



# City of Newburyport

## FY2023 Joint Budget Meeting

### City Council & School Committee

Donna D. Holaday, Mayor

Superintendent Sean T. Gallagher

November 16, 2021

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# Annual Joint Budget Meeting (Mandated Per Charter Sec. 6-2)

“The mayor shall call a joint meeting of the city council and school committee, to include the superintendent of schools, before the commencement of the annual budget process to:

- review the financial condition of the city,
- revenue and expenditure forecasts, and
- other relevant information prepared by the mayor in order to develop a coordinated budget.”

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# City's Financial Condition



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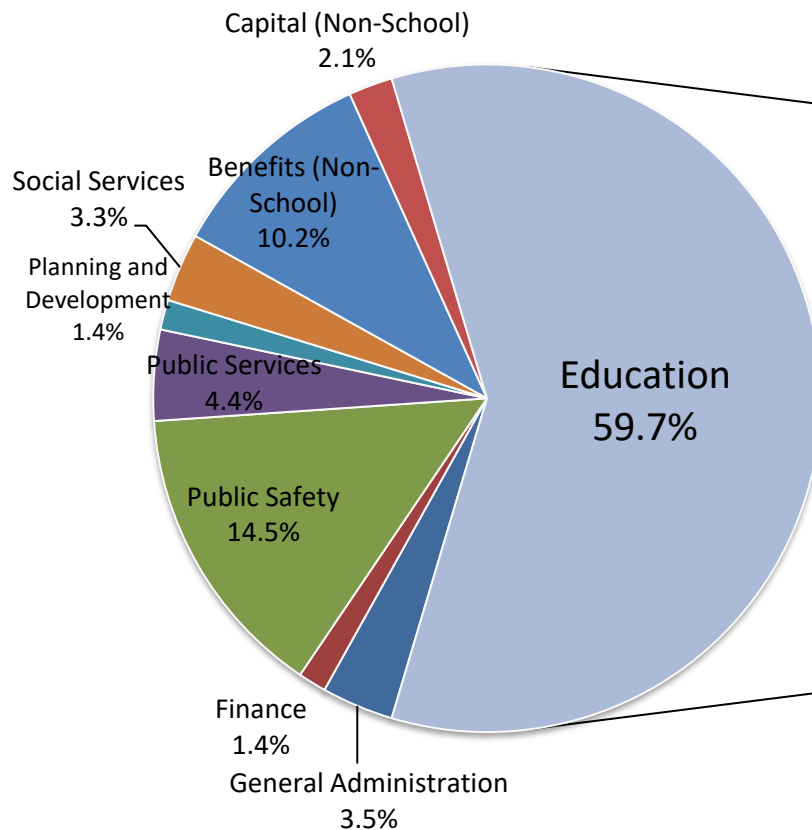
# Financial Condition

- Long-term AAA credit rating reaffirmed in May 2021 by Standard and Poor's:
  - Very strong economy
  - Very strong management, with strong financial policies and practices
  - Strong budgetary performance (revenue > expenses)
  - Strong budgetary flexibility (strong reserves)
  - Very strong liquidity (available cash)
  - 4.7x governmental debt service, and access to external liquidity we consider strong (relatively low debt burden)
  - Low overall net debt at less than 3.0% of market value
  - Strong institutional framework score (overall government operation)

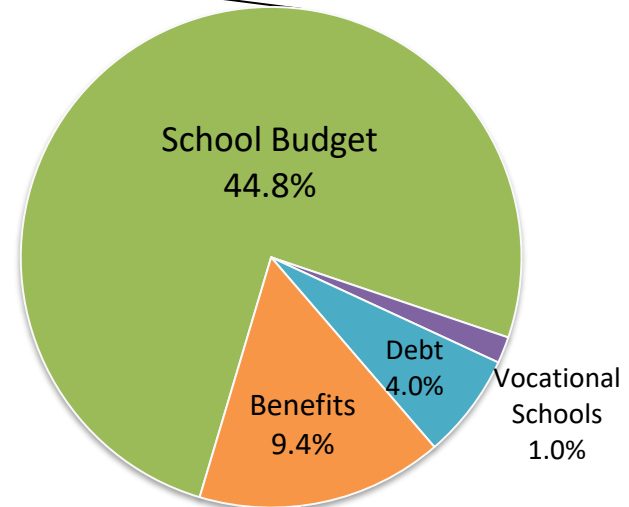
# Current Budget

## FY2022 Approved Spending

### General Fund Budget

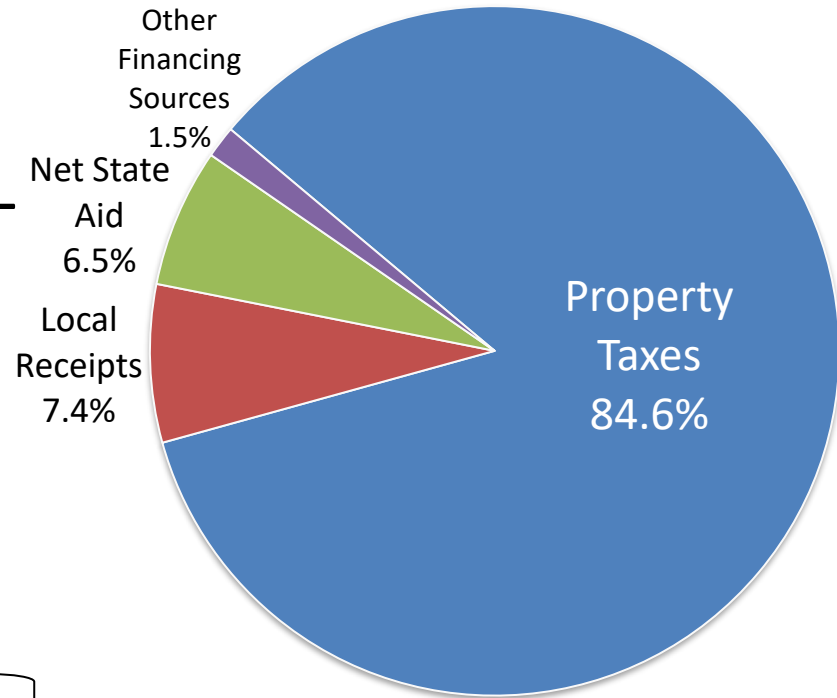


### Education



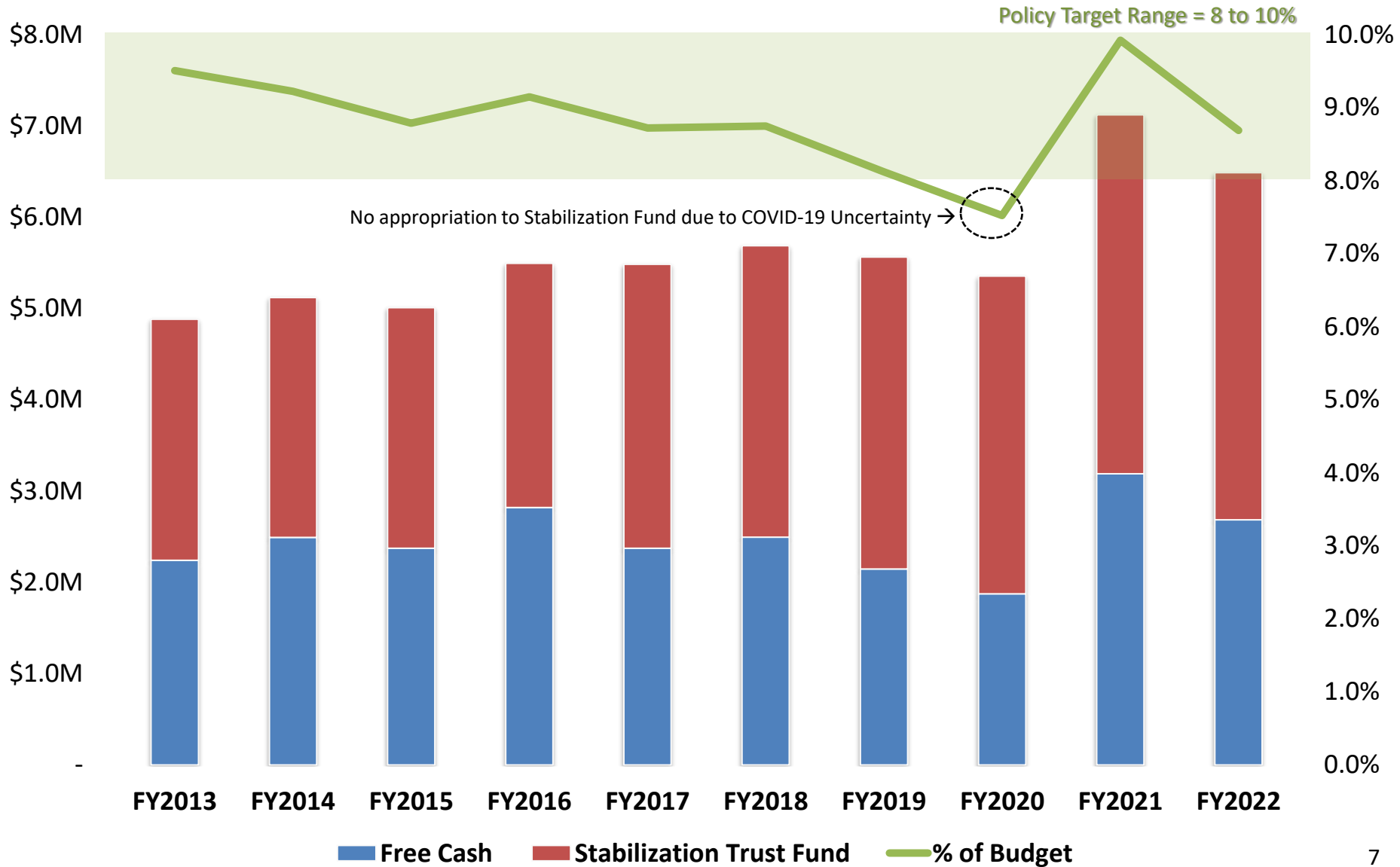
# Revenue Sources

- Stable and predictable revenue – property taxes
- More volatile revenue – local excise taxes (motor vehicle, meals and room occupancy), permits, parking
- Federal Aid – CARES, ESSER, ARPA, Infrastructure Investment & Jobs Act



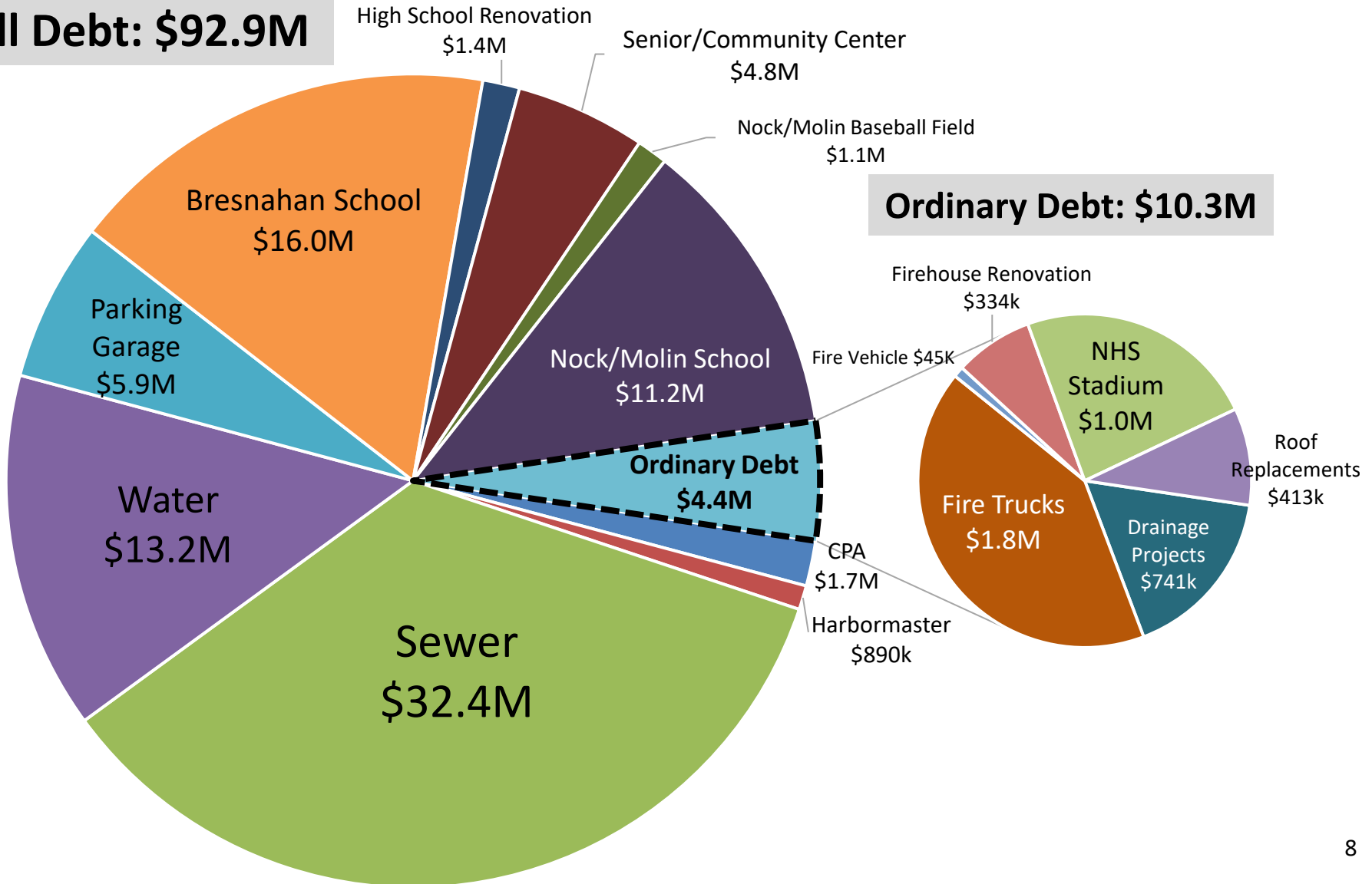
Combination of formula funding and competitive grant opportunities

# Reserve Balances



# Outstanding Debt as of 6/30/21

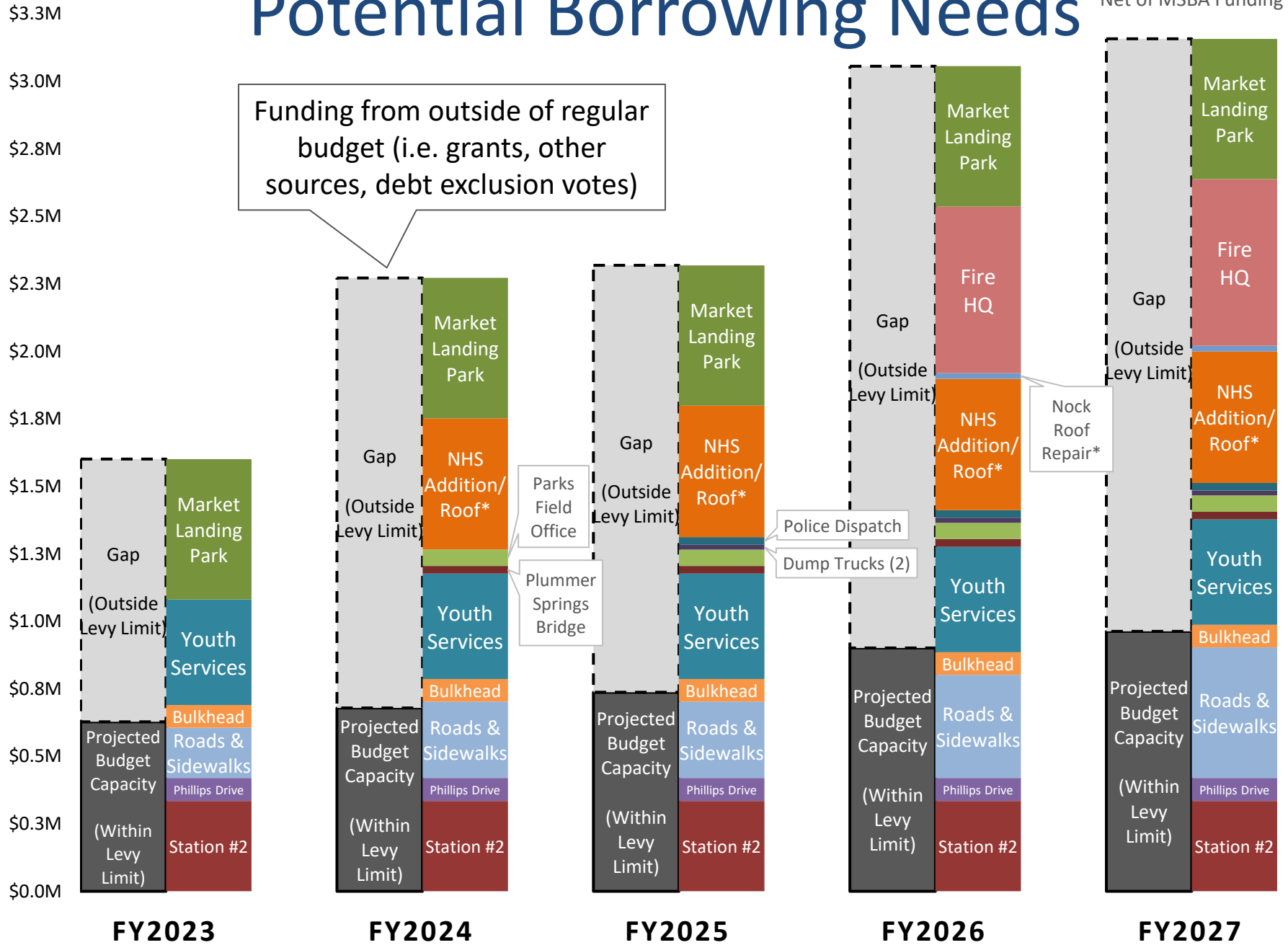
**All Debt: \$92.9M**






# Potential Borrowing Needs


\*Net of MSBA Funding



# Other Major Liabilities

	Pension (1/1/20)	OPEB (6/30/21)
Total Liability	\$137,504,782	\$96,642,165
Plan Assets	\$89,289,296	\$1,020,910
Net (Unfunded) Liability	\$48,215,486	\$95,621,255
Funding Ratio	64.9%	1.06%
Funding Date	FY2039	FY2051


  
 Pension Plan for Eligible Employees  
 (excludes Teachers who are part of state-run  
 MA Teacher's Retirement System)


  
Other Post-Employment Benefits  
 (e.g. retiree health insurance)

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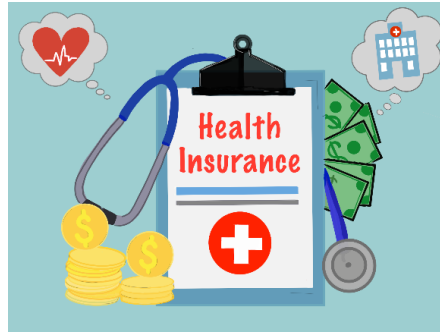
# Five-Year Revenue and Expenditure Forecasting



# Budget Pressures

## Operating

## Capital



Newburyport  
Parks

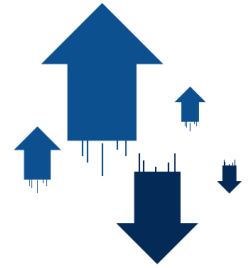


Massachusetts School  
Building Authority



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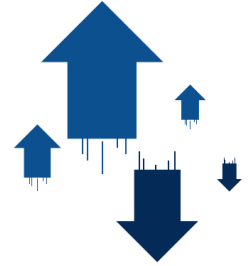
# Five-Year Forecast Overview



- Five year projection
- Establishes an annual revenue projection based on Proposition 2 ½, local receipts, state aid and other available funds
- Builds off current year budget to ensure that a level services budget can be maintained, at a minimum, to offset any inflationary pressures
- Adheres to financial policies:
  - No one-time revenue used for operations
  - Maintain financial reserves
  - Continued investment in Capital Improvement Plan (CIP)

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# Major Assumptions



- Labor rates tied to Employment Cost Index (ECI)
- Services/supplies tied to Consumer Price Index (CPI-U)
- Health insurance costs +4.0% per year
- Pension assessment +5.0% per year
- Utilizes full levy limit under Prop. 2 ½
- School appropriation = annual revenue growth
- Debt Service (within levy) = 2.0% of annual revenue

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# Note on Health Insurance Costs

- Health insurance is the largest budget line item, comprising 13.8% of expenditures
- Long-term costs very difficult to predict
  - Forecast assumes 5.0% increase for FY23 and 4.0% thereafter
  - OPEB actuarial valuation assumes 4.5% annual increases
- Set aside 50% of the FY22 “premium holiday” to help mitigate the increase anticipated for FY23
- Sustainability is dependent on further modifications



# Five-Year Forecast - Revenue

## Revenue Projection

		Unaudited								
	GROWTH RATE	FY 2019 ACTUAL	FY 2020 ACTUAL	FY 2021 ACTUAL	FY 2022 ESTIMATE	FY 2023 PROJECTED	FY 2024 PROJECTED	FY 2025 PROJECTED	FY 2026 PROJECTED	FY 2027 PROJECTED
<b>PROPERTY TAXES</b>										
Prior Year Levy Limit		52,014,405	54,300,695	56,390,995	58,726,600	61,029,959	63,255,708	65,554,601	67,928,904	70,380,950
2 1/2 % Increase		1,300,360	1,357,517	1,409,775	1,468,165	1,525,749	1,581,393	1,638,865	1,698,223	1,759,524
New Growth		985,930	732,787	925,830	835,194	700,000	717,500	735,438	753,823	772,669
<b>TOTAL LEVY LIMIT</b>		<b>54,300,695</b>	<b>56,390,999</b>	<b>58,726,600</b>	<b>61,029,959</b>	<b>63,255,708</b>	<b>65,554,601</b>	<b>67,928,904</b>	<b>70,380,950</b>	<b>72,913,143</b>
Debt Exclusion		3,178,737	3,165,464	3,171,545	3,171,735	3,167,680	3,182,660	3,195,425	3,230,640	3,228,003
<b>TOTAL LEVY LIMIT</b>		<b>57,479,432</b>	<b>59,556,463</b>	<b>61,898,145</b>	<b>64,201,694</b>	<b>66,423,388</b>	<b>68,737,261</b>	<b>71,124,329</b>	<b>73,611,590</b>	<b>76,141,146</b>
Excess Levy Capacity		-326,531	0	-869,029	-477,812	-150,000	0	0	0	0
<b>TOTAL TAX LEVY</b>		<b>57,152,901</b>	<b>59,556,463</b>	<b>61,029,116</b>	<b>63,723,882</b>	<b>66,273,388</b>	<b>68,737,261</b>	<b>71,124,329</b>	<b>73,611,590</b>	<b>76,141,146</b>
<b>LOCAL RECEIPTS</b>										
Motor Vehicle Excise	3.0%	2,747,357	2,963,027	2,874,396	2,800,000	2,850,000	2,935,500	3,023,565	3,114,272	3,207,700
Other Excise										
a. Meals	2.5%	657,825	600,503	569,637	600,000	635,000	650,875	667,147	683,826	700,921
b. Room	3.0%	226,301	272,723	242,075	270,000	290,000	298,700	307,661	316,891	326,398
c. Other	0.0%	116,399	124,410	233	0	0	0	0	0	0
Pen & Int on Tax & Exc	1.0%	343,545	310,774	332,363	300,000	325,000	328,250	331,533	334,848	338,196
Payments in Lieu of Taxes	0.0%	82,083	37,089	27,196	30,000	30,000	30,000	30,000	30,000	30,000
Fees	1.0%	345,552	294,754	298,646	290,000	350,000	353,500	357,035	360,605	364,211
Other Dept. Revenue	1.0%	66,879	56,416	72,014	55,000	60,000	60,600	61,206	61,818	62,436
Licenses and Permits	2.5%	1,190,151	1,055,073	945,583	825,000	900,000	922,500	945,563	969,202	993,432
Fines & Forfeits	2.0%	12,292	7,347	4,898	10,000	10,000	10,200	10,404	10,612	10,824
Investment Income	5.0%	271,752	238,029	59,770	50,000	60,000	63,000	66,150	69,458	72,930
Medicaid Reimbursement	3.0%	94,345	33,985	115,227	110,000	110,000	113,300	116,699	120,200	123,806
Miscellaneous Recurring	3.0%	171,178	174,408	100,646	177,000	177,000	182,310	187,779	193,413	199,215
Miscellaneous Non-Recurring	0.0%	114,726	294,784	117,454	0	0	0	0	0	0
<b>TOTAL LOCAL RECEIPTS</b>	<b>2.6%</b>	<b>6,440,384</b>	<b>6,463,321</b>	<b>5,760,138</b>	<b>5,517,000</b>	<b>5,797,000</b>	<b>5,948,735</b>	<b>6,104,741</b>	<b>6,265,143</b>	<b>6,430,070</b>
<b>TOTAL NET STATE AID</b>	<b>3.0%</b>	<b>4,341,771</b>	<b>4,583,403</b>	<b>4,879,892</b>	<b>4,909,318</b>	<b>5,056,598</b>	<b>5,208,295</b>	<b>5,364,544</b>	<b>5,525,481</b>	<b>5,691,245</b>
<b>OTHER FINANCING SOURCES</b>		<b>921,753</b>	<b>952,534</b>	<b>1,026,919</b>	<b>1,121,717</b>	<b>1,291,323</b>	<b>1,161,211</b>	<b>1,176,056</b>	<b>1,196,156</b>	<b>1,216,234</b>
<b>RESERVE FOR ABATEMENT</b>		<b>-348,465</b>	<b>-391,856</b>	<b>-311,489</b>	<b>-450,000</b>	<b>-332,117</b>	<b>-343,686</b>	<b>-355,622</b>	<b>-368,058</b>	<b>-380,706</b>
<b>TOTAL REVENUE</b>		<b>\$68,508,344</b>	<b>\$71,163,865</b>	<b>\$72,384,576</b>	<b>\$74,821,917</b>	<b>\$78,086,191</b>	<b>\$80,711,816</b>	<b>\$83,414,048</b>	<b>\$86,230,312</b>	<b>\$89,097,990</b>



# Five-Year Forecast - Expenditures

## Expenditure Projection

	<i>GROWTH RATE</i>	<b>FY 2019 ACTUAL</b>	<b>FY 2020 ACTUAL</b>	<b>FY 2021 ACTUAL</b>	<b>FY 2022 REVISED</b>	<b>FY 2023 PROJECTED</b>	<b>FY 2024 PROJECTED</b>	<b>FY 2025 PROJECTED</b>	<b>FY 2026 PROJECTED</b>	<b>FY 2027 PROJECTED</b>
General Administration	2.8%	2,329,498	2,397,840	2,219,851	2,607,569	2,680,244	2,754,944	2,831,726	2,910,649	2,991,770
Finance	3.2%	859,420	917,619	1,096,424	1,022,490	1,054,952	1,088,444	1,123,000	1,158,653	1,195,437
Public Safety	3.1%	9,580,413	10,045,942	10,178,286	10,813,226	10,832,443	11,169,257	11,516,544	11,874,629	12,243,848
Public Services	3.0%	3,040,206	3,041,959	3,072,368	3,289,757	3,389,346	3,491,949	3,597,658	3,706,567	3,818,773
Planning and Development	3.2%	767,710	911,207	976,541	1,081,464	1,115,948	1,151,531	1,188,248	1,226,136	1,265,233
Social Services	3.1%	2,208,831	2,222,596	2,209,788	2,490,159	2,566,743	2,645,683	2,727,051	2,810,921	2,897,371
Public Schools	3.5%	29,815,374	30,935,242	32,072,564	33,485,466	34,662,175	35,808,064	36,991,835	38,214,739	39,478,071
Vocational Schools	3.0%	676,084	785,040	740,858	759,314	782,093	805,556	829,723	854,615	880,253
<b>Employee Benefits:</b>										
Health Insurance										
City	4.0%	3,850,329	3,953,952	3,895,329	4,023,499	4,385,374	4,560,789	4,743,220	4,932,949	5,130,267
Schools	4.0%	5,619,245	5,770,475	5,684,919	5,871,973	6,400,100	6,656,104	6,922,349	7,199,243	7,487,212
Total	4.0%	<b>9,469,573</b>	<b>9,724,427</b>	<b>9,580,247</b>	<b>9,895,472</b>	<b>10,785,474</b>	<b>11,216,893</b>	<b>11,665,569</b>	<b>12,132,192</b>	<b>12,617,479</b>
Pension Assessment										
City	5.0%	2,989,361	3,129,576	3,384,373	3,586,161	3,765,469	3,953,743	4,151,430	4,359,001	4,576,951
Schools	5.0%	1,143,054	1,210,982	1,179,136	1,181,995	1,241,095	1,303,149	1,368,307	1,436,722	1,508,558
Total	5.0%	<b>4,132,415</b>	<b>4,340,558</b>	<b>4,563,509</b>	<b>4,768,156</b>	<b>5,006,564</b>	<b>5,256,892</b>	<b>5,519,737</b>	<b>5,795,723</b>	<b>6,085,510</b>
<b>Total Employee Benefits</b>	4.3%	<b>13,661,988</b>	<b>14,064,984</b>	<b>14,143,756</b>	<b>14,663,628</b>	<b>15,792,038</b>	<b>16,473,785</b>	<b>17,185,306</b>	<b>17,927,915</b>	<b>18,702,989</b>
<b>Capital</b>										
Capital Outlay										
City	2.5%	365,892	461,873	372,578	469,225	561,889	581,469	601,640	622,498	644,025
Debt Service		4,125,217	3,872,960	3,924,560	4,134,333	4,643,224	4,710,019	4,776,276	4,866,710	4,921,078
City		946,480	707,496	923,769	962,598	1,475,544	1,527,359	1,580,851	1,636,070	1,693,075
Excluded		3,178,737	3,165,464	3,171,545	3,171,735	3,167,680	3,182,660	3,195,425	3,230,640	3,228,003
<b>Total Capital Investments</b>		<b>4,491,109</b>	<b>4,334,834</b>	<b>4,297,138</b>	<b>4,603,558</b>	<b>5,205,113</b>	<b>5,291,488</b>	<b>5,377,916</b>	<b>5,489,208</b>	<b>5,565,103</b>
<b>TOTAL EXPENDITURES</b>		<b>\$67,430,633</b>	<b>\$69,657,263</b>	<b>\$71,007,572</b>	<b>\$74,816,632</b>	<b>\$78,081,094</b>	<b>\$80,680,701</b>	<b>\$83,369,007</b>	<b>\$86,174,032</b>	<b>\$89,038,850</b>
<b>TOTAL REVENUE</b>		<b>\$68,508,344</b>	<b>\$71,163,865</b>	<b>\$72,384,576</b>	<b>\$74,821,917</b>	<b>\$78,086,191</b>	<b>\$80,711,816</b>	<b>\$83,414,048</b>	<b>\$86,230,312</b>	<b>\$89,097,990</b>
<b>AVAILABLE BALANCE</b>		<b>\$ 1,077,711</b>	<b>\$ 1,506,602</b>	<b>\$ 1,377,003</b>	<b>\$ 5,286</b>	<b>\$ 5,097</b>	<b>\$ 31,115</b>	<b>\$ 45,042</b>	<b>\$ 56,280</b>	<b>\$ 59,140</b>



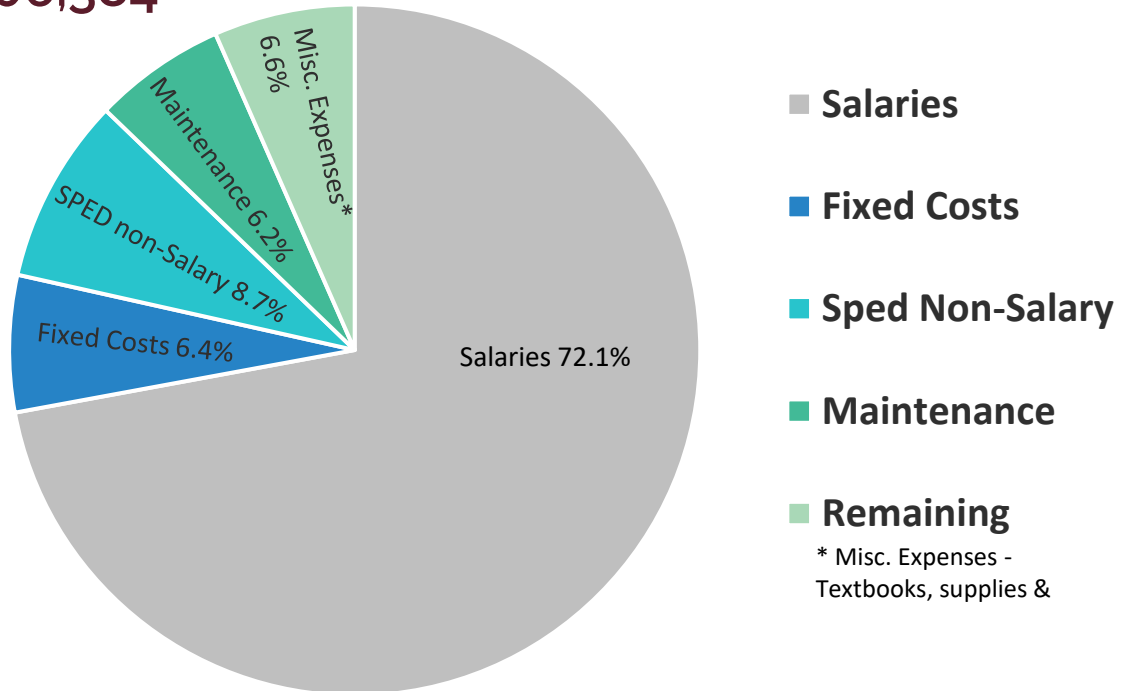
# Newburyport Public Schools

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# FY 22 Salary and Expense Allocation

Total Budget \$37,606,384



# Revenue Sources

	FY19 Budgeted	FY19 Actual Rec'd	FY20 Budgeted	FY 20 Actual Rec'd	FY21 Budgeted	FY21 Actual Rec'd	FY22 Budgeted
City Allocations	\$29,850,374	\$29,850,374	\$30,875,762	\$30,875,762	\$32,062,565	\$32,492,651	\$33,485,466
Choice Tuition	\$131,507	\$169,676	\$122,747	\$122,747	\$228,519	\$307,168	\$306,000
Choice Utilized	\$350,000	0	\$580,170	0	\$798,439	\$284,470	\$889,100
Choice Educatius	0	\$123,750	0	0	0	0	0
Circuit Breaker	\$834,400	\$937,691	\$902,299	\$1,174,900	\$1,124,900	\$1, 136,938	\$1,109,318
Athletics	\$275,000	\$324,518	\$296,500	\$268,818	\$296,500	\$279,039	\$296,500
Transportation	\$200,000	\$195,170	\$200,000	\$189,785	\$105,000	\$117,635	\$180,000
Kindergarten	\$426,740	\$355,492	\$379,240	\$381,759	\$50,000	\$42,564	\$300,000
Pre-School	\$200,000	\$248,497	\$200,000	\$209,713	\$200,000	\$66,558	\$200,000
Title I	\$200,000	\$200,000	\$200,000	\$310,595	\$200,000	\$257069	\$200,000
IDEA	\$500,000	\$500,000	\$500,000	\$500,000	\$500,000	\$516,076	\$500,000
Totals	\$32,968,021	\$32,905,168	\$34,256,718	\$34,034,079	\$35,565,923	\$35, 500,168	\$37,466,384

# Other Federal and State Grants

	FY19	FY20	FY21	FY22 Projected
Early Childhood SPED	\$11,581	\$11,922	\$12,062	\$12,211
Improving Educator Quality (Title IIA)	\$67,027	\$62,763	\$42,455	\$41,504
Title IV Grant	\$15,718	\$19,810	\$23,725	\$21,039
Enhanced School Health Services	\$75,333	\$75,000	\$75,000	\$75,000
COVID CVRF	0	0	\$488,025	0
ESSER I	0	0	\$269,952	0
ESSER II	0	0	0	\$988,743
ESSER III	0	0	0	2,137,336 (FY22-25)
Puerto Rico Hurricane Relief Fund	\$4,111	0	0	0
Tech Ed Remote Learning			\$5,849	0
<b>Totals</b>	<b>\$173,770</b>	<b>\$169,495</b>	<b>\$917,069</b>	<b>\$3,276,333</b>

## Private Grants

	FY19	FY20	FY21	FY22 Projected
Swasey	\$276,661	\$173,000	\$140,000	\$193,000
NEF	\$305,187	\$331,233	\$244,000	\$224,000
<b>Total Private</b>	<b>\$581,848</b>	<b>\$504,233</b>	<b>\$384,000</b>	<b>\$417,000</b>

# Additional Grants: ESSER II FY22

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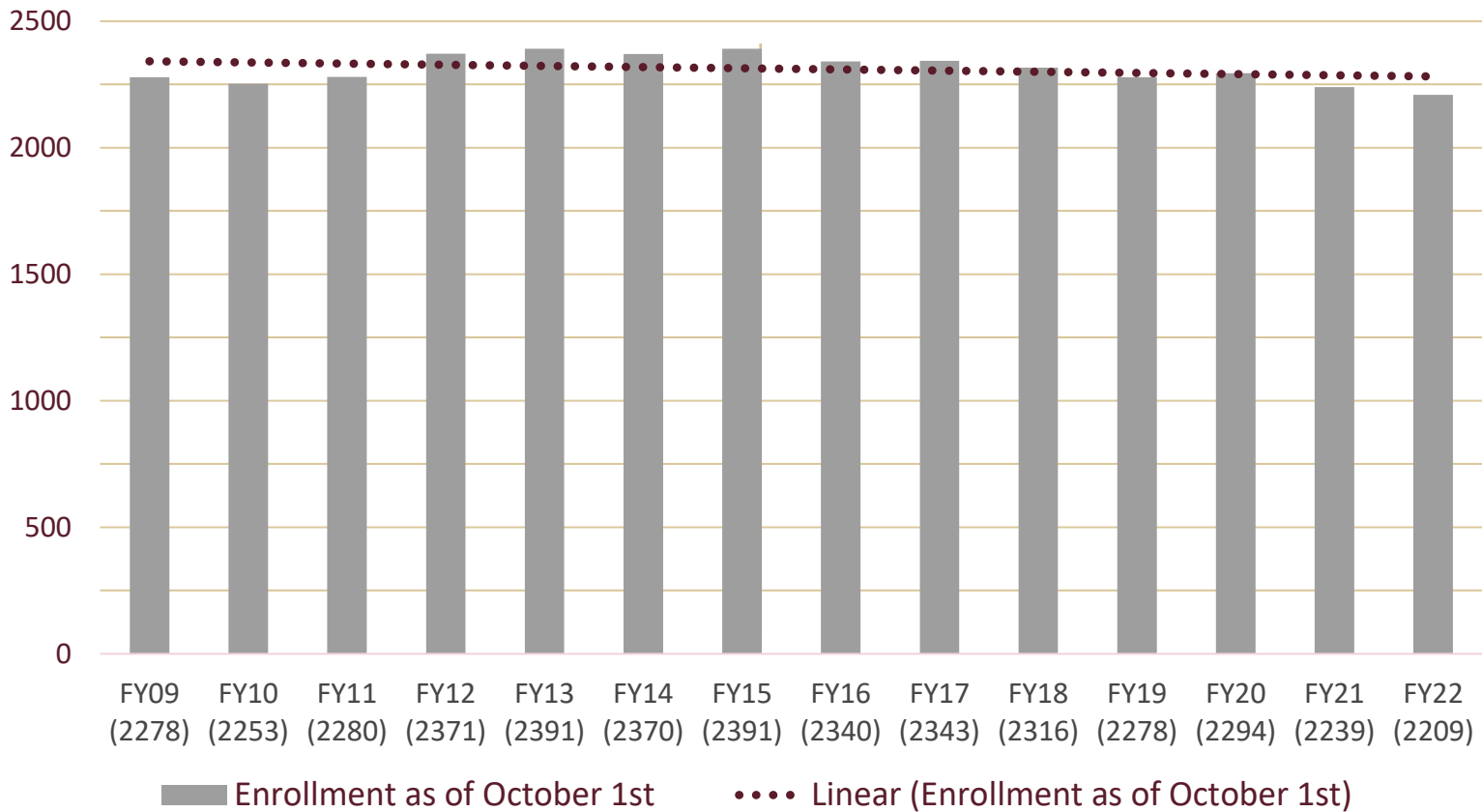
Description	Amount
Staff and stipends	\$347,520
Contracted Services	\$89,480
Supplies and Materials <ul style="list-style-type: none"><li>• Instructional Technology</li><li>• Assessment</li></ul>	\$416,743
Other Costs <ul style="list-style-type: none"><li>• Late Bus</li><li>• Accessible Van</li></ul>	\$135,000
<b>TOTAL</b>	<b>\$988,743</b>

# Additional Grants: ESSER III FY22-25

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Description	Amount
Full Day Kindergarten	\$318,000
Interventionists	\$268,000
Instructional Assistants	\$250,000
Supplies and Materials	\$110,000
Instructional Technology	\$190,000
Professional Development	\$200,000
Summer and After School Learning	\$550,000
Accelerated Learning Supports	\$251,336
<b>TOTAL</b>	<b>\$2,137,336</b>

# Enrollment





# School Choice Revenue

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This table shows the revenue received from School Choice over the past 10 years.

We were continuing to show a decrease in revenue since FY13 due to enrollment. In FY19, FY20 and FY21 revenue increased due to added openings.

Our current FY22 choice enrollment (67)

Grade 4	8	Grade 9	14
Grade 6	8	Grade 11	10
Grade 7	16	Grade 12	11

YEAR	REVENUE
FY12	\$1,067,833
FY13	\$1,080,851
FY14	\$900,327
FY15	\$727,472
FY16	\$641,809
FY17	\$201,781
FY18	\$94,453
FY19	\$124,126
FY20	\$226,348
FY21	\$307,168

# Special Education Costs

## Tuition

FY17: \$1,847,968  
 FY18: \$2,327,569  
 FY19: \$2,768,498  
 FY20: \$2,922,137  
 FY21: \$3,161,613  
 FY22: \$3,264,382

## Transportation

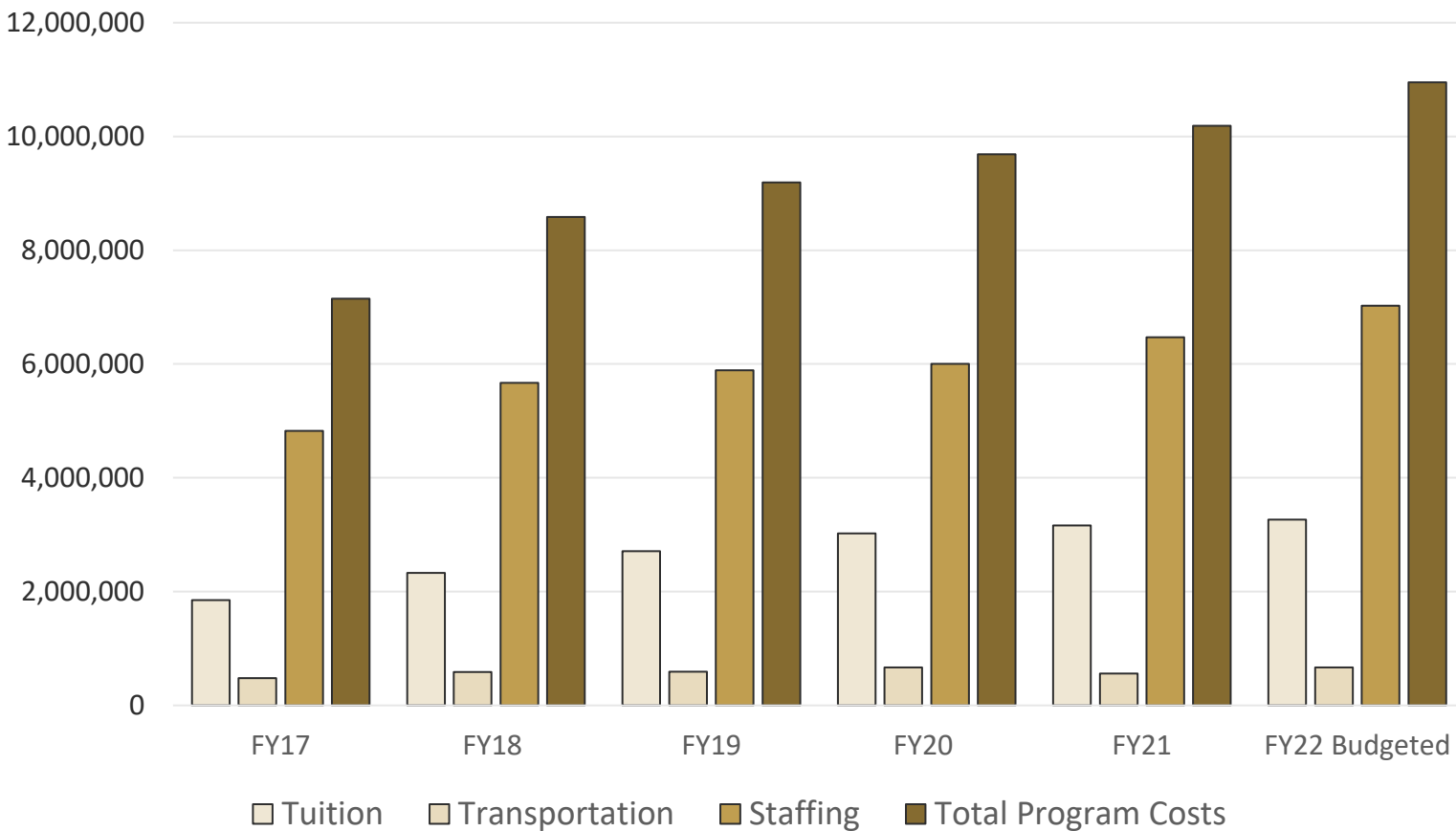
FY17: \$474,319  
 FY18: \$585,643  
 FY19: \$590,978  
 FY20: \$547,949  
 FY21: \$554,610  
 FY22: \$663,986

## Staffing

FY17: \$5,323,502  
 FY18: \$5,668,839  
 FY19: \$5,889,735  
 FY20: \$5,967,134  
 FY21: \$6,469,554  
 FY22: \$7,023,683

## Total

FY17: \$7,145,790  
 FY18: \$8,582,051  
 FY19: \$8,949,211  
 FY20: \$9,437,220  
 FY21: \$10,185,777  
 FY22: \$10,952,051



# FY22 Out of District Tuition Rates

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School	Base Tuition
Beverly School for the Deaf	83,255
Children's Center for Communication	101,841
Crotched Mountain	236,987
Dr. Franklin Perkins	78,735
Hopeful Journeys	126,488
Landmark	58,898
Lighthouse	91,023
Melmark Residential	289,499
Merrimack Heights	90,634
Nashoba Learning Group	116,847
New England Academy	68,276
Northshore Consortium SOAR	42,660
Northshore Consortium Upper Academy	52,560
SEEM Collaborative	57,720
Solstice	80,193
St. Anne's Home	57,648

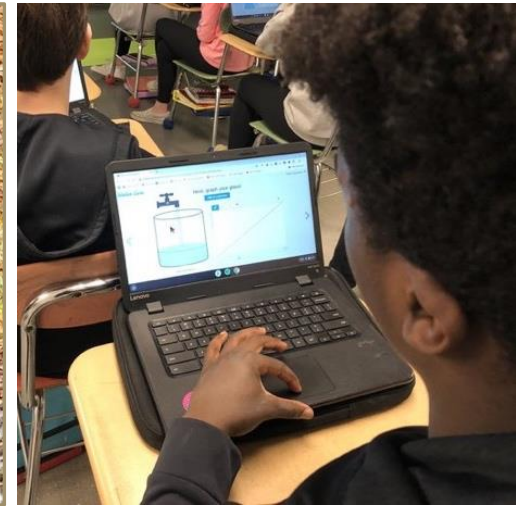
# Budget Timeline

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Month	Description
October- November	Principals meet with School Councils
December	Budget Materials sent to Leadership Team
January	Budget documents due to Central Office, details entered into budget worksheets
February	Budget meetings are held with leadership teams; District priorities are identified
March	Preliminary Budget Review to School Committee
April	Public Budget Presentation
April/May	Budget deliberations with School Committee/full budget to School Committee
May	Budget to City

# The port where tradition and innovation converge

The NPS budget is strategically designed to bring our mission to life.



# Seven Strategies Guide our Work

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*REIMAGINE* sets a tone for on-going energy, engagement and investment in planning for the future. We are always reimagining...creating a culture of curiosity and learning

**Reimagine:  
teaching and  
learning**

**Reimagine: self-  
discovery and  
personal  
achievement**

**Reimagine:  
internal and  
external resources**

**Reimagine:  
organizational  
design and  
operations**

**Reimagine: a  
dynamic  
community among  
stakeholders**

**Reimagine: a  
culture that  
cultivates the best  
in all of us**

**Reimagine:  
supports so all  
students are ready  
and able to learn**

# A Focus on Teaching and Learning for All Students

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- Ongoing Curriculum Development and Data-driven Assessment
- Expanded Programs (e.g. world language, special education)
- Teacher Leadership and Professional Development
- Teaching and Learning through Technology
- Inclusive and Universal Approaches to Instruction
- PK-12 Development of Special Education Programming





# Providing Social Emotional Supports and Opportunities to Grow Outside the Classroom



Expanded Wellness, Student Advisory and School Culture Programs

Increased Staffing (counseling, Behavior Health Coordinator)

Elevated Student Voice

Later Start Times





# Organizational Design and Operations

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With a focus on our strategic goals, we examined staff patterns and operations to build a sustainable, flexible, and responsive organization.

- New positions (communications, student health, literacy, intervention)
- Updated systems
- Vertically aligned special education programs



# Priorities for FY23

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Full Day Kindergarten

In District Programming/SEL and Special Education

College and Career Pathways

Comprehensive 1:1 Technology Program (NHS)

District Literacy Plan

# Next Steps

- Budget process reviewed with leadership
- Meetings held with school administrators and city department heads
- Priorities reviewed with leadership teams and budget proposal developed
- School Committee adopts school budget at least 10 days prior to Mayor's submission to City Council
- Mayor's proposed budget and capital improvement program (CIP)\* submitted to City Council by May 15<sup>th</sup>
- City Council has 45 days to approve budget (CIP by July 1<sup>st</sup>\*); new FY begins July 1<sup>st</sup>



\*Pending enactment of [H.3925](#)

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# Questions/ Discussion