

FY21 Budget Status Update

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Topics

- Revised annual budget development and appropriation strategy
- Revised management strategy of projected Covid-related expenses and revenue losses to be incurred in FY21
- Updated budget projection models:
 - Range of gaps in needed resources versus estimated funding available
- Update on federal stimulus funds
- Revised budget approval schedule

Revised Annual Budget Strategy Due to Covid

- Based on guidance from the Town Manager:
 - Separate out all Covid-related costs from annual operating budget
 - Plan to use federal stimulus funds already known in combination with any new allocations to fund these costs up to December 30, 2020 deadline for use.
 - Plan on a Fall 2020 Special Town Meeting to address:
 - Known shortfalls in funding for any municipal/School Dept. Covid-related costs with potential use of additional Free Cash
 - Re-evaluate annual operating budgets with expectation we will have gained certainty on actual state aid amounts from completion of state budget process. Potential increase or decrease municipal/School Dept. budgets based on updated information

Revised Management Strategy for Covid-related Costs/Revenue Loss

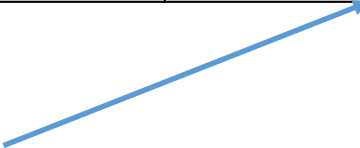
- Separate projected Covid-related costs from projected Covid-related revenue losses
- Exclude Covid-related projected costs from annual operating budget preparation.
 - Fund these expenses from federal stimulus funds whenever possible
 - Potentially fund Covid-related expenses not eligible for federal stimulus funding via a separate appropriation to be made at a Fall 2020 Special Town Meeting *[Some Covid-related costs will not be covered by federal stimulus due to the nature of the expense or occurrence after Dec. 30, 2020.]*

Revised Management Strategy for Covid-related Costs/Revenue Loss

- Due to absence of specific information regarding eligible use of federal CoronaVirus Relief Fund, it is unclear if projected revenue losses can be resolved using this grant.
- Thus, we must still incorporate the projected negative impact of these losses into our annual operating budget plan.
- For example, a significant decrease in bus fee revenue is projected [\$562K-\$750K], thus we need to increase our transportation operating budget to cover this loss and continue to operate the same amount of buses.

FY21 Projected Revenue Losses

| Category of Projected Revenue Loss | Projected Amount Range | | Notes |
|---|------------------------|--------------------|--|
| Decrease in Special Education Circuit Breaker Reimbursement | \$ 465,000 | \$ 465,000 | Projected decrease from 74% to 63% state reim =15% decrease or 11% pts 75%-100% projected decrease 25% projected decrease 25% projected decrease 50% projected decrease |
| Decrease in Bus Fee Revenue | \$ 562,500 | \$ 750,000 | |
| Decrease in Student Activity and Athletic Fees | \$ 114,250 | \$ 114,250 | |
| Decrease in Full Day Kindergartne and Preschool Tuition | \$ 233,750 | \$ 233,750 | |
| Decrease in Athletic Gate Receipts | \$ 20,000 | \$ 20,000 | |
| Preliminary Estimate | \$ 1,395,500 | \$1,583,000 | |



We need to cover these fee losses by increasing our town-appropriated annual budget in order to provide the same level of service and cover all associated costs of these programs.

FY21 Updated Budget Models

| | Model #3 | Model #4 | Model #5 | Model #6 |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| School Budget Status [7.15.2020] | \$ 67,499,696 | \$ 67,499,696 | \$ 67,499,696 | \$ 67,499,696 |
| Town Mgr. Revised Recom. [7.15.2020] | <u>\$ 67,068,322</u> | <u>\$ 67,068,322</u> | <u>\$ 67,068,322</u> | <u>\$ 67,068,322</u> |
| Net Budget Gap | \$ (431,374) | \$ (431,374) | \$ (431,374) | \$ (431,374) |
| SPED Circuit Breaker Decrease | \$ (465,000) | \$ (465,000) | \$ (465,000) | \$ (465,000) |
| Bus Rev Decrease [100% to 75% loss] | \$ (750,000) | \$ (750,000) | \$ (562,500) | \$ (562,500) |
| Stud Act /Athletics [25% reduction] | \$ (114,250) | \$ (114,250) | \$ (114,250) | \$ (114,250) |
| FDK and Preschool [25% reduction] | \$ (233,750) | \$ (233,750) | \$ (233,750) | \$ (233,750) |
| Gate Receipts [50% reduction] | \$ (20,000) | \$ (20,000) | \$ (20,000) | \$ (20,000) |
| Total Projected Revenue Losses | \$ (1,583,000) | \$ (1,583,000) | \$ (1,395,500) | \$ (1,395,500) |
| Total Gap- Assume No Additional State Aid | \$ (2,014,374) | \$ (2,014,374) | \$ (1,826,874) | \$ (1,826,874) |
| Add'l State Aid Beyond Town Mgr Estimate | \$ 600,000 | \$ 300,000 | \$ 600,000 | \$ 300,000 |
| Total Gap w/ Additional State Aid | \$ (1,414,374) | \$ (1,714,374) | \$ (1,226,874) | \$ (1,526,874) |

Update on Federal Stimulus Funds

- As reported at your last meeting, the “*Coronavirus Relief Fund Grant*” that provides \$225/pupil will be a direct grant to each of the Commonwealth’s school districts.
- Shrewsbury Public Schools is expected to receive approximately \$1.4M to be **restricted** for Covid-related expenses and available for use only up to December 30, 2020.
- The specific terms of use and dollar allocations are expected to be released sometime this week after which we will need to complete all the required grant application paperwork.

Revised FY21 Budget Schedule

- Scheduled Annual Town Meeting Date: August 8th
 - Town Meeting Warrant & Information Mailing July 28th
 - Finance Committee Budget Hearing July 23rd
 - **School Committee Vote Recommendation** **July 22nd**
 - Board of Selectmen Budget Discussion/Vote July 21st
 - School Committee Budget Workshop July 20th
- *It's likely we'll have to adapt our process to include continued staff and program reduction plans and execution to occur after the Annual Town Meeting. This is far less than ideal for developing student schedules and potentially providing late notice of layoffs and/or furloughs to staff.*