



*FY26 District Administration's Budget Recommendation  
School Committee Presentation  
January 22, 2025*

Prepared and Presented by:

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# MRSD FY26 Budget Process Overview

## SEPTEMBER / OCTOBER

- Submit E&D as of July 1, 2024 to MA DOR for Certification
- MA DOR finalizes Certification of E&D as of July 1, 2024
- Prepare SIMS October 1<sup>st</sup> Student Enrollment submission for DESE
- Distribute Annual Budget Kick-Off Memo to MRSD Budget Holders
- Update Internal Budget Tools
- Capital Planning

## NOVEMBER

- Submit Final SIMS October 1<sup>st</sup> Student Enrollment to DESE
- Communicate final October 1<sup>st</sup> Resident Student Enrollment and FY26 Apportionment Percentages to Member Towns
- Update Internal Budget Tools
- Meeting(s) with Member Towns
- Capital Planning

## DECEMBER

- Finalize Internal Budget Tools
- Develop Discretionary Spend Budgets by Department
- Develop Staffing Plans by Department
- Develop Special Education Budgets including OOD and Transportation
- Develop Athletics Budget
- Develop District-level Fixed and Variable Cost Budgets by Major Expense Category
- Capital Planning

## JANUARY

- Finalize Annual Operating Budget Recommendation
- Present Annual Operating Budget Recommendation to SC (January 22, 2025)
- SC Budget Meetings
- Capital Planning

## FEBRUARY

- SC Budget Meetings
- Mail Tentative FY26 Annual Operating Budget to Member Towns (February 14, 2025)
- Meeting(s) with Member Towns
- Capital Planning

## MARCH

- SC Budget Meetings
- Public Hearing (March 5, 2025)
- SC Adopts Final Budget (March 19, 2025)

## APRIL/May

- SC Authorizes Debt (if needed) for Capital Projects, pursuant to MGL c. 71 s. 16(d) on April 9, 2025
- SC provides written notice of Debt Authorization to Boards of Selectman of Member Towns by April 11, 2025 (within 3 days of authorization)
- District Treasurer Certifies Budget with Member Towns (by April 18, 2025)
- Topsfield Annual Town Meeting (May 6, 2025)
- Boxford Annual Town Meeting (May 13, 2025)
- Middleton Annual Town Meeting (May 13, 2025)



# FY26 Budget Administration's *Recommendation*

## A Level Service Budget Recommendation for FY26

What Does “Level Service” Mean?

*Level Service is a continuation of the current services, programs, and operations of the District.*

For FY26, our Recommendation reflects an increase in Operating Expenses of \$3,728,655 (or 9.2%) and an increase of \$3,190,196 (or 9.6%) in Operating Assessment versus the FY25 Budget.

*District Leadership acknowledges the significance of this Level Service Budget Recommendation and looks forward to discussions with the School Committee over the next few months as we work together to develop a FY26 Budget that meets the needs of the District while being mindful of its impacts on our Member Towns.*

# FY26 Budget – Assessment Overview

<b>Total Expenditures</b>		<i>Actual FY23</i>	<i>Actual FY24</i>	<i>Adopted F24</i>	<i>Adopted F25</i>	<i>Proposed F26</i>	<b>Chg \$</b>	<b>Chg %</b>
	General Operating Expenses (before Offsets)	39,778,581	42,069,755	42,571,783	43,446,899	47,277,657	3,830,759	8.8%
	Less Expense Offsets	2,294,060	2,558,019	2,814,097	2,770,663	2,872,767	102,104	3.7%
	General Operating Expenses (after Offsets)	37,484,521	39,511,736	39,757,686	40,676,236	44,404,890	3,728,655	9.2%
	Capital Costs including Debt Service Expense	792,750	449,050	449,050	400,000	690,000	290,000	72.5%
	<b>Total Expenditures</b>	<b>\$38,277,271</b>	<b>\$39,960,786</b>	<b>\$40,206,736</b>	<b>\$41,076,236</b>	<b>\$45,094,891</b>	<b>\$4,018,655</b>	<b>9.8%</b>
<b>Total Funding Sources</b>		<i>Actual FY23</i>	<i>Actual FY24</i>	<i>Adopted FY24</i>	<i>Adopted FY25</i>	<i>Proposed F26</i>	<b>Chg \$</b>	<b>Chg %</b>
<b>State Aid</b>								
	Chapter 70	\$5,354,919	\$5,448,589	\$5,403,309	\$5,498,979	\$5,729,078	\$230,099	4.2%
	Transportation Reimbursement	743,838	753,891	701,305	698,918	698,918	0	0.0%
	MSBA Debt Service Reimbursement	1,291,498	-	-	-	-	0	0.0%
	Charter School Tuition Reimbursement	36,905	66,556	31,456	45,441	42,138	(3,303)	-7.3%
<b>Local Receipts</b>								
	Interest Income	192,108	303,675	12,000	190,000	242,400	52,400	27.6%
	Fees Collected	41,357	36,881	34,000	34,000	34,000	0	0.0%
	Miscellaneous Receipts	26,001	8,972	10,000	10,000	10,000	0	0.0%
	Excess and Deficiency	551,844	1,126,968	1,126,968	453,619	712,882	259,263	57.2%
	Fund Transfers In	566,655	467,500	467,500	467,500	467,500	0	0.0%
<b>Federal Aid</b>								
	Medicaid Reimbursement	131,416	63,219	33,933	33,933	33,933	0	0.0%
	E Rate Reimbursement	0	0	0	0	0	0	0.0%
	<b>Total Funding Sources</b>	<b>\$8,936,541</b>	<b>\$8,276,251</b>	<b>\$7,820,471</b>	<b>\$7,432,390</b>	<b>\$7,970,849</b>	<b>\$538,459</b>	<b>7.2%</b>
<b>Net Assessment including Deb Service</b>		<i>Actual FY23</i>	<i>Actual FY24</i>	<i>Adopted FY24</i>	<i>Adopted FY25</i>	<i>Proposed F26</i>	<b>Chg \$</b>	<b>Chg %</b>
	Total Expenditures	38,277,271	39,960,786	40,206,736	41,076,236	45,094,891	4,018,655	9.8%
	Less Total Funding Sources	(8,936,541)	(8,276,251)	(7,820,471)	(7,432,390)	(7,970,849)	538,459	7.2%
	<b>Total Net Assessment including Debt</b>	<b>\$29,340,730</b>	<b>\$31,684,535</b>	<b>\$32,386,264</b>	<b>\$33,643,845</b>	<b>\$37,124,042</b>	<b>\$3,480,196</b>	<b>10.3%</b>
	<b>Operating Assessment</b>	<b>\$29,839,478</b>	<b>\$31,235,485</b>	<b>\$31,937,214</b>	<b>\$33,243,845</b>	<b>\$36,434,041</b>	<b>\$3,190,196</b>	<b>9.6%</b>
	<b>Capital Assessment including Debt Service</b>	<b>(\$498,748)</b>	<b>\$449,050</b>	<b>\$449,050</b>	<b>\$400,000</b>	<b>\$690,000</b>	<b>\$290,000</b>	<b>72.5%</b>

# FY26 Budget Assessment by Town\*

<b>BOXFORD</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>Chg \$</b>	<b>Chg %</b>
Operating Assessment	\$ 11,131,422	\$ 11,917,575	\$ 12,379,417	\$ 13,540,759	\$ 1,161,342	9.4%
Capital Assessment incl Debt Service	\$ (183,169)	\$ 167,451	\$ 147,711	\$ 254,907	\$ 107,196	72.6%
<b>Total Assessment</b>	<b>\$ 10,948,253</b>	<b>\$ 12,085,026</b>	<b>\$ 12,527,128</b>	<b>\$ 13,795,666</b>	<b>\$ 1,268,538</b>	<b>10.1%</b>
<b>MIDDLETON</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>Chg \$</b>	<b>Chg %</b>
Operating Assessment	\$ 10,477,590	\$ 10,896,460	\$ 11,103,806	\$ 11,811,441	\$ 707,635	6.4%
Capital Assessment incl Debt Service	\$ (171,693)	\$ 150,162	\$ 135,586	\$ 230,652	\$ 95,066	70.1%
<b>Total Assessment</b>	<b>\$ 10,305,897</b>	<b>\$ 11,046,622</b>	<b>\$ 11,239,392</b>	<b>\$ 12,042,093</b>	<b>\$ 802,702</b>	<b>7.1%</b>
<b>TOPSFIELD</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>Chg \$</b>	<b>Chg %</b>
Operating Assessment	\$ 8,776,843	\$ 9,123,180	\$ 9,760,623	\$ 11,081,841	\$ 1,321,218	13.5%
Capital Assessment incl Debt Service	\$ (143,887)	\$ 131,437	\$ 116,704	\$ 204,441	\$ 87,738	75.2%
<b>Total Assessment</b>	<b>\$ 8,632,957</b>	<b>\$ 9,254,617</b>	<b>\$ 9,877,327</b>	<b>\$ 11,286,282</b>	<b>\$ 1,408,956</b>	<b>14.3%</b>
<b>DISTRICT TOTALS</b>	<b>FY23</b>	<b>FY24</b>	<b>FY25</b>	<b>FY26</b>	<b>Chg \$</b>	<b>Chg %</b>
Operating Assessment	\$ 30,385,855	\$ 31,937,215	\$ 33,243,846	\$ 36,434,041	\$ 3,190,195	9.6%
Capital Assessment incl Debt Service	\$ (498,748)	\$ 449,050	\$ 400,000	\$ 690,000	\$ 290,000	72.5%
<b>Total Assessment</b>	<b>\$ 29,887,107</b>	<b>\$ 32,386,265</b>	<b>\$ 33,643,846</b>	<b>\$ 37,124,042</b>	<b>\$ 3,480,196</b>	<b>10.3%</b>

\* NOTE: FY26 Preliminary Net School Spending Required Contribution figures and updated Resident Student Enrollment data (per the Regional Agreement) have been utilized to calculate this Assessment by Town Report.



# FY26 Budget

## *Key Assumptions - Highlights*

- Revenues are currently budgeted to increase by \$538K or 7.2% as compared to FY25B
  - Chapter 70 reflects Preliminary FY26 figures from the Governors Budget released earlier today which included an increase of \$75 per student.
    - Regional Transportation Reimbursement and Charter School Tuition Reimbursement currently reflect FY25 Final Cherry Sheet figures; these accounts will be updated with FY26 Preliminary Cherry Sheet figures once Cherry Sheets are released this week.
    - The detailed FY26 “Budget Book” will be published in advance of the February 5<sup>th</sup> Meeting.
  - Interest Income of \$242K reflects an increase of \$52K versus FY25B and assumes that interest rates on District Bank Accounts will trend behind FY24A but ahead of FY23A.
  - An Excess & Deficiency (E&D) figure of \$713K reflects the amount Certified by MA DOR on 10/10/24 for FY24 which exceeds 4% of the District’s operating & capital budget; this is an increase of \$259K as compared to FY25B.



# FY26 Budget

## *Key Assumptions - Highlights*

- Expenses are currently budgeted to increase by \$3.73M or 9.2% as compared to FY25B
  - Total Salary costs are assumed to increase by \$1.32M (5.4%) versus FY25B.
    - A Successor CBA for the Teachers Union for FY25 – FY27 was finalized in October 2024. The new CBA includes a 3.75% COLA on Salaries and Stipends in FY26 and expanded Parental Leave. Also incorporated are STEP increases for 41 staff and Salary Schedule Advancements for 20 staff.
    - Successor CBAs for four (4) Unions, including the Paraprofessionals, Professional Administrators, Support Staff, and MPFTs remain to be negotiated and finalized for FY26. The FY26 Salary Placeholder reflected in our Recommendation includes funding for all COLA, STEP, and Salary Advancements associated with these Unions. Providing detail beyond this level could potentially jeopardize the Committee’s bargaining position.
    - Three (3) additional 1 to 1 Paraprofessional positions are assumed in our Recommendation in order to meet the needs of in-coming 7<sup>th</sup> grade students requiring specialized services in their IEPs.
    - No other changes to Staffing Model are reflected.
  - Total Operating Costs (non-Salary) are assumed to increase by \$2.41M (14.9%) versus FY25B.
    - Incorporates an increase of \$1.27M (+31.3%) in Out-of-District (OOD) Tuition, Special Education Transportation, & Consultant Costs. Reflects a known increase in the number of OOD placements to 69 (+7) as compared to FY25B.
    - Includes an increase of 10% for Active Healthcare Premiums and 5% for Active Dental Premiums. Total Benefits costs increasing by \$452K (8.7%) versus FY25B.



# FY26 Budget

## *Key Assumptions - Highlights*

- Total Operating Costs (non-Salary) Concluded
  - Reflects an increase of \$184K (11.5%) in increased Non-salaried Maintenance Costs including \$98K (+19.2%) in increased Electric & Gas Utility costs and \$51K (+10.0%) in increased Janitorial Services Contract costs.
  - Includes an increase of \$131K in Retirement costs including a \$112K (+12.5%) increase in the annual appropriation from the Essex Regional Retirement Board.
  - No new Services or Programs.
- Capital Costs including Debt Service recommended at \$690K in FY26
  - Reflects Priority Projects as identified and supported by both District Leadership and the DCI Subcommittee.
  - DCI Chair, Matt A., will be presenting a Capital Plan Recommendation inclusive of this item later this evening.



# FY26 Budget

## Capital Costs including Debt Service

Recommended Priority Projects Include:

Project Name	Est. Cost
HVAC Electrification Feasibility Study	\$156,500
Softball and Track & Field Feasibility Study	16,150
High School Elevator Modernization Project	207,639
Middle School Elevator Modernization Project	198,712
Press Box Building Lift Replacement Project	111,000
<b>Capital Cost Total:</b>	<b>\$690,000</b>



# FY26 Budget

## Major Expense Category Analysis (after Offsets)

Expense Category	FY26 Budget		FY25 Budget		VS PR YR	
	Tot \$	% of Tot	Tot \$	% of Tot	Chg \$	Chg %
Salaries	\$ 25,804,493	58.1%	\$ 24,487,022	60.2%	\$1,317,471	5.4%
Out-of-District Tuition	\$ 4,097,006	9.2%	\$ 3,099,847	7.6%	\$997,160	32.2%
Insurance Benefits (Active and Retired)	\$ 5,672,553	12.8%	\$ 5,220,834	12.8%	\$451,719	8.7%
Maintenance (non-salary)	\$ 1,778,087	4.0%	\$ 1,594,429	3.9%	\$183,658	11.5%
Transportation - Regular Ed	\$ 1,310,738	3.0%	\$ 1,247,883	3.1%	\$62,855	5.0%
Retirement Contribution	\$ 1,392,013	3.1%	\$ 1,261,171	3.1%	\$130,843	10.4%
Transportation - Special Ed	\$ 742,804	1.7%	\$ 539,285	1.3%	\$203,519	37.7%
MIS & Instructional Technology (non-salary)	\$ 630,188	1.4%	\$ 580,110	1.4%	\$50,078	8.6%
High School Athletics (non-salary)	\$ 548,618	1.2%	\$ 497,153	1.2%	\$51,465	10.4%
High School Materials, Supplies, & Resources	\$ 583,529	1.3%	\$ 526,921	1.3%	\$56,609	10.7%
Student Services Consultants & Svc Providers	\$ 470,833	1.1%	\$ 405,431	1.0%	\$65,402	16.1%
Property, Liability & WC Insurance	\$ 331,390	0.7%	\$ 274,924	0.7%	\$56,466	20.5%
Middle School Materials, Supplies, & Resources	\$ 241,085	0.5%	\$ 212,660	0.5%	\$28,425	13.4%
Business, Finance & HR (non-salary)	\$ 201,318	0.5%	\$ 173,981	0.4%	\$27,337	15.7%
School Choice & Charter School Sending Tuition	\$ 177,744	0.4%	\$ 188,283	0.5%	(\$10,539)	-5.6%
Professional Development (non-salary)	\$ 140,984	0.3%	\$ 88,790	0.2%	\$52,194	58.8%
Crisis Response & Security (non-salary)	\$ 83,379	0.2%	\$ 82,893	0.2%	\$486	0.6%
Legal Services	\$ 65,220	0.1%	\$ 65,220	0.2%	\$0	0.0%
Unemployment	\$ 24,000	0.1%	\$ 24,000	0.1%	\$0	0.0%
All Other	\$ 108,907	0.2%	\$ 105,399	0.3%	\$3,508	3.3%
<b>Totals:</b>	<b>\$ 44,404,890</b>	<b>100.0%</b>	<b>\$ 40,676,236</b>	<b>100.0%</b>	<b>\$3,728,655</b>	<b>9.2%</b>

## Where are the Increases?

90% of the Total Expense Increase of \$3.73M can be attributed to the following 5 Major Cost Categories:

Salaries - +\$1.32M or 35%

OOD/Trans/Cons - +\$1.27M or 34%

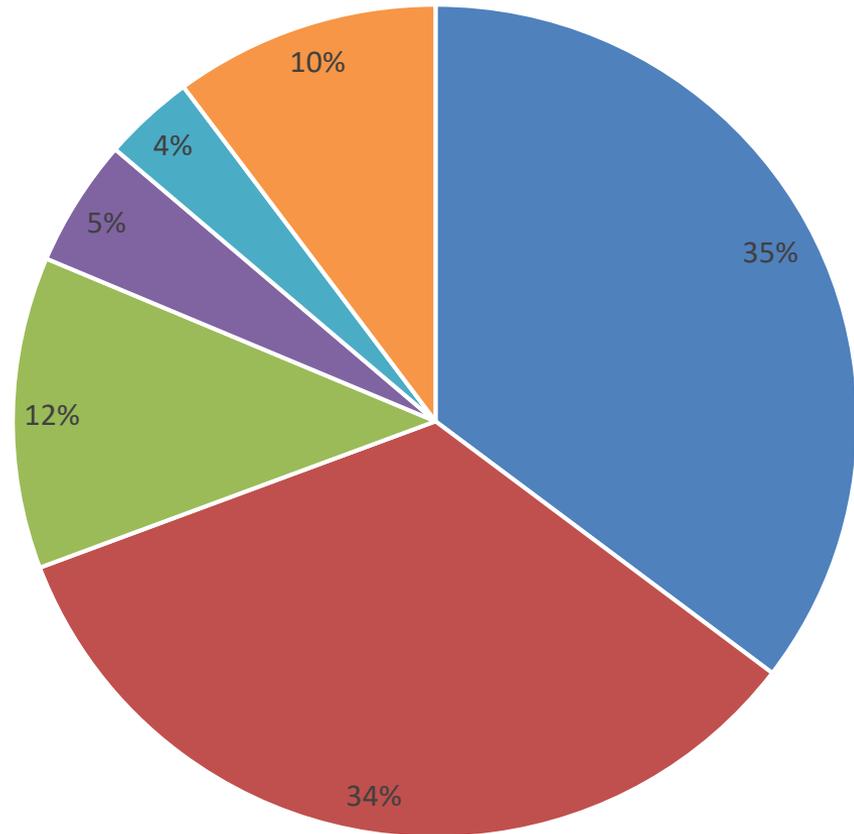
Benefits - +\$451K or 12%

Maint & Utilities - \$184K or 5%

Retirement - \$131K or 4%

## % of Total Expense Increase by Major Cost Category

- Salaries
- OOD/Tran/Cons
- Benefits
- Maint & Utilities
- Retirement
- All Other





# FY26 Budget

## February 5<sup>th</sup> Meeting Agenda Topics

- FY26 Preliminary Cherry Sheet Revenue Review
- Major Expense Category Review begins, including:
  - Salary Costs
  - OOD Tuition, OOD Transportation, & Contracted Service Provider Costs



# FY26 Budget Calendar

SEPTEMBER 30, 2024	DISTRICT SUBMITS JULY 1, 2024 E & D TO MA DOR FOR CERTIFICATION
OCTOBER 10, 2024	MA DOR CERTIFIES DISTRICT'S JULY 1, 2024 E & D
OCTOBER 25, 2024	FY26 BUDGET KICK-OFF MEMO DISTRIBUTED TO MRSD BUDGET HOLDERS
NOVEMBER 1, 2024	DISTRICT DISTRIBUTES OCTOBER 1, 2024 RESIDENT STUDENT ENROLLMENT TO TOWNS
JANUARY 22, 2025	FY26 BUDGET RECOMMENDATION PRESENTED TO THE SCHOOL COMMITTEE
FEBRUARY 5, 2025	SCHOOL COMMITTEE CONDUCTS FY26 BUDGET DELIBERATIONS
FEBRUARY 14, 2025	DISTRICT MAILES TENTATIVE FY26 BUDGET TO TOWN OFFICIALS
FEBRUARY 26, 2025	SCHOOL COMMITTEE CONDUCTS FY26 BUDGET DELIBERATIONS
MARCH 5, 2025	SCHOOL COMMITTEE HOLDS FY26 BUDGET PUBLIC HEARING
MARCH 5, 2025	SCHOOL COMMITTEE CONDUCTS FY26 BUDGET DELIBERATIONS
MARCH 10, 2025 (MON)	SCHOOL COMMITTEE CONDUCTS FY26 BUDGET DELIBERATIONS (IF NEEDED)
MARCH 12, 2025 (WED)	SCHOOL COMMITTEE CONDUCTS FY26 BUDGET DELIBERATIONS (IF NEEDED)
MARCH 17, 2025 (MON)	SCHOOL COMMITTEE CONDUCTS FY26 BUDGET DELIBERATIONS (IF NEEDED)
MARCH 19, 2025	SCHOOL COMMITTEE CONDUCTS FY26 BUDGET DELIBERATIONS
MARCH 19, 2025	SCHOOL COMMITTEE ADOPTS FINAL FY26 BUDGET
APRIL 9 , 2025	SCHOOL COMMITTEE AUTHORIZES DEBT FOR CAPITAL PROJECTS (IF NEEDED)
APRIL 11, 2025	DISTRICT PROVIDES WRITTEN NOTICE OF DEBT AUTHORIZATION TO BOARDS OF SELECTMAN (IF NEEDED)
APRIL 18, 2025	DISTRICT TREASURER CERTIFIES FY26 BUDGET WITH TOWNS
MAY 6, 2025 & May 13, 2025	ANNUAL TOWN MEETINGS