# FY27 BUDGET UPDATE

Town of Essex pursuing two overrides:

- **Town:** $268,000
- **School:** $185,727

- Potential $500K FY27 MERSD shortfall if unsuccessful

- Focus Tonight: *Planning our approach*

# FY27 BUDGET UPDATE

**Why This Is Not Unique to MERSD**

**Across Massachusetts Districts**

- **Special Education Costs**
  Continued growth, particularly out-of-district placements
- **Transportation Costs**
  Regional districts disproportionately impacted
- **State Funding Pressures**
  - Chapter 70 formula no longer aligned to actual costs
  - UGGA (Unrestricted Government Aid) declining as a share of the state budget
- **Local Impact**
  - Increasing reliance on overrides to maintain services

# NSSRT

North Shore Superintendents' Round Table

## NSSRT 2025-2026 Legislative Priorities: Strengthening the Future of Massachusetts Schools

### Sustainable & Equitable Chapter 70 Funding

#### The Chapter 70 Formula is Outdated



The current state funding formula fails to reflect the actual costs of mandated educational services, placing an unsustainable burden on local communities.

#### Reliance on Property Tax Overrides



Many districts must regularly pass property tax overrides to cover essential costs like basic wages and healthcare.

#### ACTION: Modernize and Stabilize

Priority should be placed on updating the formula to keep pace with inflationary pressures and provide a minimum of **$150** per student in aid for FY27.

### Special Education Costs & Stability

#### Soaring Out-of-District (OOD) Expenses



Costs for specialized transportation and out-of-district placements are among the top financial concerns that local budgets cannot absorb.

#### FY27 Advocacy for 90% Reimbursement




M.A.S.S. is advocating for the Special Education Circuit Breaker to be fully funded at a 90% reimbursement rate for both tuition and transportation.

#### EXAMPLE: Explore Cost-Sharing Models



Proposed legislation (S.2864) seeks to explore shared expenses between educational, clinical, and social service sectors to manage comprehensive placement costs.

### Transportation Equity & Capital Needs

#### The Municipal Funding Gap




While regional districts receive some aid, municipal districts currently receive zero state support for mandated transportation services.

#### Deferred Infrastructure Projects



Critical school capital needs are being postponed as districts focus all available resources on basic operational survival.

#### ACTION: MSBA and and Municipal Aid



NSSRT requests extending transportation cost support to municipal districts and increasing resources for school infrastructure through the Massachusetts School Building Authority.

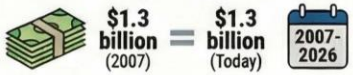
### Unrestricted Government Aid (UGGA)

#### UGGA Share of State Budget Halved




Vital local aid has plummeted from 4.8% of the State budget in FY07 to just 2.1% today.

#### Funding Stagnant for 20 Years




UGGA remains stuck at approximately $1.3 billion, the same actual dollar amount provided in 2007, despite the state budget more than doubling.

#### RESULT: Impact on Healthcare and Taxes



Stagnant aid forces real estate tax hikes and makes it harder to cover healthcare costs, which have increased over 250% since 2007.

### Acknowledging Recent Successes



**75% Circuit Breaker Funding**
Successful adjustment to fund the Special Education Circuit Breaker transportation at 75%.



**Universal Meals Program**
Continued legislative support for the Universal School Meals Program ensures students are fed and ready to learn.



**Supplemental Chapter 70 Support**
Gratitude for additional Chapter 70 funding provided in recent supplemental budgets to address immediate fiscal needs.

# FY27 BUDGET UPDATE

**Guiding Questions for Discussion:**

- Are we still confident that the current budget represents a reasonable and responsible plan?
- As we look ahead to the override vote, which approach does the Committee want to take:
  - stay the course and address any needed adjustments following the vote, or
  - develop a contingency plan and outline potential options in advance
- If reductions are ultimately needed, what types of impacts would we consider acceptable?