FY27 Proposed Budget

Budget Hearing - February 3, 2026



How the FY27 Budget Is Built

Student needs are the starting point for all budget decisions

Required obligations are funded first, including contractual and mandated costs

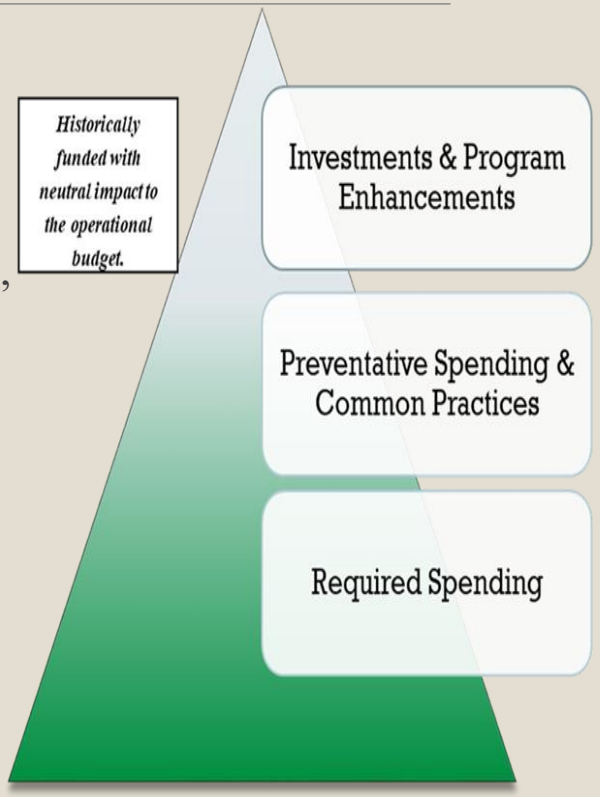
Preventative investments are prioritized to protect long-term stability and avoid larger future expenses

Program enhancements are considered only when they can be supported without adding ongoing operating costs

Spending decisions are evaluated through their impact on teaching and learning, including curriculum, instructional materials and technology, staffing, professional learning, and co-curricular opportunities

FY27 Budget Overview

- Tentative budget assumptions have been refined based on information available as of 1/27/26.
- FY27 Proposed Budget maintains current service levels: class sizes, programs, scope of course offerings, and staffing remain stable.
- Budget reflects cost containment strategies to manage known pressures while preserving instructional quality

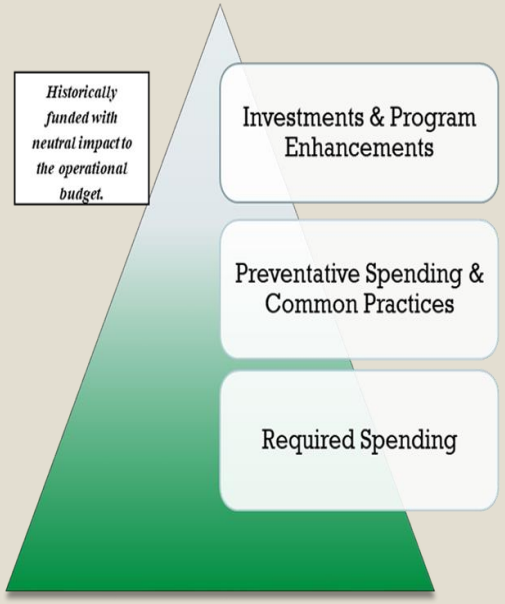


FY27 Budget Overview

FY27 Proposed Budget = $33.85 million
- 3.85% increase from FY26 budget

FY27 General Fund Revenue Increases 3.87%
- Chapter 70 aid increases by $166K (4.87%)
- Use of reserves remains consistent with FY26: $600K Excess & Deficiency (E&D)

FY27 Operating Assessment = 3.85 %
- Manchester: 3.74% / $654,388 apportioned growth
- Essex: 4.03% / $432,629 apportioned growth



FY27 Budget Overview

FY27 Draft Capital Budget = $3,867,961 million

- Debt service for MSHS and MMES approved by voters when projects began
- $100,001 decrease (2.6%) vs. prior year
- BAN Renewal in February will impact final capital budget number



Major Cost Drivers & Budget Pressures

Personnel costs continue to be the largest driver (≈80% of total budget)

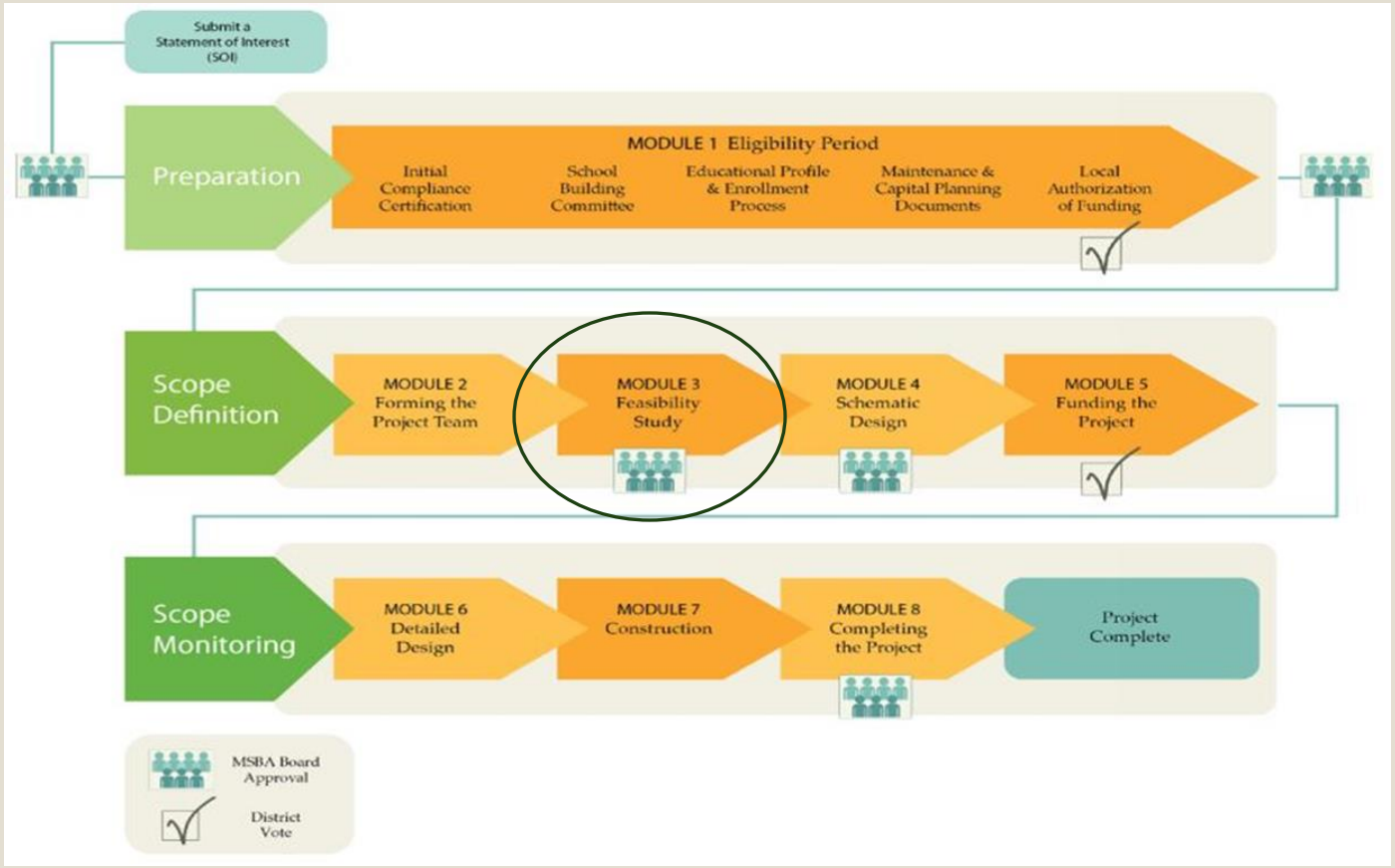
- Teaching staff growth reflects COLA plus step/column movement (5.11%)
- Health insurance currently projected at a 14% increase, reflecting current market conditions

- Ongoing increases in utilities, transportation, and facilities operations
- Cost offsets include reduced Out-of-District Special Education costs and additional Circuit Breaker reimbursements resulting in a -$250K reduction to OOD expenditure

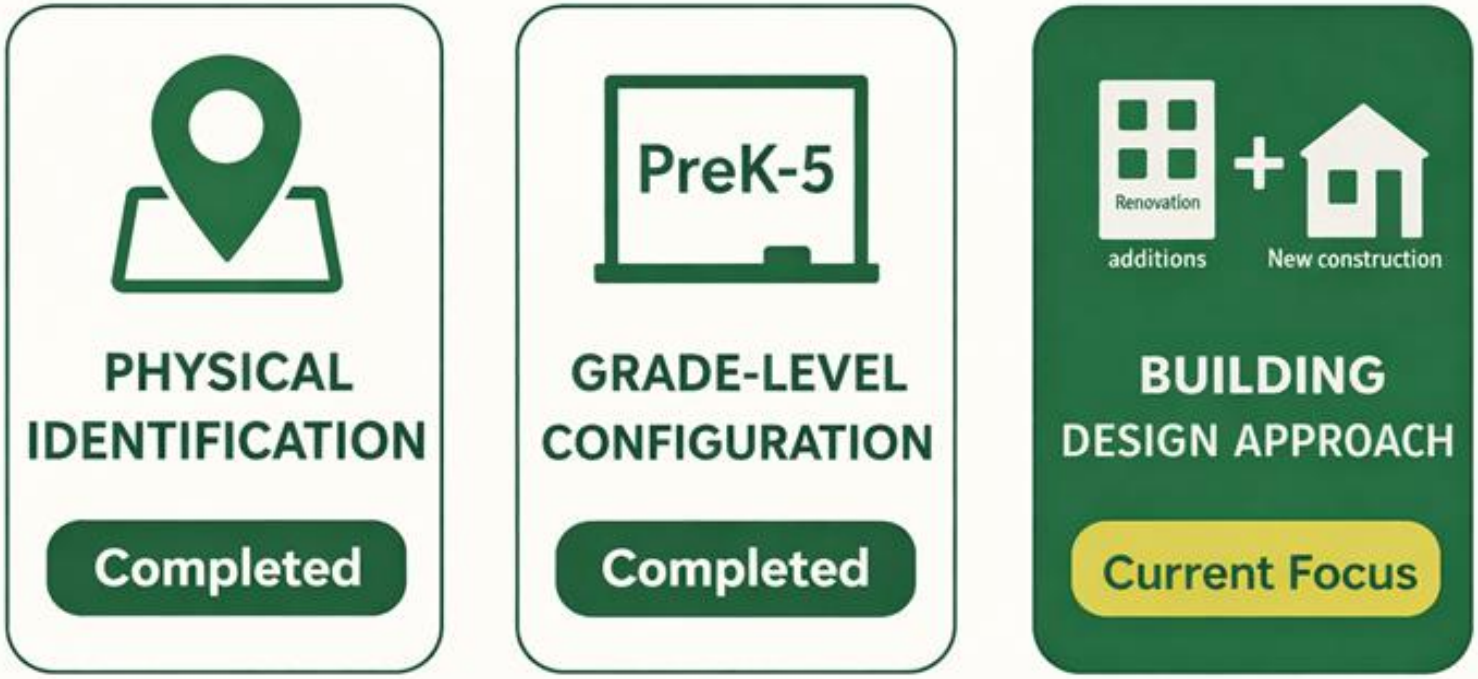
Strategic Budget Decisions Embedded in FY27

- OPEB contribution held at $300K to manage annual operating growth results in a -$500K spending reduction
- School Choice revenue held flat by replacing graduating students only
- Proposed 2.5% increase to athletics, transportation, PreK, and facility rentals
- Exploratory discussion of a K–12 student activity fee (no action taken)

Essex Elementary Building Project Update



Key Decisions in the Feasibility Phase



Essex Elementary Building Project Update

Essex Elementary Building Project Update

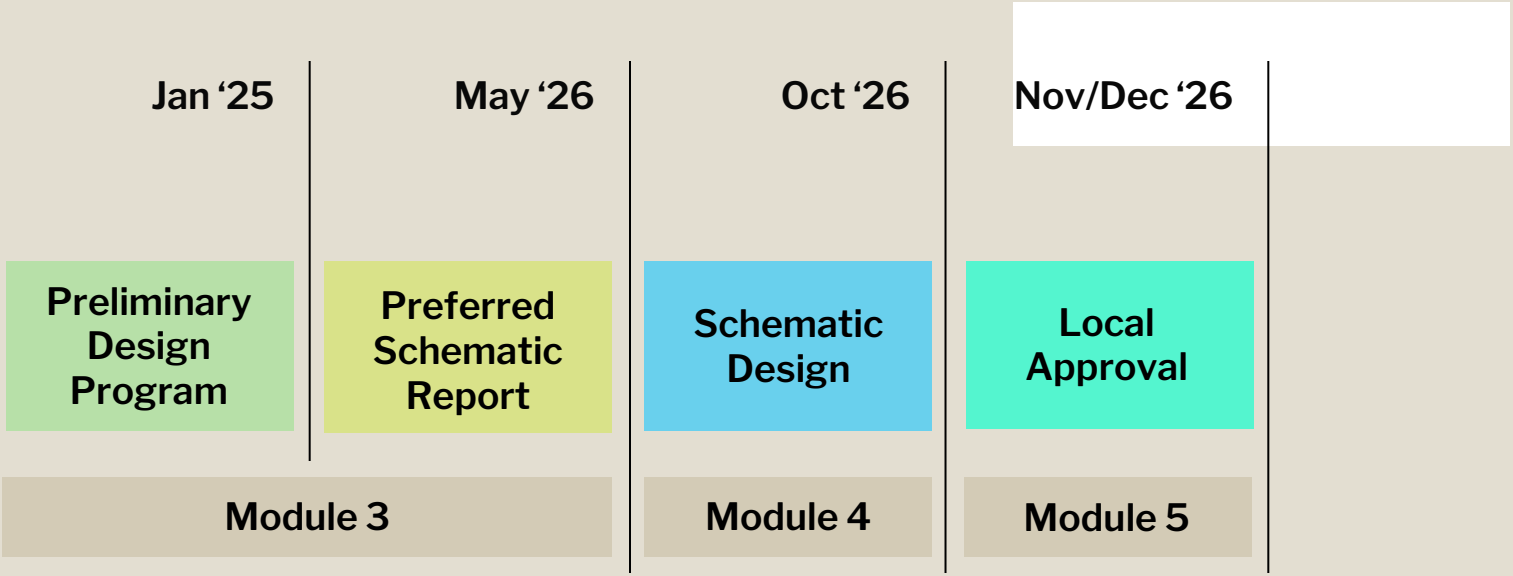
Feasibility Phase Process

Preliminary Design Program (PDP)
Identify the issues/articulate the educational plan
List options to be studied in PSR

Preliminary Schematic Report (PSR)
Evaluate the site and building options/select a preferred option

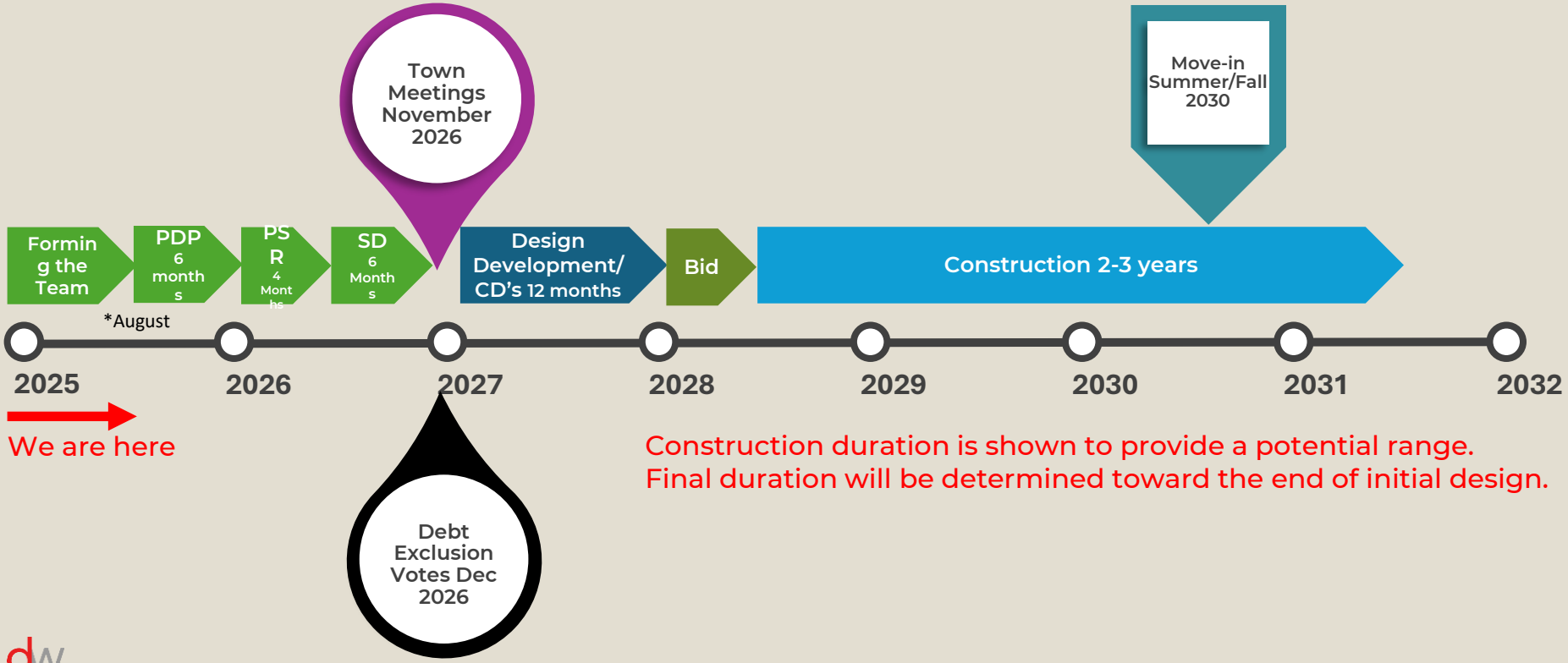
Schematic Design (SD)
Develop schematic drawings and specifications
to establish the project budget

Feasibility Phase Schedule



Timeline is subject to change during the process

Anticipated Project Timeline



Questions

1. Use of Reserves: *To manage annual budget growth and maintain current programs, the FY27 budget relies on reserve funds over the next several years. What feedback do you have on this approach?*

2. Fees for Athletics, Activities, and Facility Use: *The district is exploring modest increases to athletics and facility rental fees and the possible introduction of a student activity fee to help offset program costs. What feedback do you have on this approach, knowing that no student would be excluded due to inability to pay?*

3. School Choice as a Revenue Option: *The district is considering whether to expand School Choice enrollment as a way to generate additional revenue. What are your thoughts on using School Choice as part of the district's long-term financial strategy?*

Next Steps



Public Input

~February 3rd- Budget Hearing @ Essex Elementary



February FY27Budget Adoption

~February 10 – School Committee Meeting



Annual Town Meetings

~April 27th Manchester

~May 4th Essex

Additional Information

	E&D	Stabilization	OPEB Deferal	Total In Revenue	E&D Balance	Stabilization	OPEB	Total Reserves	Annual Budget 5% Growth	% of Operating	Total w/ OPEB
FY26	$600,000		$150,000	$750,000	$1,071,570	$1,425,774	$8,603,590	$2,497,344	$32,597,141	8%	$11,100,934
FY27	$600,000		$150,000	$750,000	*$471,570*	*$1,425,774*	*$9,803,590*	*$1,897,344*	$34,226,998	6%	$11,700,934
FY28*	$200,000	$300,000	$250,000	$750,000	*$571,570*	*$1,125,774*	*$10,903,590*	$1,697,344	$35,938,348	5%	$12,600,934
FY29	$200,000	$200,000	$350,000	$750,000	*$471,570*	*$925,774*	*$11,903,590*	$1,397,344	$37,735,265	4%	$13,300,934
ORY *FY30*	*$0*	*$0*	*$0*	*$0*	*$571,570*	*$1,025,774*	*$13,253,590*	*$1,597,344*	$39,622,029	4%	*$14,850,934*

**Building Project borrowing interest begin -acrue in stabilization Funding for MHS 2034 Needs*

ORY - Target reserve removal override years

Assumptions:
50% fiscal yearburn rate on reserves used as revenue
Hold annual OPEB Interest Earings at 600K & Base contribution
$750K (FY26 Level) less deferred

Reserves in Operational Budget | **Projected Reserve Fund Balance**

	E&D	Stabilization	OPEB Deferal	Total In Revenue	E&D Balance	Stabilization	OPEB	Total Reserves	Annual Budget 5% Growth	% of Operating	Total w/ OPEB
FY26	$600,000		$150,000	$750,000	$1,071,570	$1,425,774	$8,603,590	$2,497,344	$32,597,141	8%	$11,100,934
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FY28*	$200,000	$300,000	$250,000	$750,000	*$421,570*	*$1,125,774*	*$10,903,590*	$1,547,344	$35,938,348	4%	$12,450,934
FY29	$200,000	$200,000	$350,000	$750,000	*$271,570*	*$925,774*	*$11,903,590*	$1,197,344	$37,735,265	3%	$13,100,934
ORY *FY30*	*$0*	*$0*	*$0*	*$0*	*$321,570*	*$1,025,774*	*$13,253,590*	*$1,347,344*	*$39,622,029*	*3%*	*$14,600,934*

**Building Project borrowing interest begin -acrue in stabilization Funding for MHS 2034 Needs*

ORY - Target reserve removal override years

Assumptions:
-75% fiscal year burn rate on reserves used as revenue
-Hold annual OPEB Interest Earings at 600K & Base contribution
$750K (FY26 Level) less deferred

Reserve Usage Outlook

		Reserves in Operational Budget				Projected Reserve Fund Balance						
		E&D	Stabilization	OPEB Deferal	Total In Revenue	E&D Balance	Stabilization	OPEB	Total Reserves	Annual Budget 5% Growth	% of Operating	Total w/ OPEB
	FY26	$600,000		$150,000	$750,000	$1,071,570	$1,073,076	$7,241,590	$2,144,646	$32,597,141	7%	$9,386,236
	FY27	$600,000		$570,000	$1,170,000	*$471,570*	$1,073,076	*$8,021,590*	*$1,544,646*	$34,226,998	5%	$9,566,236
	FY28*	$200,000	$300,000	$570,000	$1,070,000	*$571,570*	*$773,076*	*$8,801,590*	$1,344,646	$35,938,348	4%	$10,146,236
	FY29	$200,000	$200,000	$570,000	$970,000	*$471,570*	*$573,076*	*$9,581,590*	$1,044,646	$37,735,265	3%	$10,626,236
OR Year	*FY30*	*$0*	*$0*	*$0*	*$0*	*$571,570*	*$673,076*	*$10,931,590*	*$1,244,646*	$39,622,029	3%	*$12,176,236*

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Assumptions:
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Hold annual OPEB Interest Earings at 600K & Base contribution $750K (FY26 Level) less deferred

Illustrates using $300K flat OPEB contribution through FY29

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	FY29	$200,000	$200,000	$570,000	$970,000	*$271,570*	*$573,076*	*$9,581,590*	$844,646	$37,735,265	2%	$10,426,236
OR Year	*FY30*	*$0*	*$0*	*$0*	*$0*	*$321,570*	*$673,076*	*$10,931,590*	*$994,646*	*$39,622,029*	*3%*	*$11,926,236*

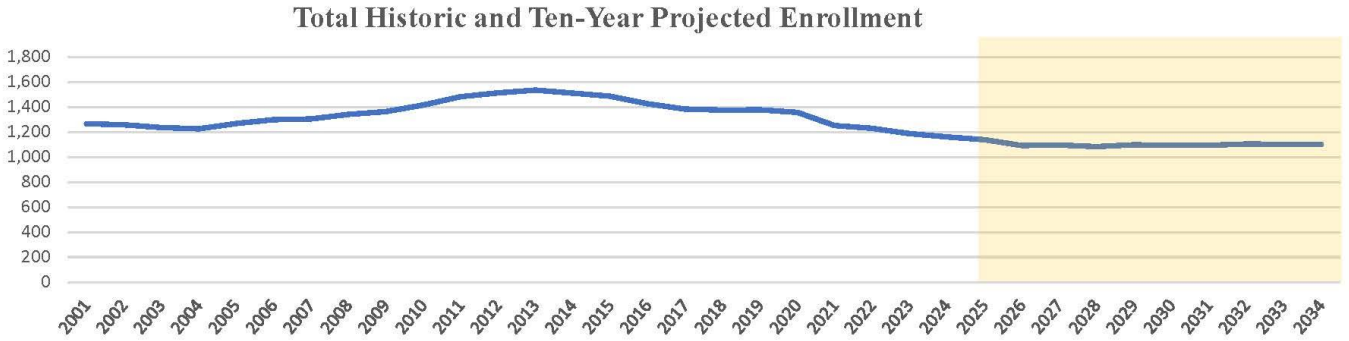
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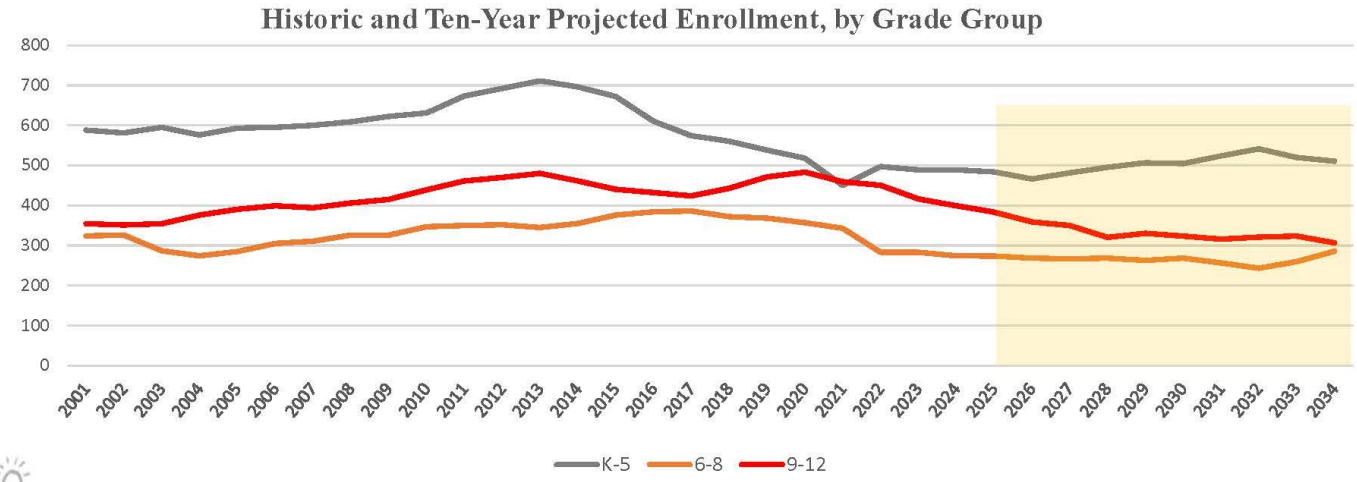
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OPEB Projection

The Manchester-Essex's total enrollment increased during the 2000's, peaked in 2013, has been declining since. The enrollment is projected to stabilize through 2034. Enrollment for grades K-5 followed a similar trajectory but is project to increase then stabilize during during the later years in the projection period. Middle and high school grades are projected to trend downward then stabilize.







Massachusetts School Building Authority