



ACTON-BOXBOROUGH
REVOLUTION

FY25 Budget

Early Budget Projection
Nov. 2, 2023

Our vision is to provide high-quality educational opportunities that inspires a community of learners.

Our mission is to develop engaged, well-balanced learners through collaborative, caring relationships.

WELLNESS ◦ EQUITY ◦ ENGAGEMENT



Early Budget Projections

Level Services Budget Model

Assumes we will provide the same services and programs next year that we currently provide

Only a model, not a budget proposal

- Revenue, Reserves & Assessments
- Expenses
- What Happened?

Expenses projected to exceed revenues by \$7M



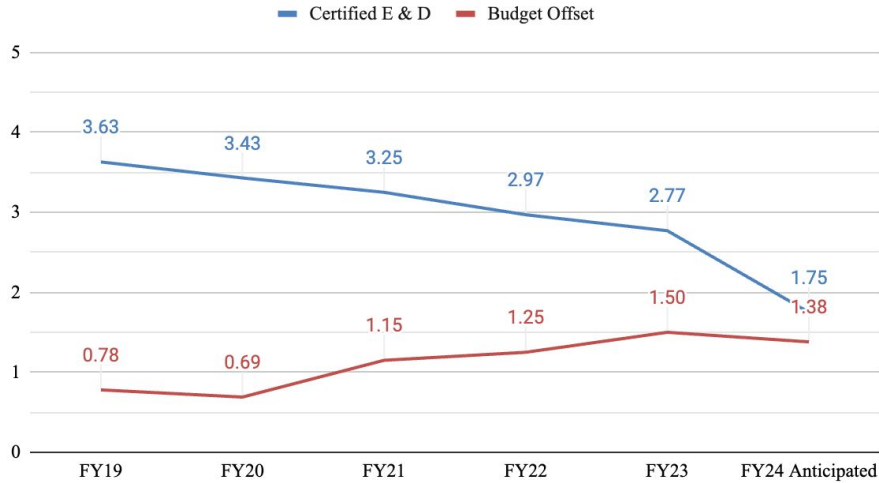
Summary of Revenues, Reserves & Assessments

→ Project \$3.2M total in additional funding for FY25

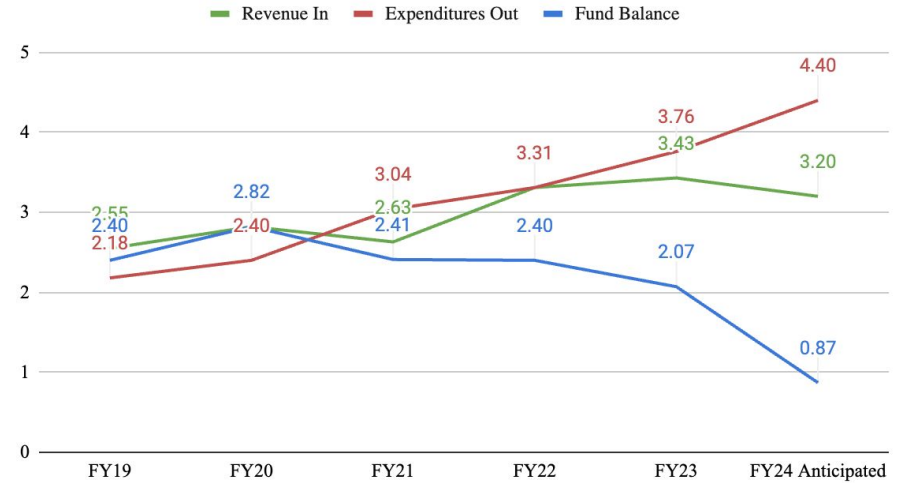
	Projected	Variance	Change	Summary
<i>State Aid</i>	18,660,356	300,000	.81%	\$30pp CH70 + McKinney-Vento Reimbursement
<i>Other Revenue</i>	540,000	(35,000)	-6.09%	Medicare Reimbursement
<i>Reserve Use</i>	1,375,000	(150,000)	-9.84%	Level use of E&D, Reduced Capital Stabilization
Total Other Funding	20,575,356	115,000	0.55%	Subtotal for State Aid, Reserves and Other Revenues
<i>Assessments</i>	88,875,332	3,261,275	3.81%	Based on 3% Acton assessment increase
Total	109,450,688	3,226,275	2.95%	Available budget increase for FY25

District Reserves - Historical Use

Excess & Deficiency Reserve FY19-FY24 (in millions)



Circuit Breaker Reserve FY19-FY24 (in millions)



Summary of Expenses - Level Services

→ Fixed Costs & Contractual Obligations - \$9.7M

	Projected	Variance	Change	Summary
<i>**Personnel</i>	73,870,835	4,638,486	6.7%	COLA, SpecEd Staff, Substitutes, Vacancy Factor
<i>Fringes</i>	19,629,187	2,365,080	13.7%	Health insurance, MCRS, OPEB
<i>SpecEd Tuitions</i>	4,606,008	1,242,781	37.0%	OOD SpecEd Tuitions, NET use of Circuit Breaker
<i>SpecEd Transport</i>	1,102,318	625,150	131.0%	SpecEd & McKinney-Vento Transportation
<i>Facilities</i>	4,691,431	537,129	12.9%	Less utility subsidy, capital & maintenance
<i>Assessments</i>	1,130,943	182,060	19.2%	Charter & Sewer Assessments

***Personnel includes \$750K of special education staff added in FY24 due to students moving into district and required changes to existing students' services after the FY24 budget was finalized*

Summary of Expenses - Level Services

→ Variable Costs - \$500K

	Projected	Variance	Change	Summary
<i>ARPA & Earmarks</i>	172,040	172,040	NA	Cartwheel, Assabet Valley, Resource Center
<i>Ed Tech</i>	912,722	123,672	15.7%	3% plus \$100K increased costs
<i>Teach & Learn</i>	710,824	100,704	16.5%	Literacy & math supplies from grant funding
<i>Other</i>	3,390,401	98,750	3.0%	All school & district supply budgets combined

**TOTAL	116,358,170	10,133,757	9.54%	TOTAL Projected Level Services Budget
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Summary of Revenues & Expenses - Level Services

→ Costs projected to exceed revenue by \$7M**

REVENUE TOTAL	109,450,688	3,226,275	2.95%	Available Budget Increase for FY25
EXPENSES TOTAL	116,358,170	(10,133,757)	9.54%	TOTAL Projected Level Services Budget
	VARIANCE	(6,975,531)	VARIANCE BETWEEN REVENUES AND LEVEL SERVICES	

** Does not factor recent Health Insurance Trust projections which could impact total by an additional \$1M

Special Note on Health Insurance

Issues with Acton Health Insurance Trust (HIT) will impact FY24 and FY25

FY24 - HIT is requesting:

- January rate increase of 22.8% AND \$2M combined from Town and Schools
- We do not currently have a source of funding for this (E&D, OPEB, other?)

FY25 -

- 22.8% rate increase (carried from FY24)
- Equals \$2.8M increase to Health Insurance alone (additional \$1M beyond current projection)

Recap

- 3 consecutive years of shortfall
- Extraordinary increases to fixed costs
 - Health Insurance & Fringes
 - In-district Special Education & English Language Services
 - Out of District Special Education Tuitions & Transportation
 - Inflation - Utilities, Supplies & Maintenance, Capital
- Grants & federal funding expiring or have expired
- **Structural problem** with school budget exacerbated by **extraordinary circumstances** - revenues cannot keep up with costs
- If no change to revenue or reserve usage, catastrophic impact on students

What happened - Why Now?

- Budget Gap is not a new problem - 3 years in the making - reserves depleted
- Problems are coming in areas that have “big numbers”
 - **Health Insurance** alone makes up between \$2-3M of the gap (still TBD)
 - **Special Education** costs \$2.6M of Gap
 - **OOD tuitions** state-approved rate increases = 20% in two years
 - **Transportation:** Special Education, Homeless & Foster Care
 - **In-district student needs** required increased staffing
 - **Circuit Breaker** reserve depleted by rising costs
 - **Inflation** for supplies, materials, technology, maintenance



Next Steps

Need School Committee Direction:

- **Budget Guidelines** - Need to have **clear priorities** & direction.
- **Reserve usage** - How much can we use?
- **Fees** - What fees can be increased or introduced to offset cost?
- **Revenue** - What direction are we going? Do we need to ask for more money from towns?

Acton Health Insurance Trust (HIT) Update

- HIT has seen an above normal number of “high-cost” claimants on health insurance plans
 - 3 month avg per employee per month claim increases:
 - BCBS 16%
 - HPHC 33%
 - HIT does not have sufficient funds on hand to pay all claims
 - Employees not at risk of losing insurance, but problem needs to be solved

Acton Health Insurance Trust (HIT) Update

→ 2 Options presented by HIT Consultant:

→ Both options include a **\$2M payment from town/schools to trust (FY24)**

→ Voted by HIT last week

→ *IN ADDITION:*

→ **Option 1:** January 1st - 13.2% rate increase; additional July 18.6% rate increase

→ **Option 2:** (Preferred Option) January 1st - 22.8% rate increase that continues into FY25

→ \$1.4M - Cost to District for 22.8% Rate increase (FY24)

→ \$1.2-1.6M - Cost to District for share of \$2M payment

\$2.6-3M - Total potential liability to District (needs validation)

Acton Health Insurance Trust (HIT) Update

Next Steps:

1. We need additional information from the HIT and anticipate this will follow from their next scheduled meeting on November 9, 2023.
2. We recommend hiring an analyst to independently review claims and the financial position of the trust and advise us and the Town of Acton about logical next steps.
3. We recommend that the school committee's budget subcommittee discuss options available to the district that identify up to \$2.6M-\$3M in funds in FY24 that can be redirected to cover HIT costs. The administration is working to develop 1-2 options to bring to the committee.
4. We recommend that the Town and Schools urgently convene a joint committee to study health insurance options beyond FY24.