



School Committee Members

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Dr. Justin Bartholomew, Superintendent of Schools

Presented January 19, 2021

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FY21 District Staff

District Administration

Dr. Justin Bartholomew, Superintendent

Brent Conway, Asst. Superintendent

Dr. Michael Jarvis, Director of Supplemental and Intensive Services

Greg Labrecque, Business Manager

Principals

Jonathan Seymour, Pentucket Regional High School

Terrence Conant, Pentucket Regional Middle School

Dustin Gray, Page Elementary

Emily Puteri, Bagnall Elementary

Kenneth Kelley, Donaghue Elementary / Sweetsir Elementary

Administrative Staff

Dennis Buck, MIS Director

Robert Danforth, Director of Facility Operations

Assistant Principals

Dan Thornton, AD for Athletics / Asst. Principal High School

Frank Kowalski, Asst. Principal High School

James Carlson, Asst. Principal Middle School

James Day, Bagnall Elementary

Kathryn Provost, Page Elementary

Stephanie Dembro, Donaghue Elementary / Sweetir Elementary

PENTUCKET REGIONAL SCHOOL DISTRICT

OFFICE OF THE SUPERINTENDENT

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Justin Bartholomew, Ed.D.

Brent Conway

Greg A. Labrecque

Michael A. Jarvis, Ed.D.

Superintendent

Assistant Superintendent

Business Manager

Director of Student Services

January 2021

Dear Pentucket Regional School District Community,

There can be little doubt that our public education system and economy has been challenged in ways that have been rarely seen in the history of the United States. Our three Pentucket towns of Groveland, West Newbury, and Merrimac have not been immune to these changes. With a Fiscal Year 2021 (FY21) budget just being passed by the Commonwealth last month, every public sector dependent upon State funding is, understandably, waiting to see what the Fiscal Year 2022 (FY22) will produce. While, as in years past, we have been able to predict with relative accuracy what we would receive, this, predicting FY22 is impossible. As such, the Pentucket Regional School District (PRSD) is not making any significant financial decisions for the 2021-2022 school year.

Last year I had written to you about Special Education and the Student Opportunities Act (SOA) as two financial variables of which there was uncertainty. While there is still great uncertainty, PRSD has continued to communicate with our legislators about the excessive Special Education costs that, for no predictable reason, fall disproportionately on PRSD compared to other districts in our region. Similarly, there has been a push to resurrect and start distribution of funds through the Student Opportunity Act, though we anticipate this is highly unlikely due to the Commonwealth having to take time to truly understand the economic impact of the coronavirus disease 2019 (COVID) as well as learn what federal relief, if any, will be available.

Even during these challenging times, PRSD has taken advantage of an initial round of CARES Act Funding as well as collaborating with each Pentucket town to acquire personal protective equipment (PPE), technology, and services that continue to support our ability to educate students in-person, in our hybrid model, as well as stream classroom instruction to students in their homes. To be clear, PRSD is one of only a handful of districts that because of these resources, has been able to keep its doors open since the start of the 2020-2021 school year. While the level of services we have been able to provide to this school year pale in comparison to previous years (there is no virtual substitution for 180 days of in-person instruction), our three towns continue to rally around the school district and support our children and employees. That support has resulted in our being able to greatly advance the technology within our school systems which, absent of this pandemic, may have taken five or more years to accomplish.

While those funds were from the State and federal governments and not local taxpayers, your collaboration was required in order for us to access those funds, so we are extraordinarily grateful.

These unprecedented times have provided numerous learning opportunities for all of our stakeholders. In order to support our children, employees have had to be extremely creative and learn/enhance skills and approaches that were previously unknown. It is simply the way the world has been forced to operate in our community since March. As always, this has not thwarted our focus, and we stayed true to our commitment to children in showing that we will adapt and be creative in order to provide opportunities that are as optimal as possible during these less than ideal times.

Our work has become exponentially complex, but the goal remains clear: Provide the highest level of education as possible to the children of our Pentucket towns. Our careful use of funds and taking advantage of grants has been able to keep our children going to school, and we truly look forward to each day we have with them, and especially to the day when we can return all students into our school buildings.

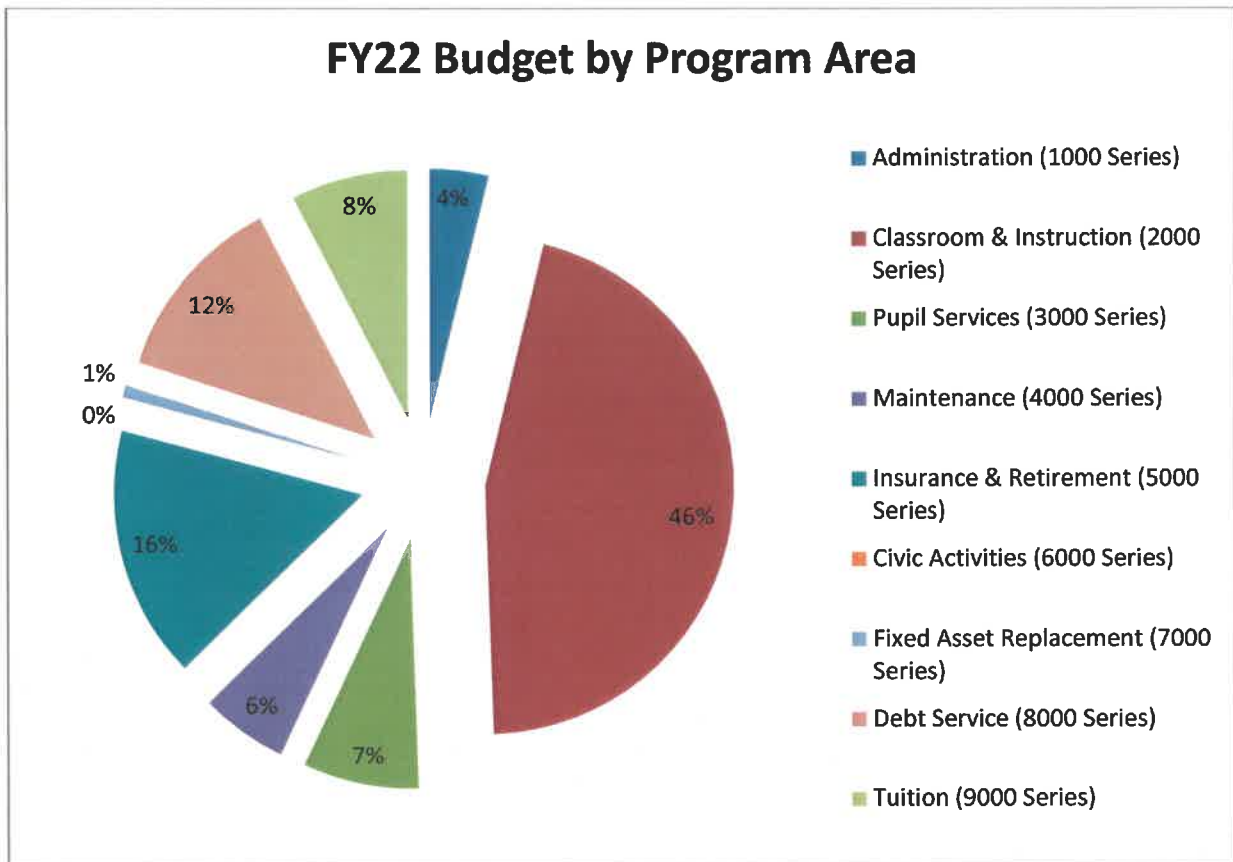
Sincerely,

Dr. Justin Bartholomew

Superintendent of Schools

Executive Summary

The Fiscal Year 2022 budget is \$47,733,784.60; an increase of \$3,683,784.60 or 8.36% more than the FY 2021 budget of \$44,050,000.00. Included in this total increase is the new debt service of \$2,008,207.00 for the Middle / High School Building Project. Without this new expenditure, the budget increase for ongoing operations would be \$1,675,577.60 or 3.80%. Revenue projections are estimated at \$47,104,315.00 in local, State, and excess and deficiency receipts. This leaves an operational deficit of \$629,469.60 to be closed before the district has a balanced budget. Please review the pie chart below that breaks out spending by function in the school budget:



As the chart shows, Pentucket's largest areas for spending are Instruction (46%) and Fixed Charges (16%) which includes insurance/retirement programs. Revenue projections are based on a \$30 per pupil increase in chapter 70 funding based on prior level student enrollment. Additional Chapter 70 revenue is

anticipated based on our decision to support full day kindergarten without a fee in FY 21. Although this is the normal expectation we must watch how the budget process plays out and act accordingly if the funds do not materialize. Reduced funding for transportation reimbursement totaling \$60,078.00 is shown based on actual FY 21 funding due to cuts from the State made during the delayed budget process in FY 21. Medicaid Reimbursement is expected to remain at FY 2021 levels and Interest Income is expected to remain at \$20,000.00. Increased operational assessments for the three member towns total \$763,683.00, not including capital expenses. Because of the recently passed Middle / High School building project the capital assessments to the three Towns will increase \$2,017,930.00, entirely due to the new building project. At this time, this increase is an estimate based upon advice from our Financial Advisors. The actual borrowing will occur in the late spring or early summer and then an actual amount can be given. Although this is a significant amount of dollars it is entirely debt excluded and the communities will be allowed to raise their tax levy's to cover the entire amount. Excess and Deficiency funds are used for Stabilization and Other Post Employment Benefit transfers. Because the State revenues are not keeping pace, the funding for educational programs is becoming the burden of the local taxpayer, and in Massachusetts, that means property taxation.

Below is a 3-year trend of expenses in the school budget:

<u>Comparison of Per Pupil Expenditures</u>	<u>FY 20 Actuals</u>	<u>Per Pupil</u>	<u>FY 22 Proposed</u>	<u>Per Pupil</u>	<u>3 Year trend</u> <u>Inc/Dec %</u>
Administration (1000 Series)	\$1,584,149.21	\$645.54	\$1,815,479.91	\$814.48	12.74%
Classroom & Instruction (2000 Series)	\$20,656,784.98	\$8,417.60	\$21,795,979.94	\$9,778.37	5.23%
Pupil Services (3000 Series)	\$3,320,070.60	\$1,352.92	\$3,597,708.34	\$1,614.05	7.72%
Maintenance (4000 Series)	\$2,525,668.83	\$1,029.20	\$2,721,471.86	\$1,220.94	7.19%
Insurance and Retirement (5000 Series)	\$6,821,476.14	\$2,779.74	\$7,854,872.55	\$3,523.94	13.16%
Fixed Asset (7000 Series)	\$359,266.00	\$146.40	\$398,871.00	\$178.95	9.93%
Debt Service (8000 Series)	\$1,411,014.44	\$574.99	\$5,931,923.00	\$2,661.25	76.21%
Tuition (9000 Series)	\$3,744,954.96	\$1,526.06	\$3,617,478.00	\$1,622.92	-3.52%

As the detailed breakout shows, the administration increase reflects an average annual increase of 4.24%. However, this amount is increased for the three-year period because of the proposed \$95,000 expenditure in FY 2021 to purchase Chromebooks for all 7th and 8th grade students and the addition of another district-wide technology person and three elementary school based technology

assistants to work with students. This increased staffing is budgeted at an increase of \$77,426.39. Without this extra cost the average annual increase would be 1.23% over the three-year period shown. The area of Pupil Services shows an increase due to extremely large additional expenses from in-District special education services as well as contracted outside therapeutic needs also specific to special education. Special education transportation is also increasing dramatically and now exceeds regular bus transportation expense. Insurance and retirement cost increases exceed the target goal for all areas of 2.50% simply because health costs related to Commonwealth of Massachusetts' Group Insurance Commission are targeted to increase at a rate of 5.00% per year. This is less than most insurance plans and continues to be a benefit to the District. The other major driver in this area is Retirement Assessments from the Essex Regional Retirement Board. This is budgeted at an annual increase of approximately 10.00% based upon actuarial tables to strive for full funding in the next 15 years. The Fixed Asset increase is a presented category in its sixth budget cycle which places certified E and D funds in the budget for transfer into the District Stabilization and Other Post Employment Benefit Funds. These funds are also listed as a revenue source so as not to increase the member Town assessments. Debt service increases are due solely to the new building project. The Tuition increase is actually understated as shown because more funds are pulled from the rainy day circuit breaker account to help offset the increases for out placement special education costs. An additional \$200,000.00 has been allocated over the normal \$1,100,000 we are accustomed to using. In actual general fund dollars, the increase from FY 2021 is approximately \$82,701. This coupled with Commonwealth of Massachusetts reduction in reimbursements places further undue burdens on the District to cover these costs. In FY 2021 the State had proposed paying up to 25% of the costs related to Special Education transportation but those funds would not have been realized until FY 2022. In the interim, the COVID-19 pandemic caused all aspects of the Student Opportunity Act to be delayed until further notice. We do not expect these funds to be available for some time as the State begins to deal with its own budget issues.

The Superintendent presented a plan to the school committee to redistribute resources in the FY 2021 budget including but not limited to:

- ✓ Recalibrating staffing to reflect the effect of limiting school choice
- ✓ Eliminating the full day Kindergarten tuition

- ✓ Increased student academic monitoring through Lexile and quantile assessments
- ✓ Updating social studies and civics curriculum
- ✓ Providing Chromebooks to all middle school students

All of these initiatives have been realized. In FY 2022, this work continues as the administration and school committee work together to redefine the district goals, and set accountability measures to meet them. Because of the uncertainty surrounding COVID-19 and the associated effects it has had on revenues, staffing, special education, and other costs that are unforeseen at this time the District only plans curriculum development improvements of \$120,000 in updated supplies and materials as it relates to the English language and science programs along with the strengthening of technology staff to include elementary instruction and a District-wide technology curriculum implementation person.

The administration will work closely with the School Committee, Staff, and the Community to determine priorities, and develop the FY 2022 Budget to reflect important education outcomes. Strong schools support strong communities, and our budget document reflects our commitment to our students, parents, and our member community residents.

The increased detail and transparency affords a clear view into the financial planning of the district. We look forward to your feedback and are open to answering your questions.

Pentucket Regional School District Fiscal Year 2022 School Operating Budget

After a successful budget process last year, Fiscal Year 2022 presents only challenges for improvement to the educational program. This budget proposal is heavy on supposition due to State funding uncertainty, student enrollment, and employment contracts. At the time of this writing, the State has only recently passed the FY 2021 budget, five months later than the start of the fiscal year. The Governor's proposal is normally issued on the fourth Thursday in January but there is serious doubt that will be done. This important first benchmark in the budget process will delay our decision-making going forward. Student enrollment is another wild card. This budget assumes normal student enrollment, which means we expect a strong majority of the students who received their education outside our system in FY 2021 to return. We are hopeful that the State will hold us harmless for the student enrollment drop in FY 2021 due to COVID-19 issues and fund us as normal with the expected increase in Chapter 70 for us going to free full day kindergarten in FY 2021. Finally, the largest unknown comes from the employment contract with the teachers union. Last year the District entered in to a one-year deal that expires before the next school year. There are many assumptions made in this budget on how this deal may play out however, major deviations from those assumptions will have issues in regards to staffing. At this time, only curriculum development and some additional technology staff are included as new expenditures in this budget. Beginning in FY 2015 the district had to determine the direction of several key programs: school choice, the use of excess and deficiency, and the administrative structure of the district. With votes limiting additional school choice seats along with the elimination of E and D funds as a general fund revenue source, the district's operating budget will consist of known cost drivers and local revenue sources. Local and State revenues are unstable at this time. The State has supported local governments and school Districts as best they can through grants paid for on their own or as passed through Federal dollars. Much of these funds were targeted to keep things operational through the pandemic and have, for the most part, succeeded. The issue is that the State revenues dropped and rainy day funds were needed to prop up the system. The Student Opportunity Act was delayed indefinitely and the expected funds to help offset Special Education transportation are again not expected to materialize in FY 2022. The State was able to give \$30.00 per pupil in Chapter 70 funds for FY 2021 and we are hopeful for that same amount again in FY 2022 however transportation aid was decreased in FY 2021 by \$60,708.00 over

the amount that was budgeted due to action by the legislature to balance the State budget.

Massachusetts depends on several sources of tax revenue, and supports local districts through a variety of programs and services. Income taxes are a major portion of the taxes Massachusetts collects. Although tax collections have recently increased, the pandemic and accompanying unemployment increases have severely limited income tax in the tax year 2020. These reductions will cause adjustments to the normal State operating assumptions and we are in holding pattern as we wait to see what effect they will have on our District's funding.

Comparing data with previous data reported shows Massachusetts is losing jobs due to the pandemic. Reviewing the data from November 2019 to November 2020, Massachusetts unemployment went from 2.5% to 6.2%. Essex County is now at 6.8% from its November 2019 rate of 2.6%, showing a major increase in unemployment that now exceeds the State average.

For reference for the reader, the three member town rates are as follows: Groveland's unemployment was 1.7% in Oct. 2019 and is 4.8% in November 2020; West Newbury was 1.6% in Oct. 2019 and is now 4.6%; and Merrimac was 1.9% in Oct. 2019 and is now 5.2% according to the Labor and workforce development department at www.mass.gov/lwd. Although unemployment has increased significantly for all of our member communities in the last year our communities continue to perform better than the State or County.

Special Education has been a tough review for this budget cycle. On the one hand, the District has seen stable costs in the out-of-District student costs not because of decreased placements, but because the new out-of-District placements are finding no available slots. Also, because of student opt outs our Special Education transportation costs have not increased as much as we thought at this time last year. On the other side of the equation, we are going to have to catch up on many student IEP services that were lost this year due to COVID-19 issues. With uncertainty around slot availability and student services, we have decided to budget Special Education services at a 3% increase for out of District placements. This is in line with normal State tuition increase allowances. Should other factors such as increased enrollment or Circuit Breaker funding reductions occur then budget adjustments will need to be made.

With the State continuing to face increased expenditures for Medicaid programs and children’s services through the Department of Children and Families the district will not budget for any significant increases in State aid for the following fiscal year. Due to this, we are proposing our budget with a \$30.00 per pupil increase to State aid along with credit for free full day kindergarten.

The process of developing the Fiscal Year 2022 budget starts by determining the revenues available for the school department. In Massachusetts, cities and towns are limited to 2.5% taxation year over year (not counting excess levy limit appropriations) unless an override is passed. To begin the process of creating a sustainable budget process, the district cannot count on operational overrides, and must work within the revenue available. In this budget proposal, the district is requesting towns to increase their operational assessment by 3.00% to help fund the schools operating budget, and to continue to fund their portions of agreed upon capital projects with a combined increase of \$2,781,613. This increase is tied to the recently passed debt exclusions in all three towns to pay for the new Middle / High School Building project. The combined total percentage increase over the approved amounts in Fiscal Year 2021 would be 6.31% due to the increased capital assessment. Below is a chart that shows the major revenue components of the operating budget.

<u>Revenue Source</u>	<u>FY19 Actual</u>	<u>FY20 Actual</u>	<u>FY21 Projected</u>	<u>FY22 Projected</u>
Chapter 70	\$13,111,292.00	\$13,182,092.00	\$13,252,232.00	\$13,554,092.00
Transportation	\$508,346.00	\$610,182.00	\$714,975.00	\$654,897.00
Medicaid Reimbursement	\$174,402.46	\$100,000.00	\$100,000.00	\$100,000.00
Interest Income	\$32,738.98	\$10,000.00	\$20,000.00	\$20,000.00
Misc. Receipts	\$24,790.80	\$5,000.00	\$5,000.00	\$5,000.00
E&D	\$647,082.00	\$659,266.00	\$667,951.00	\$698,871.00
Treasury Subsidy	\$89,484.49	\$95,598.00	\$76,424.00	\$76,424.00
West Newbury Operating Assessment	\$7,176,348.00	\$7,372,813.00	\$7,387,515.00	\$7,609,140.00
West Newbury Capital	\$576,150.00	\$567,765.00	\$1,212,005.00	\$1,708,986.00
Groveland Operating Assessment	\$8,991,561.96	\$9,313,740.00	\$9,577,507.00	\$9,864,832.00
Groveland Capital	\$548,109.96	\$550,761.00	\$1,472,758.00	\$2,274,045.00
Merrimac Operating Assessment	\$7,850,799.00	\$8,134,985.00	\$8,491,105.00	\$8,745,838.00
Merrimac Capital	\$210,742.00	\$206,428.00	\$1,072,528.00	\$1,792,190.00
Subtotal Operating Revenues	\$39,941,847.65	\$40,808,630.00	\$44,050,000.00	\$47,104,315.00

Another funding issue schools have is the fact that the increases provided by the State do not keep up with the educational and fiscal mandates set forth by the Commonwealth. Massachusetts spends and budgets educational dollars below the national average based on its ability to pay. It ranks near the bottom third of its percentage in regards to the State economy when compared to the other 50 States. Ironically, they hold our member Towns ability to pay against us when increasing Chapter 70 aid or in determining the net minimum spending requirements of each Town when we perform our legally mandated assessments under Massachusetts General Law. The legislature is currently reviewing how it funds education along with a change in how it allocates its Chapter 70 funding but at this time the results of these potential changes are unknown. In FY 2021 the legislature enacted the Student Opportunity Act which greatly increased school funding but the program was delayed due to revenue shortfalls related to COVID – 19.

What this means for school districts is that local revenues are forced to make up for these gaps in State and federal funding. (A majority comes directly from property taxes assessed at the local level). However, understanding how our revenues work creates a clear disconnect between the two forces. Our expenses rarely increase less than 2.5%, but our municipal revenue is tied by law to a 2.5% increase. If tax revenues can increase by 2.5%, and if any of our expenses increase by more than 2.5% we automatically have an operational deficit in that account. The Commonwealth has chosen to not make up the difference in that gap so choices on where to spend our education dollars, after mandated special education and transportation costs, become the task of the Pentucket School Committee. In years past we have limited payroll growth to 2.50%, however our current contract with our largest union is in negotiation so employee expenses in this budget proposal are an estimate.

The combined year over year expected revenue change of \$3,054,315.00 represents a revenue increase of 6.93% overall, leaving an operation deficit. This percentage and amount are artificially increased due to slightly more funding being allocated from E and D over FY 2021 and the inclusion of the new debt allocated funds for the building project. If this difference is removed from the projection, then the revenue increase would be \$1,005,465.00 representing a 2.28% increase for the general fund. We are anticipating a significant increase in State aid in FY 2022 totaling \$301,860.00. This increase is based on our hope that the State will reconfigure our student count to include full day kindergarten

students as a whole student instead of a half student as we no longer charge for full day kindergarten. It also assumes the State will hold educational facilities harmless for their student population decreases due to parents removing their children from public school and either home schooling them or placing them in private schools. This budget projection overall is accurate for what we now know and expect. Excess and Deficiency (E&D) funds are budgeted for FY 2022 to fund stabilization and other post-employment benefit deposits. In agreement with our auditors, and with a new School Committee Policy on the use of E&D, these funds will no longer be budgeted as an ongoing cost general fund revenue source.

After reviewing these revenue estimates, the District then proceeds to estimate costs for the next fiscal year based on known expenses. These are employment contracts, spending on educational supplies, and the cost of ongoing service contracts with providers. In determining the redesign and restructuring in FY 2014 and FY 2015, the superintendent, school committee, and leadership team prioritized the greatest needs of the district while keeping in mind the current fiscal reality. As of the time of this presentation, major cost drivers, such as special education placements, are based on projected current students and not including any potential student move-ins or pre-school additions. The district staff came together and worked to create a more sustainable plan for insurance in FY 2017 that led to savings over the normal expected increases for employee and retiree health insurance. That agreement was placed in permanent status during contract negotiations for FY 2021 and will remain in place as long as both parties do not agree to terminate.

GIC health insurance plan rates are not projected to be finalized until late-February so we are budgeting using an inflation factor of 5% for Fiscal Year 2022 at this time. The budget includes actual salaries for all union represented employees with the exception of the Pentucket Association of Teachers represented employees. The budget assumes increases in the overall costs associated with these employees under the current contract model. The District is currently in negotiations with this group and this budget proposal includes the potential for further small increases if necessary after negotiations are completed. The District has no major vendor contracts due for bid during Fiscal Year 2022.

Next year, Pentucket expects the operating budget to rise by \$3,683,784.60, a 8.36% increase. The majority of this increase is due to debt service payments related to the new school building project. This increase is calculated after the

District has included E and D funds and new debt service as a revenue and cost as both are self-funded either through State approved certifications or debt exclusions. Without these adjustments to operating funds, the general fund increase would be \$1,644,657.60 or 3.73%.

This means our FY 2022 operational budget, which is inclusive of labor, service and supplies, special education, debt service, and stabilization offsets would be \$45,694,657.60 without the new adjustments.

If local growth continues to expand, it can help by providing relief to the school district to fund their operational costs if the towns can afford to increase the operational assessments. Additional growth in each member town can assist the district in increasing the operational costs above 2.5%, but each town has different growth depending on the community’s ability to maintain new residential, commercial or industrial construction, and this revenue cannot be counted on yearly. Although this budget does not reflect any new growth, as towns generally do not have this figure early in the budget cycle, it is asking for an overall assessment increase of 3.00%.

The chart below represents a history of State aid that Pentucket has received through the period of Fiscal Year 2017 to present.

Category	2021	2020	2019	2018	2017
Estimated Receipts:					
General School Aid	\$13,182,092	\$13,182,092	\$13,111,292	\$13,040,102	\$12,968,282
Transportation of Pupils	\$654,897	\$610,182	\$582,207	\$503,805	\$567,562
Charter Tuition Reimb.	\$54,880	\$52,100	\$21,432	\$21,432	\$53,854
School Choice Receiving Tuition	\$305,647	\$394,360	\$462,987	\$518,198	\$599,768
Other	\$0	\$0	\$0	\$0	\$0
Total Estimated Receipts:	\$14,197,516	\$14,238,734	\$14,177,918	\$14,083,537	\$14,189,466
Estimated Charges:					
Special Education	\$0	\$0	\$5,047	\$2,138	\$0
Charter School Sending Tuition	\$423,992	\$371,942	\$334,416	\$326,832	\$349,584
School Choice Sending Tuition	\$345,852	\$254,893	\$183,536	\$198,042	\$199,748
Total Estimated Charges:	\$769,844	\$626,835	\$522,999	\$527,012	\$549,332
Receipts Net of Charges	\$13,427,672	\$13,611,899	\$13,654,919	\$13,556,525	\$13,640,134

As the chart above shows, State Chapter 70 General School aid to Pentucket has increased 1.62%, an average of .40% per year, since FY 2017. This is clearly not enough to support their percentage growth of a normal 2.5% growth budget. What this has done has pushed more of the burden onto local taxpayers through property taxes.

If we isolate Chapter 70 funding (named for the section of Massachusetts General Law it originates from) to review the history, this fact becomes more apparent. Below is a chart that shows the historical funding for Chapter 70, as well as the % of Net School Spending. (NSS is all school spending subtracting *transportation, debt service, civic activities, crossing guards, and capital equipment*)

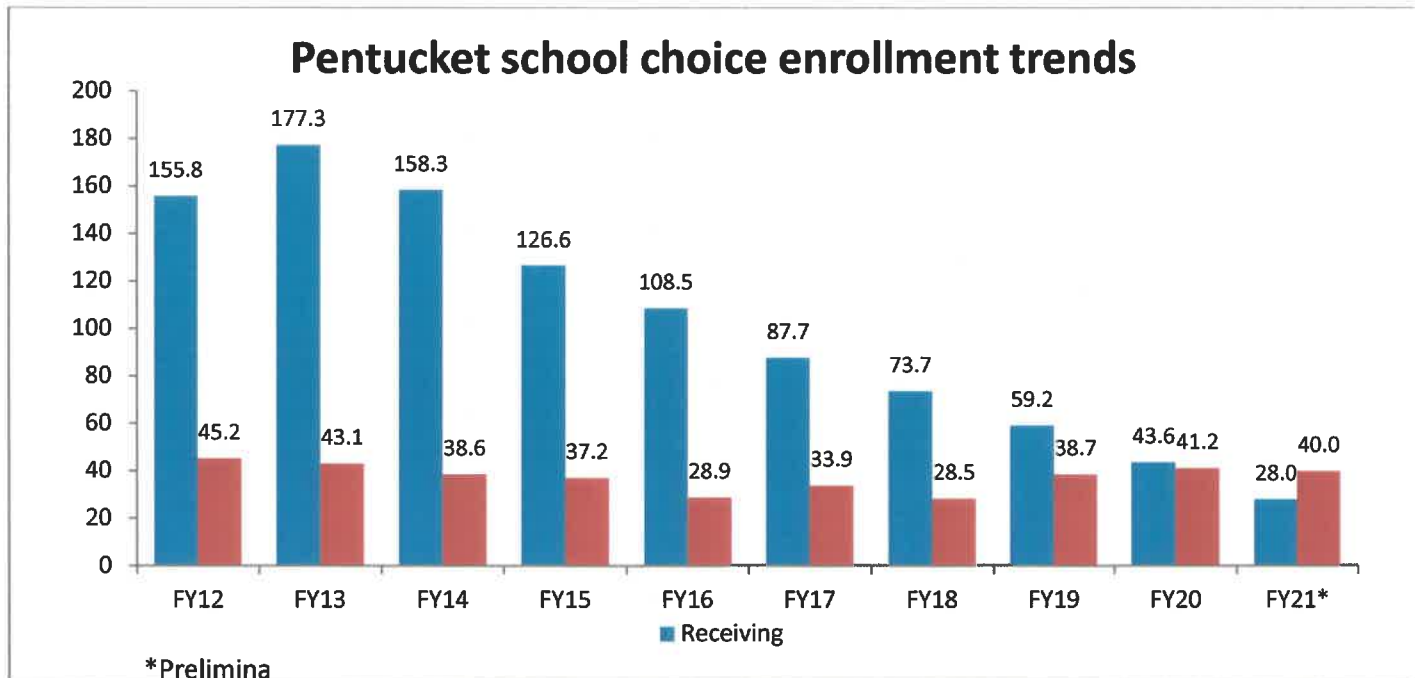
Year	State Aid	Enrollment	% of NSS
FY 09	\$12,077,530	3119	41.7%
FY 10	\$13,226,986	3092	44.0%
FY 11	\$12,454,267	3055	42.1%
FY 12	\$12,521,127	2947	41.3%
FY 13	\$12,635,127	2942	39.9%
FY 14	\$12,703,677	2841	39.7%
FY 15	\$12,770,527	2721	38.4%
FY 16	\$12,834,852	2599	38.4%
FY 17	\$12,968,282	2510	39.0%
FY 18	\$13,040,102	2477	37.2%
FY 19	\$13,111,292	2454	35.2%
FY 20	\$13,182,092	2405	36.2%
FY 21	\$13,182,092	2229	34.8%

NSS is all spending subtracting transportation, debt service, civic activities, crossing guards and capital equipment

In FY 2009, Chapter 70 paid for 41.7% of Pentucket’s net school spending. In FY 2021, it only paid for 34.8%. As we described above, this is clearly increasing the towns funding percentage of the operational budget for the school district.

What the chart below also clearly shows is that Pentucket had attempted to limit the local increases by opening up more slots for school choice prior to FY14 when the School Committee voted to freeze school choice slots.

FY	Receiving		Sending	
	FTE Pupils	Tuition	FTE Pupils	Tuition
1996	181.3	629,254	49.6	193,077
1997	157.2	548,120	43.8	186,038
1998	127.7	470,455	44.0	214,407
1999	102.4	429,280	40.7	194,415
2000	77.4	327,734	53.9	245,527
2001	84.5	372,842	40.1	192,666
2002	74.4	336,689	55.1	257,207
2003	49.7	217,881	46.9	236,315
2004	68.9	360,861	39.3	215,955
2005	92.1	474,296	34.7	170,504
2006	92.1	467,093	31.9	205,372
2007	87.9	565,895	45.1	257,415
2008	92.6	560,630	47.2	264,941
2009	103.5	650,269	45.6	256,068
2010	129.0	763,345	45.3	246,379
2011	147.1	862,619	41.4	252,304
2012	155.8	847,853	45.2	285,812
2013	177.3	955,807	43.1	273,569
2014	158.3	901,137	38.6	242,235
2015	126.6	672,571	37.2	234,882
2016	108.5	599,768	28.9	184,532
2017	87.7	518,198	33.9	203,152
2018	73.7	462,987	28.5	162,369
2019	59.2	394,360	38.7	244,431
2020	43.6	305,647	41.2	332,668
2021	28.0	146,851	40.0	280,210



By adopting so many school choice students, the district had relied on the choice funding as a major part of our revenue stream for the future. This was both risky and unsustainable over time, and this year will show that School Choice receipts paying for expenses is a gamble each year that district can hardly afford to play. This year, the operating budget will need to assume over \$125,000 in costs due to the choice account not generating enough revenue to cover these previously budgeted expenses. Additionally, we have now reached the point where choice out students exceed choice in students for the first time. We will be losing our largest remaining class after the 2020-2021 school year, which will bring us down to 18 school choice students. At this point we have effectively eased all lost revenue into the system and with the outgoing choice students holding steady and the cost included within the operating budget this area of budget concern will no longer effect ongoing operations in regards to budget preparation.

The information below offers a glimpse as how this loss of State aid is pushing the burden of funding an appropriate and free education for all students onto local taxpayers. This spending also includes assessments to the towns for Whittier Technical and, beginning in FY 2015, North Shore Vocational Technical.

Education Spending as a Percentage of Budget

Year	Groveland		Merrimac		West Newbury	
	\$ of total	% of total	\$ of total	% of total	\$ of total	% of total
2021	\$12,050,265	63.6%	\$10,634,568	60.3%	\$8,831,545	53.4%
2020	\$10,821,891	62.1%	\$9,480,724	60.2%	\$8,246,189	51.5%
2019	\$10,654,932	63.1%	\$9,189,854	61.2%	\$8,074,422	53.9%
2018	\$10,431,531	63.9%	\$8,869,179	61.8%	\$7,778,635	54.6%

As the District has been able to control recent costs mainly due to employment contracts, health insurance, and staffing numbers, the percentage of municipal spending has decreased slightly but is still well above of what nearby cities and towns spend as a percentage of their overall budgets for two of our three members. The recent increase from 2020 to 2021 is because of the new construction debt exclusion, which does not take away from community operating budgets. With the new debt excluded funds removed from the equation, the percentages of school spending by community would show Groveland at 58.7%, Merrimac at 55.4%, and West Newbury at 49.5%. These are significant decreases from 2018 with each town spending at least 5% less than in 2018.

To review the current member town demographics, we can use census data as well as current surveys from the labor and workforce development agency. Below is a table showing median household income and age for the member towns, Essex County, and Massachusetts for the most recent data submitted through December of 2019.

<u>Location</u>	<u>Median Income</u>	<u>Median Average Age</u>
Massachusetts	\$81,215	39.7 years
Essex County	\$79,263	41.7 years
Groveland	\$103,125	45.8 years
Merrimac	\$84,609	47.7 years
West Newbury	\$149,167	49.7 years

In all three member towns, income is higher than the Essex County average as well as the Massachusetts average. Along with higher annual earnings you usually find a population with a higher average age and this is also the case as all our member communities have a much higher median average age than both Essex county and Massachusetts as a whole.

All three member towns also saw population increases in the most recent 10 years' census covering the period 2000-2010 with Groveland increasing its total population 7%, Merrimac 3.3%, and West Newbury 2.1%. During the same time period Essex County saw an increase of 2.7% while Massachusetts saw an increase of 3.1%.

The table below shows the increases in population since 2010 based on the most recent estimates from 2019.

<u>Year</u>	<u>Groveland</u>	<u>Merrimac</u>	<u>West Newbury</u>	<u>Essex County</u>	<u>Massachusetts</u>
2019 (Est.)	6,849	6,960	4,631	789,034	6,892,503
2010 (Census)	6,459	6,338	4,235	743,159	6,547,629
% Change	5.69%	8.94%	8.55%	5.81%	5.00%

As you can see, all member communities continue to grow at a faster rate than Massachusetts. While a host of factors can be used to explain this, available land for new construction, along with a relatively safe environment as it pertains to criminal activity, and desirable school districts undoubtedly play prominent roles in this increase.

Per pupil spending is not an indicator of performance in schools, but is an indicator of how Pentucket chooses to expend its educational resources as a comparison to the State average for all districts. Below is a chart showing Pentucket's per pupil expenditures compared to the State averages.

Pentucket Regional School District
 Per Pupil Expenditures
 FY 19 End of Year Financial Reporting

	Total Expenditures All Funds	Fuction As Percentage Of Total	Expend- Expenditure Per Pupil	State Average Per Pupil
Administration	\$1,408,768.47	3.42%	\$560.57	\$537.43
Instructional Leadership	\$2,260,206.75	5.48%	\$899.37	\$1,095.51
Classroom and Specialist Teachers	\$15,842,733.19	38.42%	\$6,304.06	\$6,419.02
Other Teaching Services	\$3,604,866.03	8.74%	\$1,434.43	\$1,400.12
Professional Development	\$140,834.12	0.34%	\$56.04	\$161.96
Instructional Materials, Equipment and Tech.	\$632,120.04	1.53%	\$251.53	\$480.59
Guidance, Counseling and Testing	\$1,033,311.33	2.51%	\$411.17	\$536.46
Pupil Services	\$3,871,355.16	9.39%	\$1,540.47	\$1,727.93
Operations and Maintenance	\$3,198,447.50	7.76%	\$1,272.71	\$1,298.40
Insurance, Retirement Programs and Other	\$6,704,473.31	16.26%	\$2,667.81	\$2,924.08
Payments To Out-Of-District Schools	\$2,536,321.04	6.15%	\$1,009.24	\$567.50
Total Expenditures	\$41,233,436.94	100%	\$16,407.40	\$17,149.00

Pentucket spends \$741.60 less per pupil than the State average on education. Using this data as a comparison only, based on 2229 pupils at the time of this reporting Pentucket is spending \$1.65 million dollars less than the State average.

The average spending of the Essex County Districts listed below is \$17,124.63. Pentucket is 4.19% below that average.

<u>Town/City</u>	<u>FY19 Per Pupil Spending</u>	<u>Town/City</u>	<u>FY19 Per Pupil Spending</u>
Whittier	\$20,756.21	Gloucester	\$17,212.37
Masconomet	\$19,743.08	Saugus	\$17,153.85
Hamilton-Wenham	\$19,437.61	Lynnfield	\$16,527.28
Andover	\$18,649.01	Pentucket	\$16,407.40
Ipswich	\$18,238.42	Lawrence	\$16,094.83
Triton	\$18,218.32	Georgetown	\$15,656.18
Newburyport	\$17,915.03	Peabody	\$15,299.17
Amesbury	\$17,844.18	Methuen	\$14,459.98
Swampscott	\$17,435.08	North Andover	\$14,191.06
Danvers	\$17,419.59	Haverhill	\$13,833.95

Since FY 2010, when our student population totaled 3280, there has been a decline in enrollment of 32.04%. More recently the enrollment decline has been 18.08% from FY 2015 to FY 2021. This coincides with the lower birth rates in the member communities, slowed building construction during the 2010 to 2014 period, the freezing of school choice slots, and an aggressive effort to ensure that residency for students is restricted to our member communities. A much larger adjustment in this calculation came for FY 2021 with many students leaving for home schooling or attending private school due to the COVID-19 protocols enacted by the District in accordance with State guidelines. Some parents did not feel safe sending their children to school at all and some wanted their children in school every day. These sentiments led to nearly 200 expected enrolled students to leave the District. In this budget we anticipate these students to re-enroll for FY 2022. Over the time period of FY 2017-FY 2021, Pentucket has reduced staff by 5.05% overall, from 377.3 full time equivalent positions to 358.23. Staff capacities during this time were used to lower class sizes and increase special education related teaching and support positions. In addition, many temporary teachers had to be hired in FY 2021 to support the hybrid model of learning adopted by the School Committee. In some areas to make this happen, multiple extra teachers were required. They were hired on one-year deals and this budget does not fund these positions going forward.

Now that we have reviewed the sources of information that assist in informing the community on how our revenue and expenditures affect the operating budget, we should review how decision making at the School Committee, Administrative, and Staff levels are helping us define how we spend public funds on our school district.

The district has set forth initiatives that will assist us in creating an excellent education system. The initiatives in Section 1 are the basis for decision making with education funding for the district. Decisions around staffing, redistribution of education resources and reductions of current programs revolve around how to bring Pentucket to the next level of performance and sustainability for the future. The District Strategic Plan for 2019-2022 is included as an attachment to the end of this section.

District Contact Page

School Policy, Administration, and MCAS Data:

Superintendent of Schools	Justin Bartholomew Ed.D	978-363-2280
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General Curriculum Questions and Human Resources:

Asst. Superintendent of Schools	Brent Conway	978-363-2280
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Special Education Programming, Guidance, Nursing and other Student Services:

Dir. of Intensive Student Support Services	Michael Jarvis Ed.D	978-363-2280
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Financial, Budget and Auditing:

Business Administrator	Greg Labrecque	978-363-2280
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Operations, Maintenance, and Building Rental:

Director of Operations	Robert Danforth	978-363-2280
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Information Systems and Technology

MIS Director	Dennis Buck	978-363-2280
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Pentucket High School

Principal	Jon Seymour	978-363-5507
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Pentucket Middle School

Principal	Terrence Conant	978-363-2957
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Page Elementary School

Principal	Dustin Gray	978-363-2672
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Bagnall Elementary School

Principal	Emily Puteri	978-372-8856
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Donaghue Elementary School

Principal	Kenneth Kelley	978-346-8921
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Sweetsir Elementary School

Principal	Kenneth Kelley	978-346-8319
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If you do not see the department you are looking for, please call the district office for information: 978-363-2280

Next Pages: District Strategic Priorities and Capacity Building Plan; Revenue Sources / Line Item Budget; Student Enrollment; Revolving Acct. Support Schedules; Maintenance Costs and Capital Requests