FY27 Tentative Budget Overview

SC Discussion December 2, 2025

FY27 Tentative Budget

- The tentative or preliminary budget draft provides an early look at key drivers of the FY27 budget.
- The intent is to give early visibility into our budget projections and highlight any known key changes from FY26.
- The purpose is to provide SC and Community an initial look at the key financial drivers and share thinking and questions about the next steps and goals of budget development.
- Feedback from this discussion and the December budget hearing will inform the development of the recommended budget.

FY27 Tentative Budget

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Maintenance of effort /level services budget

- Provides for the same program scope, class size, course offerings, and services as provided in FY26.

Staffing

- Includes a .3 FTE staffing increase otherwise maintains level staffing
- *This does not prevent changes (reorganization) in staffing utilization/assignment for 2026-2027.*

Enrollment

- Class sizes remain consistent with School Committee benchmarks.
- Enrollment patterns indicate stability, supporting a level-services budget.

FY27 Tentative Budget

FY27 Tentative Budget Summary

Total FY27 Tentative Budget

- $35,007,499 (+7.39%, +$2,410,358 from FY26).

Revenue Outlook

- General fund revenues projected to increase 3.87% (+$169,200).
- Apportionment formula based on Equalized Valuation (EQV) and U.S. Census population data.

Use of Reserves

- Applies $600,000 E&D and $150,000 OPEB, same as FY26.
- Town assessments increase 7.94% (+$2,241,148):
  - **Manchester-by-the-Sea:** +7.86% (+$1,373,952)
  - **Essex:** +8.07% (+$867,196)

FY27 Tentative Budget

Spending Highlights — Personnel

Salary & Contractual Obligations

- **2.5% COLA** for non-META employees.
- Teachers: ~**5.43%** increase (COLA + steps/columns + final year of scale restructuring from 13 to 11 steps).
- Teaching Assistants: ~**1.91%** increase (lower due to prior-year retroactive adjustment).

Contract Cycle

- META (Teachers & TAs) contracts expire end of FY27; negotiations to occur during FY27.

Staffing Changes

- Restores Speech & Language services to a full **1.0 FTE** based on student needs.
  - Net change of **+0.3 FTE**.

FY27 Tentative Budget

Spending Highlights — Operating Expenses

Health Insurance & Benefits

- Primary driver of growth: **+16.65%** (+**$1,116,966**).
- Budget includes an assumed **20%** insurance renewal increase, consistent with statewide trends.

Curriculum & Legal Costs

- **$25,000** increase for anticipated legal costs related to META negotiations.
- **$40,000** to pilot new Science & Math curriculum in FY27 for potential FY28 adoption.

Technology

- **$26,000/year** for a three-year iPad lease to replace outdated K–2 devices that can no longer run required assessment software.

Special Education

- Tuition and transportation projected to **decrease ~2%** due to fewer Out-of-District placements.
- SPED remains highly fluid; projections may shift as placements change.

FY27 Tentative Budget

December/ January Development of Recommended Budget

- Monitor and Revise - Seven months remain before the start of FY27; updates will continue as conditions evolve.
- Monitor health insurance renewal rates and explore cost-containment options.
- Update SPED projections as placements and student needs evolve.
- Assess OPEB Contribution Strategy
  - OPEB fund balance is strong (**$7.2M**, with **$762K** planned for FY26), while operating cost increases—especially health insurance—are outpacing revenue growth.
  - Current practice directs all health plan restructuring savings to OPEB, limiting flexibility in the operating budget.
  - Consider **slowing the growth rate of OPEB contributions** and redirecting a portion to the **operating budget** to help moderate assessment increases while still advancing long-term OPEB goals.
- Continue collaborative work with the School Committee, towns, and stakeholders.

Next Steps

Public Input

~December 10th – Tentative Budget Hearing

~February 3rd- Budget Hearing

December/ January Development of Recommended Budget

~January 13th School Committee Meeting

~January 27th School Committee Meeting

February FY26 Budget Adoption

~February 10th – School Committee Meeting

FY27 Tentative Budget

Additional Documents

- FY27 Tentative Budget Document