

FY21 Budget Workshop

20 July 2020

Topics

- Estimating the current budget gap
- Ongoing labor negotiations for cost mitigation
- Sequence of meaningful events/information
- Taking a pathway of balanced risk is in our best interest now
- Downside of balanced risk approach

Estimating the current budget gap

	Model #3
School Budget Status [7.15.2020]	\$ 67,499,696
Town Mgr. Revised Recom. [7.20.2020]	\$ 67,080,000
Net Budget Gap	\$ (419,696)
Estimated Covid-related Revenue Losses [These Losses Cannot Be Covered by Federal Stimulus]	
SPED Circuit Breaker Decrease	\$ (465,000)
Bus Revenue Decrease [100% loss]	\$ (750,000)
Student Activity /Athletics [25% reduction]	\$ (114,250)
Full Day Kindergarten and Preschool [25% reduction]	\$ (233,750)
Gate Receipts [50% reduction]	\$ (20,000)
Total Projected Revenue Losses	\$ (1,583,000)
Total Gap- Assume No Additional State Aid	\$ (2,002,696)

Ongoing labor negotiations for cost mitigation

- We are still engaged in a dialogue with several labor unions, with the goal of seeking some compensation adjustments from existing labor contracts that would decrease our costs for FY21 and **preserve jobs**
- **Without mitigation of costs** to significantly reduce the estimated \$2M budget gap, **the district will need to make significant further cuts to staffing** (we have already cut 29.6 full-time equivalent (FTE) positions for next year prior to getting to this point)
- For illustrative purposes: To close the gap by \$2M would require the equivalent of cutting about 30 teachers or about 78 paraprofessionals

Sequence of meaningful events/information

Event/Action	Date/Timeframe	Notes
Annual Town Meeting	August 8th	All FY21 school and municipal budgets subject to approval
FY21 State Budget Approval	Late August - September?	We will learn with certainty our town and school state aid funding, which could impact our financial status positively or negatively
Special Town Meeting	October - or later, after state budget approved	React to state aid funding with potential for additional appropriations or budget reductions
Possible additional federal stimulus funding	??	Could help with ongoing CV-19 related costs

Taking a pathway of balanced risk is in our best interest

- Timing is a key rationale
- Our estimated gap is now at \$2M
- Making significant reductions in the face of reopening schools during a pandemic is counterproductive, especially if additional funding is a possibility in the coming weeks/months
- This strategy avoids all of the problems regarding quality and stability that come with an “accordion action,” i.e., cut staff and programs and then restore staff and programs

Downside of balanced risk approach

- If no additional funding comes forward beyond what is projected, then we will need to reassess our cost structure in light of whatever reopening plan we undertake and the state of CV-19 virus's impact on our educational enterprise and all related services
- A lack of additional resources could cause mid-year budget reductions

Process to move forward to the Annual Town Meeting

- School Committee vote to support a FY21 School Department Appropriated Budget that is the same as the Town Manager's Recommendation of \$67,080,000, with the understanding that the school district will still need to close a \$2 million gap over the course of the fiscal year through a combination of cost mitigation measures and additional revenue in order to maintain staff and program
- This is a \$1,197,655 or 1.18% increase over FY20
- Continue to work with labor unions on cost mitigation
- Assume a posture of balanced risk until the state budget process is completed