



Our **vision** is to provide high-quality educational opportunities that inspire a community of learners

WELLNESS • EQUITY • ENGAGEMENT

Our **mission** is to develop engaged, well-balanced learners through collaborative, caring relationships

Acton-Boxborough Regional School Committee FINAL Recommended Budget

February 6, 2020

WELLNESS • EQUITY • ENGAGEMENT

FY21 Budget Presentation Schedule

December 5, 2019	Presentation #1	Superintendent's Preliminary Budget Overview <ul style="list-style-type: none"> Budget Guidelines & District Goals Preliminary Revenues & Budget Drivers Strategic Requests & Cost Saving Strategies Overall Budgetary Impact & Preliminary Assessments
December 19, 2019	Presentation #2	Superintendent's Preliminary Budget (Part 2) <ul style="list-style-type: none"> All Day Kindergarten
January 9, 2020	Presentation #3	Superintendent's Recommended Budget v. 1 <ul style="list-style-type: none"> Line Item Budget Capital Projects
January 25, 2020	Presentation #4	Budget Saturday - Superintendent's Recommended Budget
February 6, 2020	Presentation #5	Superintendent's Final Budget Recommendation Public Hearing on Proposed FY21 Budget School Committee Votes FY21 Budget
February 13, 2020	IF NEEDED	

WELLNESS • EQUITY • ENGAGEMENT

Important Dates - Regional Agreement

Town Meetings:

- Acton: Begins April 6, 2020
- Boxborough: Begins May 11, 2020
 - *Budget vote deadlines are counted backwards from earliest Town Meeting*

Final SC Budget Vote:

- > February 6, 2020 - Public Hearing
 - 45 Days before earliest Town Meeting
 - Vote is 2/3 of weighted votes of full School Committee

Preliminary SC Budget Vote:

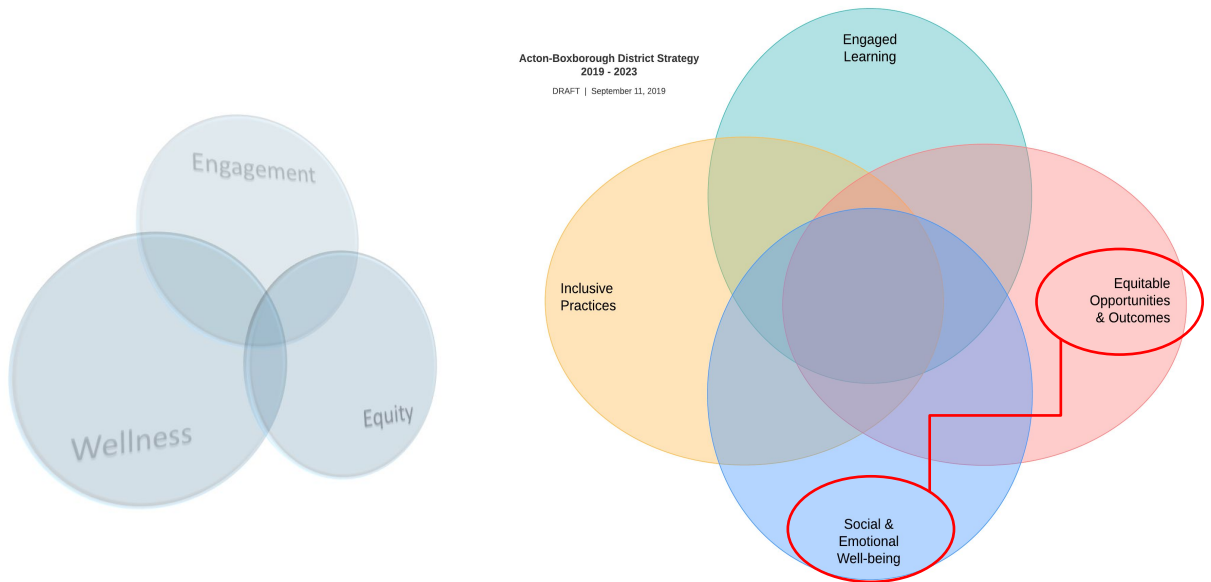
- ✓ January 25, 2020 - Budget Saturday
 - 20 Days before final budget deadline
 - Vote is majority of members from each town

FY21 Budget Development

A Special Thank You and Recognition....

- 20 Meetings in all...
- 11 Budget Subcommittee
 - 4 Debt Strategy Subcommittee
 - 5 Full School Committee

Budget Subcommittee		Debt. Strategy Subcommittee	
<u>Members:</u>	<u>Meeting Dates:</u>	<u>Members:</u>	<u>Meeting Dates:</u>
Diane Baum Adam Klein Tessa McKinley John Petersen Angie Tso	Sept. 17 Oct. 8 Oct. 22 Nov. 12 Nov. 26 Dec. 10 Dec. 17 Dec. 19 Jan. 14 Jan. 24 Jan. 28	John Petersen Michael Bo Jason Cole (Acton FinCom.) Gary Kushner(Boxborough FinCom.) David Verdolino Margaret Dennehy Steve Barrett Jennifer Barrett Hilltop Securities Representatives	June 19 Aug. 12 Sept. 16 Feb. 3



WELLNESS • EQUITY • ENGAGEMENT

Budget Priorities to meet Guidelines

- Reallocation of existing resources in order to continue our Strategic Growth and adhere to the Budget Guidelines
- A commitment to a multi-year, fiscally responsible transition to tuition-free all-day kindergarten
- Implementation of the Capital Improvement Plan (CIP) that was developed and adopted during the FY20 Budget Process

WELLNESS • EQUITY • ENGAGEMENT

Recommended Budget

Reallocate Resources to meet Budget Guidelines

- Maintain Level Services PLUS:
- Additional Special Education & Mental Health Supports
- Strategic Additions

Defer Capital Growth

- Level-fund at \$1.2M
- Fully execute FY21 CIP

Reduce ADK Tuition

- Tuition Reduced by \$750
- Flexible/ Multi-year plan for Tuition-Free ADK



Fixed Cost Increases

- Salaries
- Health Insurance
- MCRS
- Spec Ed Transportation
- OOD Tuitions

Increase Use of Reserves

- \$1.145M E&D (+\$455K)
- \$3.3M Circuit Breaker (+\$500K)

+\$3M / +3.29%

- Acton 3.26%
- Boxborough 1.42%

WELLNESS • EQUITY • ENGAGEMENT

Strategies to achieve Priorities

Six Key Strategies

- Maintains Level Education Services (as in Level Service Budget)
- Reallocates Existing Resources to Address Needs & Budget Guidelines
- Reviews and Re-aligns Special Education Services
- Slows Growth of Capital Funds
- Reduces Kindergarten Tuitions
- Uses Additional Reserves to Moderate Impact on Towns

WELLNESS • EQUITY • ENGAGEMENT



Our **vision** is to provide high-quality educational opportunities that inspire a community of learners

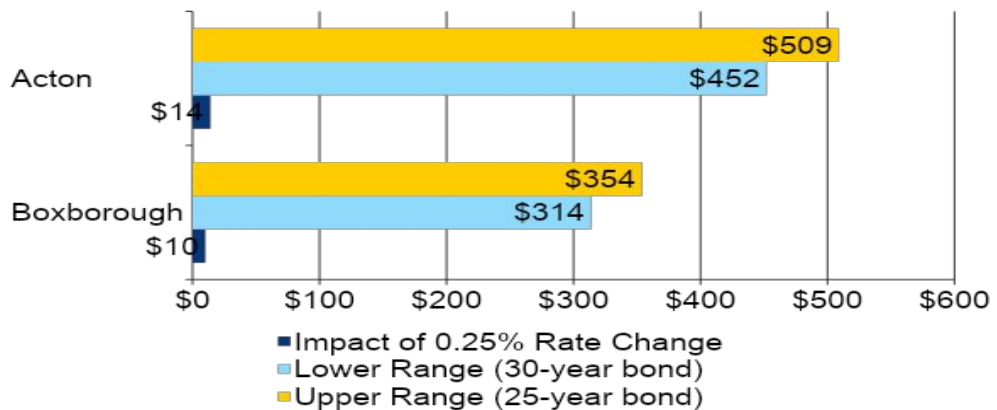
WELLNESS • EQUITY • ENGAGEMENT

Our **mission** is to develop engaged, well-balanced learners through collaborative, caring relationships

New School Debt - Bond Financing Update

Dave Verdolino, Director of Finance
February 6, 2020

When last we met... Impact to Average Taxpayers



What Has Changed?

- Project has been approved - (bond authorization and Prop. 2-1/2 debt exclusion)

• Total Project Budget	\$ 117.3 M
• Contingencies	<u>\$ 4.0 M</u>
• Net Known Project Budget	\$ 113.3 M
• Maximum MSBA Grant	<u>\$ (38.1 M)</u>
• Initial Borrowing Need	\$ 75.2 M < say \$75 M

- Debt Strategy Subcommittee estimated total debt at **\$ 78.6M**

- **Financial Advisor Recommendation = initial bond amount \$75 M**

So How Much Are We REALLY Borrowing?

- Bonds are sold to potential bond buyers at an auction
- Bonds carry a “coupon” (stated) interest rate
- Bond buyers bid an effective rate (“true interest cost”); *****lowest bidder wins! *****
- Given current financial conditions (i.e., very low rates):
 - > True interest rate will be LESS THAN coupon rate
 - > Resulting difference represents bond premium
- Two options for the District re bond premium (> \$6M):
 - > Retain as cash (fund future capital projects)
 - > Reduce the initial amount of the borrowing

So How Much Are We REALLY Borrowing?

- **Option #1** – Bond face amount \$75M (retain \$5.6M):
 - > Est. first year debt payment (TOTAL) = \$3,900K
 - > ACTON - \$3,289K; BOXBOROUGH - \$610K
 - > Impact on average Single Family taxpayer -
 - ACTON = \$436** (vs. \$452)
 - BOXBOROUGH = \$319** (vs. \$314)

- **Option #2** – Bond face amount \$69.8m (net of premium):
 - > Est. first year debt payment (TOTAL) = \$3,625K
 - > ACTON - \$3,057K; BOXBOROUGH - \$568K
 - > Impact on average Single Family taxpayer -
 - ACTON = \$405; BOXBOROUGH = \$296**

Caveat –
Treasurer's
authority; w/ FA
and bond counsel

Revised Budget Vote Options

		Bond Premium Status -		
		Option #1	Option #2	Difference
Budget Saturday Appropriation	\$ 93,974,777			
Add First Year Debt Service (Total)		3,900,000	3,625,000	
Revised Appropriation		\$ 97,874,777	\$ 97,599,777	275,000
Budget Saturday Assessment	\$ 74,769,241			
Add First Year Debt Service (Total)		3,900,000	3,625,000	
Revised Assessment		\$ 78,669,241	\$ 78,394,241	275,000
Revised Assessment Shares -	ACTON	66,395,532	66,163,514	232,018
	BOXBOROUGH	12,273,709	12,230,727	42,982
Revised Impact on Avg. SF Tax	ACTON	436	405	
	BOXBOROUGH	319	296	

Timeline for Bond Issuance, Budget Updates

Feb 6	Vote budget based on a conservative interest rate assumption for school building bond
About Feb 27	Sell bonds determining actual interest rate (Treasurer is currently working on prospectus and offering)
After Feb 27	Update ALG & BLF models replacing assumed bond payment with actual bond payment
March 5	Anticipate SC voting a budget reduction based on difference between actual bond payment and assumed bond payment
March 17	Send Acton Town Meeting warrant to printer with final District Budget and ALG spreadsheet (deadline for changes is March 16)

WELLNESS • EQUITY • ENGAGEMENT

Revised Budget Vote Options

You have suggested vote wording for both options.

Respectfully...



Any questions??

WELLNESS • EQUITY • ENGAGEMENT

FY21 Preliminary Budget - Summary



	FY20 FINAL BUDGET	1/25 BUDGET SATURDAY	2/6 NEW SCHOOL DEBT SERVICE OPTION 2	2/6 FINAL FY21 Recommended
Total Budget	\$90,982,111	\$93,974,777	\$3,625,000	\$97,599,777
Increase from prior year	\$2,260,619	\$2,992,666	\$3,625,000	\$6,617,666
Percent Increase from prior year	2.55%	3.29%	n/a	7.27%
Total Assessments	\$72,757,539	\$74,769,241	\$3,625,000	\$78,394,241
Acton TOTAL	\$61,235,254	\$63,106,272	\$3,057,242	\$66,163,514
Acton % Change	2.09%	3.06%	n/a	8.05%
Boxborough TOTAL	\$11,522,285	\$11,662,969	\$567,758	\$12,230,727
Boxborough % Change	1.51%	1.22%	n/a	6.15%

WELLNESS • EQUITY • ENGAGEMENT

Proposed ABRSC FY21 Final Budget VOTE

Recommended Motion

That the total appropriation for the Acton-Boxborough Regional School District for the fiscal year of July 1, 2020 through June 30, 2021 be set at **\$97,599,777**, and that member towns be assessed in accordance with the Education Reform Law and terms of the Regional Agreement and amendments thereto as follows:

Acton \$66,163,514 (consisting of a Capital Assessment of \$5,771,463 and an Operating Assessment of \$60,392,051); and Boxborough \$12,230,727 (consisting of a Capital Assessment of \$961,655 and an Operating Assessment of \$11,269,072);

with the remainder to be accounted for by the following sources of funds:

- Anticipated Chapter 70 Aid in the amount of \$15,345,811,
- Anticipated Chapter 71, Section 16C Transportation Aid of \$2,097,225,
- Anticipated Charter School Aid in the amount of \$50,000,
- Anticipated Federal Medicaid Reimbursement of \$250,000,
- Anticipated Investment Earnings of \$300,000,
- Anticipated Miscellaneous Revenues of \$17,500, and
- A transfer from E&D Reserves in the amount of \$1,145,000.

WELLNESS • EQUITY • ENGAGEMENT