

WINTHROP PUBLIC SCHOOLS

SUMMARY OF THE FY26 SCHOOL BUDGET OVERRIDE REQUEST

Why is an Override Needed

Over the past several years (7+) the School Department has operated with a budget allocation that has been far below the level service allocation needed and has annually required reductions of staff, services, materials, and supplies and a reliance on grant funding and one-time revenues to balance the budget and avoid the need for an Override. We are grateful for the efforts of the Town Council to fund our schools and understand the limitations we face with the constraints of Proposition 2 ½.

As we approach the FY26 school year we are faced with a structural deficit that is the result of fixed costs rising faster than the recurring revenues which are constrained by Prop 2 ½, the end of COVID-19 grant funding, reduced state and federal entitlement grant allocations, increased enrollment and student needs and minimal additional revenue sources to supplement the school budget.

Although the school department has not requested a 2 ½ Override in 15 years we have now reached the critical juncture of not being able to keep up with the rising costs of public education without additional school funding beyond the constraints of Proposition 2 ½.

How Did We Get Here

- The cost of providing educational services and supports to students has outpaced the revenue growth under Proposition 2 ½
- A long-standing history of “Below Level Service” budget allocations leading to major structural deficits managed by annual 1 time funding sources that are now exhausted
- The WPS has exhausted the use of 1 time revenue sources and revolving accounts to supplement prior year budget deficits (Covid Funds, PreK Tuition, 1x Grant Funds, Circuit Breaker Funds, etc.)
- Over the past 5 years, entitlement Grants that fund salaries have decreased while the costs of salaries have increased
- The cost of special education tuitions and transportation have increased at a rate well beyond 2.5% and in some cases over 14.5% in a single fiscal year
- Increased enrollment (FY22= 1883, FY23=1941, FY24=1965, FY25=2008)

How Did We Get Here (continued)

- As of FY24, the cost for all school employee benefits are within the school budget (health care, Medicare, workman's comp., unemployment, liability ins., retiree health care). The increases for the above are all over 2.5% with the largest increase of 9.5% for employee health care/retiree health care.
- End of COVID-19 Grant Funding (over \$4.5M between Fy21-Fy24)
- Unprecedented inflation rates and high increases in special education tuitions and transportation, utilities and materials and supplies
- Continued unfunded mandates from the state and federal government without appropriate funding to manage the costs
- Rising mental health needs of students and increase of students with complex medical needs
- A long history of stagnant Chapter 70 funding with a minor adjustment in FY24

What will the Override Fund?

The Override Funding Reflects a Budget of Protected Progress

- Maintaining our current excellence while implementing our Strategic Plan whose impact is factored into FY26 school year and beyond
- Continued investment in current curricular materials/resources
- Continued investment in culturally responsive teaching through continued professional development, and the recruitment and retention of educators
- Continued analysis and targeted investment in providing Multi-Tiered System of Supports (MTSS) to all students
- Maintain class size (low 20s K-8)
- Continue to provide supports and interventions related to the mental health, social emotional/academic needs of all students
- Ensuring continuation of innovative instructional practices as well as ongoing program implementation
- Continued operational and financial efficiency management
- Development of a School Stabilization Fund to maximize Override funds

What Happens if the Proposed Override Does Not Pass?

If the Override does not pass the School Department may need to eliminate non-mandatory programming, increase student user fees, reduce personnel and increase class size to lower the FY26 expenditures by \$3,530,859 (projected).

Potential Actions:

- Reduction of staff K-12 and potential reduction of course offerings
- Increase class size K-12 (high 20s-30+ elementary and high 20s 9-12)
- Added/Increased fees for before/after school programs, clubs, athletics and Co-curricular activities
- Freeze spending at all levels
- Increased athletic user fees and Preschool tuition
- Eliminate/reduce non-mandated programs and services
- Institute fees for summer and other academic enrichment program
- Reduction of instructional materials, which includes a freeze on repair/new technology and basic supplies and cuts to textbooks, materials and software licenses. This also would negatively impact specials and athletics.

FY25 Level Service Budget Requested

The FY25 LS Budget Request Was \$40,845,169

Salary: \$25,420,627

Expenses: \$16,534,542 (\$9,734,447 benefits)

Grant/Revenue Offsets: -\$3,211,481

Total Request From Town: **\$37,633,688** (Salary + Expenses – Grant/Revenue Offset)

Final Approved Budget Allocation: **\$36,141,805** (\$1,491,883 short of request for LS Budget)

FY25 Final Budget (Reduced Level Service)

The Final FY 25 Budget Allocation is a ‘Reduced Level Service Budget’

Salary: \$24,128,250

Expenses: \$15,893,857 (\$9,734,447 of expenses reflect employee benefits)

Grant/Revenue Offsets: -\$3,880,303

Total Request From Town: **\$36,141,804** (Salary + Expenses – Grant/Revenue Offset)

Final Approved

Budget Allocation: **\$36,141,805** (\$1,491,883 short of request for LS Budget)

Note: This is the budget that is on the website www.winthrop.k12.ma.us . Many line items for materials and supplies were removed as they were prepaid in FY25. All of those lines will need to be restored to the FY26 Budget.

How did we balance the FY25 requested “Level Service Budget” to a “Reduced Level Service Budget”

To balance the FY25 requested Level Service Budget to match the final allocation of FY25 funds, \$1,492,485 had to be reduced from the original school committee requested budget. The following actions were taken to balance the budget:

- The FY24 budget was frozen (1/3/24) to enable FY25 expenses to be prepaid in the amount of \$785,783 (curriculum, materials, supplies, technology)
- Eliminated 2 teaching positions at GFB for the 24-25 SY (grade 1 & 2) \$182,977,
- Charged \$40,000 of FY25 lunch monitor salaries to the School Lunch revolving account
- Charged \$483,725 of FY25 Special Education tuitions to the incoming Circuit Breaker revolving account. This significantly limits the access to CB funds to offset the FY26 budget or financially support unanticipated tuitions in FY25.

It is important to understand that the costs above will reoccur in FY26 at a higher cost, and we will not have the ability to prepay expenses, nor will we have the necessary funds left in revolving account to fully cover deficits.

What is the Size of the Override?

The Override Amount is \$4,950,000. If approved in November 2024, the override would be part of taxes beginning July 1, 2025

- Approximately \$3,530,859 will be used for the FY26 School Year
- \$1,419,141 will be put in a School Stabilization fund to be used in FY27

Note: The entire amount of the requested override will be allocated for the use of the school department only.