

To: School Committee
 From: Lemma Jn-baptiste, Director of Finance and Operations
 Date: March 13, 2026
 RE: FY26 SPED Reserve Transfer for Tuition and Transportation

An analysis of the operating budget in the first week of March suggests that the district will exceed budget in Special Education tuition and transportation, as detailed in the table below.

	All Funds Budget	Encumbrance + Expenses	Balance
Day Tuition	1,573,624	2,308,154	(734,530)
Residential Tuition	367,286	190,147	177,139
Collaborative Tuition	410,295	454,770	(44,475)
In-district Transportation	431,417	447,841	(85,152)
Out of district Transportation	629,156	655,775	(26,619)
Summer In-district Transportation	45,677	93,643	(47,966)
Summer Out of District Transportation	69,092	64,879	4,213
			(758,672)

The budget shortfall in tuition is entirely explained by changes in placements as well as new student placements. Similar unanticipated pressures impacted the transportation budget.

By law, the Special Education Reserve is a fund that a Town may establish to cover unanticipated Special Education tuition and transportation expenses. The Town has funded this reserve through budget transfers from Free Cash at Town Meeting as well as Medicaid reimbursements for approved District claims.

In the context of this year's tuition and transportation pressures, It is appropriate for the School Committee to request a transfer from the Special Education reserve, held at the Town, in the amount of 680K. This will cover the bulk of the budget shortfall and facilitate the fiscal close.

For FY'27, the District has planned to cover known tuition and transportation costs. For example, the District has had to increase the Day Tuition line in FY'27 by 833K to cover both placements and cost inflation in tuition. Similarly, the budget shortfall for In-district Summer Transportation (ESY) has been addressed in the FY'27 budget by an increase of 30K on this line.

Despite a good faith effort to budget appropriately in FY'27, Special Education expenses will continue to be difficult to predict. While drawing 680K from the SPED Reserve, recommend that the School Committee requests the transfer of an equivalent amount from Free Cash at the May Town Meeting to replenish the SPED Reserve. This will ensure that it is available in the event of unanticipated tuition and transportation expenses in the future.