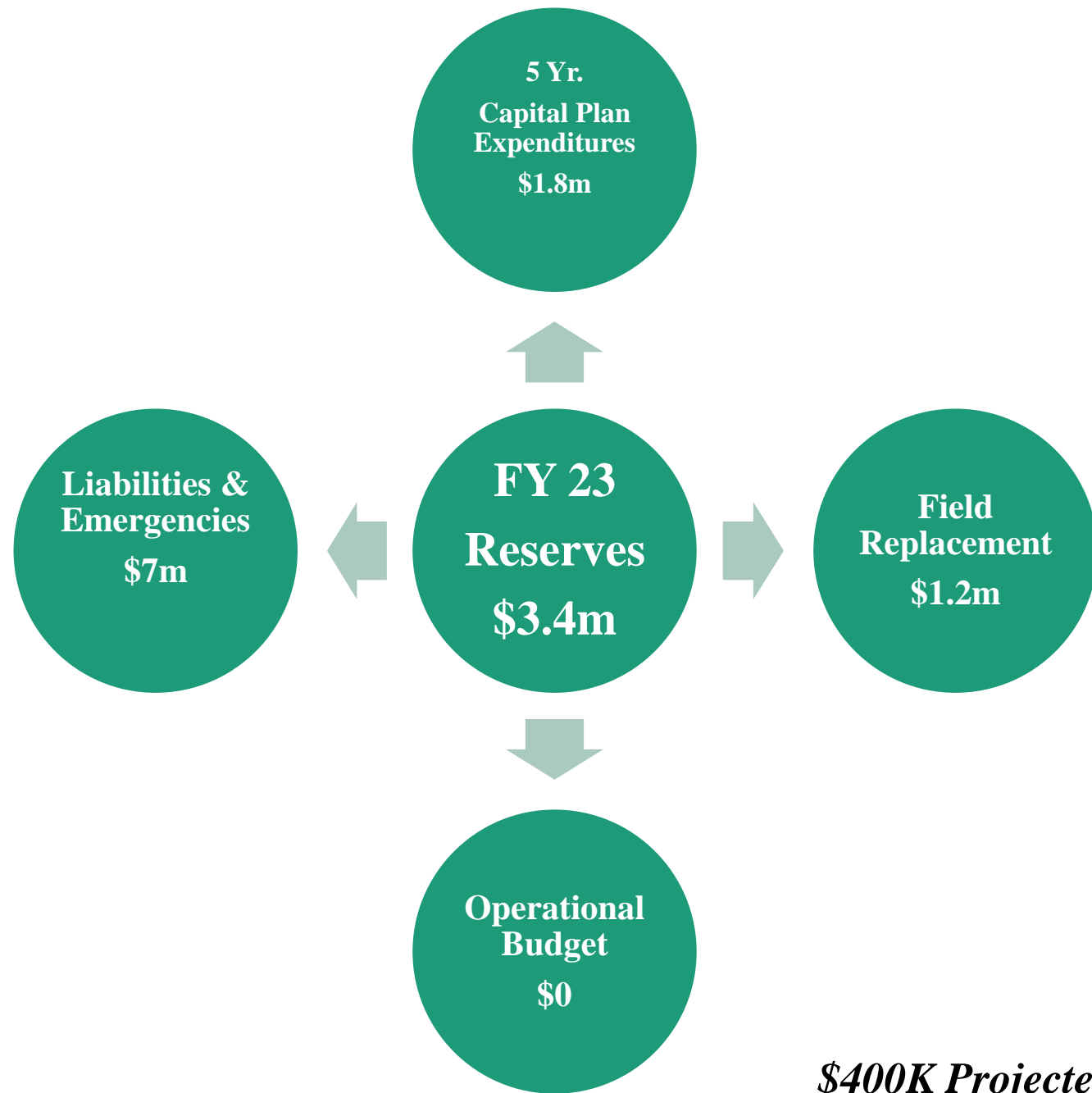


Financial Reserves

Funds accumulated over multiple fiscal years that are dedicated to planned capital investments, emergency needs, and maintenance of a favorable bond rating to minimize the cost of borrowing.

MERSD Reserve Funds Are Made Up of Four Accounts

- **Excess & Deficiency (E&D)**
 - *Accumulated operating budget savings (revenue in excess of expense) over time*
- **Facilities Rental**
 - *Accumulated surplus from building rental fees in excess of expense (e.g., custodial)*
- **School Choice**
 - *Accumulated surplus DESE funds received from sending districts for non-resident students*
- **Stabilization**
 - *Interest income from MMES bond proceeds awaiting deployment between FY20 and FY21*



\$400K Projected FY28 Reserve Balance

Reserves Snapshot

	FY22 Final Balance	FY23 Encumbrances	Capital Plan Investments FY24-FY28	Projected FY28 Balance
E&D	\$1,236,000	\$0		\$1,236,000
Facilities Rental	\$270,000	\$0	(\$270,000)	\$0
School Choice	\$1,487,000	\$0	(\$1,332,000)	\$155,000
Stabilization	\$389,000	(\$164,000)	(\$225,000)	\$0
Total	\$3,382,000	(\$164,000)	(\$1,827,000)	\$1,391,000
	<i>11.7 % FY23 OB</i>			<i>4.8 % FY24 OB</i>

**Assuming budget grows at 2.5% annually reserves projected to by 4.2% of FY29 OB*

Assumes separate financing for turf field replacement.

Reserves Snapshot Including Fields

	FY22 Final Balance	FY23 Encumbrances	Capital Plan Investments FY24-FY28	Projected FY28 Balance
E&D	\$1,236,000	\$0	(\$1,200,000)	\$36,000
Facilities Rental	\$270,000	\$0	(\$270,000)	\$0
School Choice	\$1,487,000	\$0	(\$1,332,000)	\$155,000
Stabilization	\$389,000	(\$164,000)	(\$225,000)	\$0
Total	\$3,382,000	(\$164,000)	(\$3,027,000)	\$191,000
	<i>11.7 % FY23 OB</i>			<i>0.7 % FY24 OB</i>

**Assuming budget grows at 2.5% annually reserves projected to by 0.6% of FY29 OB*

Assumes separate financing for turf field replacement.

MERSD FY24 Operational Budget Revision

- MERSD Budget up to \$29,750,180 approved at both Essex & Manchester Town Meetings
- MERSD Budget override of \$295K failed at the ballot in Essex
 - Manchester did not require and override to fund the FY24 assessment
- The result is a funding gap of \$781K
- MERSD must make reductions that when put through the apportionment formula equal the amount necessary for the Town of Essex to fund its portion of the budget

MERSD FY24 Operational Budget Revision

MERSD's 3.21.23 FY24 Budget remains the recommended budget.

A level services budget provides the same program scope, class size, course offerings, and services from one year to the next and allows for the resources needed to support the priorities of the MERSD Strategic Plan. With a 2.85% increase in spending from the prior fiscal, MERSD's FY24 budget keeps us on a firm financial footing, while being attentive to the financial constraints of the communities. Most importantly, it provides the resources needed to maintain academic excellence and pursue the innovative educational goals of our Strategic Plan.

MERSD FY24 Operational Budget Revision

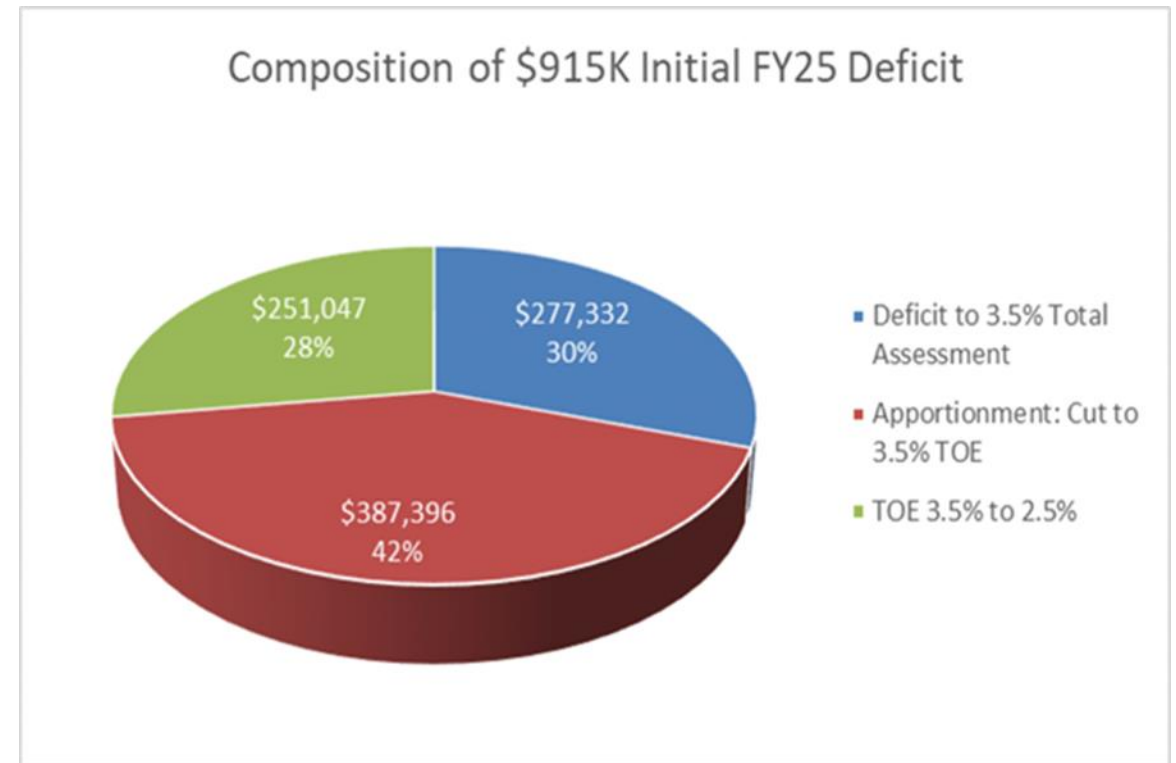
The budget revisions presented here fulfill our responsibility to prepare a budget that meets the financial constraints of the failed vote.

- The budget revision does not support the strategic plan priorities.
- The budget revision limits opportunities for students and narrows the scope of programing.
- The budget revision negatively impacts the district's ability to retain and recruit high quality teachers
- The budget revision negatively impacts the district's ability to innovate and reinvest savings from program restructuring and efficiencies.

MERSD FY24 Operational Budget Revision

The budget revisions presented here fulfill our responsibility to prepare a budget that meets the financial constraints of the failed vote.

- The budget revision sets us on a course of decline. Assuming we grow at an average of 3-4% annually we begin the FY25 budget process estimating that we will need to reduce the budget by approximately \$915K to meet current expectations of a 2.5% apportioned increase to Essex.



MERSD FY24 Operational Budget Revision

The budget revisions presented here fulfill our responsibility to prepare a budget that meets the financial constraints of the failed vote.

- These cuts achieve the goal of budget reduction but are not in the best interest of the long-term health and performance of the system
 - Data Driven
 - Seeks to make reductions in areas that impact the fewest numbers of students and families.
 - Works to preserve junior/senior elective options using a phase out approach

Budget Reductions

<u>Reductions for Reconsidered Budget</u>	\$780,894
Grade 6 Spanish	<i>no value carried in 3.21 Budget</i>
Late Bus	\$20,000
All non-META COLA reduce to 2.5%	\$52,000
Small Cap \$\$	\$35,000
7.65 Teacher FTE	\$640,250
4.6 Teaching Assistants	\$138,692
<u>Health Insurance Savings</u>	\$30,000
<i><u>Estimated Unemployment Costs</u></i>	<i>-\$135,000</i>

Detailed Staffing Reductions

Budget Version	School	Type	Subject Areas	FTE Reduction	Budget Reduction
2.7 OB	Essex	Gen Ed	Elem Classroom	1	
2.7 OB	MS	SPED	Liaison	1	
2.7 OB	HS	Gen Ed	Math	1	
2.7 OB	Memorial	SPED	Sp. Prog	1	
3.21 RB	Elem	Int/Sp	Math Specialist	ESSER III	
5.16 RB	MHS	Gen Ed	Art	0.4	\$38,700
5.16 RB	Memorial	Gen Ed	Elem Classroom	1	\$69,000
5.16 RB	MS	Gen Ed	Health Wellness	1	\$96,600
5.16 RB	HS	Gen Ed	Music	0.95	\$93,500
5.16 RB	MS	Gen Ed	Music	0.6	\$41,398
5.16 RB	District	Int /Sp.	Reading Specialist	0.7	\$36,200
5.16 RB	HS	Gen Ed	Math	1	\$100,000
5.16 RB	HS	Gen Ed	Social Studies	0.2	\$16,500
5.16 RB	HS	Gen Ed	STEM	0.4	\$44,200
5.16 RB	HS	Gen Ed	GrnTm/Environ Science	0.6	\$66,500
5.16 RB	MS	Gen Ed	World Language	0.4	
5.16 RB	HS	Gen Ed	World Language	0.4	\$37,500
				11.65	\$640,098

Educational & Program Implications

- 69% of sections under ten eliminated or combined
- World Language
 - Phased Elimination of French
 - French no longer offered grades 7-9
 - Two-year phase out of 11/12 electives w/ multi-level combinations
- Significant Reduction of STEM & Sustainability Offerings
 - Green Team and Environmental Science Section Reduction

Educational & Program Implications

- K-12 Music Restructure
 - Reduction in chorus/band frequency
 - Larger group instrumental instruction (brass/woodwind/percussion)
 - 6-12 Chorus/General Music
 - 6-12 Band/General Music
 - Deferred Performing Arts Coordinator
- MS Health/Wellness Restructure
 - Reduction in Physical Education and Health Classes from 60 to 30 per year
 - Increase in MS exploratory (art, music, PE, STEM, etc.) class sizes from 20 to 30

Revision History

<i>FY 24 Budget Revision History</i>	FY24 Adopted Budget 2.7.23	FY24 Revised Adopted Budget 3.21.23	FY24 Reconsidered Budget 5.16.23	FY24 Budget Targeting 2.5% TOE
<i>Total Budget Spending</i>	\$30,236,064	\$29,750,180	\$28,969,280	\$28,617,670
<i>Cuts Made to 2.7.23 Adopted Budget</i>		-\$485,884	-\$1,266,784	-\$1,618,394
<i>Reserves</i>	\$0	\$0	\$0	\$0
<i>Spending</i>	4.53%	2.85%	0.15%*	-1.07%**
<i>Assessment</i>	6.90%	5.09%*	1.97%	0.56%
<i>TOE Apportionment</i>	8.96%	7.12%	3.93%	2.50%
<i>MBTS Apportionment</i>	5.72%	3.94%	0.85%	-0.55%

****0.15 % Essentially Level Funded - \$43K Greater than FY23***

*****Due to apportionment formula FY24 would need to be below FY23 (negative growth) for Essex to achieve 2.5%***

Next Steps May & June

Meetings & Public Input

- May 23rd - Public Hearing
- June 6th - SC Meets to deliberate and adopt a reconsidered budget
- June 7th - MERSD Submits Reconsidered Budget to Towns

Research & Process

- Notify staff impacted by budget cuts and formalize layoffs by June 15th
- Verify statutory requirements and steps for town approval process
- Prepare for not meeting DESE 6.30.23 deadline for budget adoption