STOUGHTON PUBLIC SCHOOLS

# DISTRICT BUDGET PROCESS 101

Understanding how school funding works,
where the dollars go, and who makes the decisions

A guide for School Committee members and the Stoughton community | Fall 2026

# Why school finance can feel complicated

START WITH ONE ESSENTIAL PRINCIPLE

## Not all money received by a school district is interchangeable.

Some revenue supports broad district operations. Other funds are legally restricted to specific programs, services, or purposes.

### Operating resources

Support the district's general operating costs and priorities.

### Restricted resources

Must be used for the purpose set by law, grant terms, or program rules.

**The annual budget brings together needs, obligations, available resources, and priorities.**

# Where does school funding come from?

THE MAIN REVENUE STREAMS

### Municipal appropriation

Local funding appropriated through the Town's budget process.

### Chapter 70 state aid

The Commonwealth's primary formula-based education aid.

### State reimbursements & grants

Includes programs such as special education reimbursement and targeted grants.

### Federal grants

Targeted funding, such as Title programs and IDEA.

### Revolving accounts

Dedicated local program revenue, such as fees or transportation receipts.

# Operating funds and restricted funds are different

WHY ONE FUNDING SOURCE CANNOT ALWAYS SOLVE ANOTHER PROBLEM

## OPERATING FUNDS

- Broad flexibility across regular district operations
- Examples: local appropriation and Chapter 70 aid
- May support teachers and staff, facilities, utilities, regular transportation, textbooks, and general supplies

## RESTRICTED FUNDS

- Legally limited to designated purposes
- Examples: federal grants, IDEA, Circuit Breaker, and revolving accounts
- May support eligible special education services, grant-funded professional development, and specific program costs

A useful analogy: a regular paycheck can cover many household bills; a grocery gift card cannot pay the electric bill.

# How education funding flows in Massachusetts

A SHARED FUNDING PARTNERSHIP

### FEDERAL GOVERNMENT

Provides targeted grants with specific statutory conditions.

### COMMONWEALTH OF MASSACHUSETTS

Calculates the Foundation Budget, determines Chapter 70 aid and local contribution, and distributes state aid.

### TOWN OF STOUGHTON

Raises local revenue, combines it with state aid, and appropriates the school budget through Town Meeting.

### STOUGHTON PUBLIC SCHOOLS

Manages daily operations, delivers education, and ensures statutory compliance.

# Four Massachusetts school-funding concepts

THE STATUTORY FRAMEWORK

### Foundation Budget

The state's estimate of resources needed to provide an adequate education, based on district and student characteristics.

### Chapter 70 Aid

The Commonwealth's primary education aid formula, sharing responsibility between state aid and local contribution.

### Net School Spending (NSS)

The annual minimum qualifying state and local spending requirement—not a spending ceiling.

### Cherry Sheet

The state document showing estimated aid and assessments; early estimates inform local planning before the state budget is final.

NSS includes qualifying state and local resources; some costs and grant-funded expenditures are excluded.

# What drives school district costs?

MAJOR PRESSURES IDENTIFIED IN THE STOUGHTON GUIDE

### Personnel & benefits

Generally more than 80% of the operating budget; includes contractual steps, lanes, and cost-of-living adjustments.

### Special education

Out-of-district tuition and individualized services can vary substantially by student and placement.

### Transportation & contracted services

Specialized vans, out-of-district routes, fuel costs, and driver availability create volatility.

### Utilities & technology

Heating, electricity, software licensing, and infrastructure protection are ongoing costs.

# The school budget is a year-round process

A TYPICAL ANNUAL CYCLE

### JUL–AUG

New fiscal year begins; close prior books, review enrollment projections.

### SEP

Actual enrollment, IEP placements, and staffing needs are reviewed.

### SEP–NOV

Principals and department heads submit requests; central office develops projections.

### NOV–DEC

Superintendent presents preliminary budget; School Committee reviews and votes on recommendation.

### JAN–MAR

Governor’s proposal and Cherry Sheet estimates arrive; district presents to Finance Committee.

### APR–JUN

Town Meeting votes appropriation; state budget is finalized and allocations are adjusted.

# Why the budget is built before every number is final

PLANNING UNDER UNCERTAINTY

**The district must develop its budget while several important inputs are still changing.**

### State aid

Local budgets are built before the state budget is fully enacted.

### Enrollment

Fall student counts are confirmed after the budget process is underway.

### IEP needs

Special education placements and related services may change.

### Costs

Transportation, staffing, utilities, and contracted services can shift.

**September is a critical adjustment month as actual enrollment, IEP placements, and staffing are compared with assumptions.**

# Sustainability: recurring costs need recurring revenue

AVOIDING A FUTURE FISCAL CLIFF

### Structural deficit

Occurs when ongoing, recurring expenditures exceed ongoing, recurring revenues.

### One-time funding risk

Temporary reserves or grants used for permanent positions can leave a gap when the funding expires.

**Illustrative example from the guide**

**$73M recurring costs – $70M recurring revenue = $3M structural gap**

The key question is not only whether a budget balances this year, but whether it is sustainable in future years.

# Not every budget change is the same

FOUR WAYS A BUDGET CAN CHANGE

### True reduction

Eliminating an active program, position, or staff member.

### Avoided expenditure

Choosing not to fill a position that becomes vacant through retirement.

### Reallocation / shift

Moving a position from the operating budget to a restricted grant.

### Deferral

Postponing a textbook adoption, technology update, or facility repair.

# Operating budget versus capital budget

DIFFERENT TOOLS FOR DIFFERENT NEEDS

## OPERATING BUDGET

Funds the district's ongoing, day-to-day work:

- Salaries and benefits
- Supplies and services
- Utilities
- Regular operating expenses

## CAPITAL BUDGET

Funds major, long-term assets and improvements:

- Roofs and HVAC replacement
- Building construction
- Major infrastructure

May involve MSBA support or separately voted debt exclusions.

# Who makes the school budget decisions?

ROLES IN THE MASSACHUSETTS PROCESS

### SUPERINTENDENT & ADMINISTRATION

Develop a proposed budget based on district needs, obligations, available resources, and priorities.

### SCHOOL COMMITTEE

Reviews the Superintendent's recommended budget, provides feedback, and adopts the district budget recommendation.

### TOWN MEETING

Determines the total amount appropriated for the schools. It does not appropriate the school budget line by line.

# Questions to ask when you hear a school budget number

A PRACTICAL COMMUNITY CHECKLIST

### REVENUE

Is it recurring or one-time? How much is restricted? What Chapter 70 assumptions are included?

### EXPENDITURES

What is driving the change? What costs are mandated? What contractual obligations exist?

### SUSTAINABILITY

Is the budget structurally balanced? Are reserves funding recurring jobs? What happens when grants expire?

### EDUCATIONAL IMPACT

Which programs are protected or enhanced? What is the direct impact of reductions? How does this support student growth?

# A few terms worth knowing

QUICK-REFERENCE GLOSSARY

### Chapter 70

Massachusetts' primary formula for distributing state education aid.

### Circuit Breaker

State reimbursement for eligible extraordinary special education costs.

### IDEA

Federal law providing supplemental funding for special education.

### Revolving account

An account supported by dedicated fees for direct program expenses.

### Title I / II / III / IV

Federal programs supporting areas such as low-income students, educator quality, English learners, and enrichment.

### Foundation Budget

The state's statutory estimate of resources needed for an adequate education.

# THE GOAL: INFORMED, TRANSPARENT BUDGET DECISIONS

Understand the revenue. Understand the obligations.
Understand the choices and their impact on students.