

Sanborn Regional School District



FY 2020-21 Follow-Up Budget Questions/Answers

Superintendent Thomas J. Ambrose and the Sanborn Leadership Team

November 26, 2019

Questions have been categorized by member and appear in the left-hand column with a respective answer in **yellow** in the right-hand column.

It is important to remember that the majority of budgeting is based on contingencies. The cost of Special Education follows students through their education career. For example, money gets reallocated when a student moves from middle school to high school. This is why you see drastic changes from year to year, one line decreases, while another line increases.

Budget Questions and Answers 2020-2021 Proposed Budget

Q1

Jim Baker: In the presentation slides the salary increase percentages were substantially higher than the analysis we used during negotiations. The negotiations analysis was supposed to have included all positions at time and the steps they would be going into along with taxes, retirement and benefits. It also showed the total \$ and net % increases, I would like to see a reconciliation between what we used in negotiations and the numbers in last nights presentation.

Negotiations occurred in the fall of 2018 and were approved by the voters in March of 2019. The figures used during negotiations were based upon staff and salaries as of October 1, 2018. As of November 25th, 2019 we have replaced 24 professional staff members to fill vacant positions. The salary increases for these replacement staff members constituted an increase of \$143,379. This amount in addition to the contractual increases explains why the total increase is more than the amount discussed during negotiations. Other factors that cause the amount to be greater than the negotiated amount include, but are not limited to, increases for staff members who attain an advanced degree and changes in health insurance elections.

Q2

Jim Baker: Q74 - There are two 6th grade positions for \$84K, one at Bakie one at Memorial. Yet 6th grade will be at Bakie. Why the Memorial position?

This was an estimated cost for our April 3, 2019 presentation to hire one additional special education teacher if the district moved 6th grade to both elementary schools. The district is not moving 6th grade to both elementary schools so the proposed position is not necessary at this time.

Budget Questions and Answers 2020-2021 Proposed Budget

Q3

Jim Baker: Q71 - Large Special Ed cost increases were explained as being the result of students changing grades and schools and services and personnel going with the student. Why does a grade change or a change in school result in such very large increases? It's hard for me to fathom, given 20-25% of our students have special ed including 504's, that a significant portion are leaving one school and going into instate or out of state tuition somewhere else.

If a student were to move from middle school to high school age and attends an out of district placement, their tuition impacts the next appropriate age level school. Our out of district placements cost between \$36,000 - \$185,000 for tuition only, not including transportation and possible related services. This can cause drastic changes to budget lines.

Q4

Jim Baker: Q80 - When does the Comcast term expire?

There is no expiration date for this contract. Note that part of this contract is funded with E-Rate funds. As a result, it is unlikely that we will be able to find similar services for the rate Comcast gives us.

Budget Questions and Answers 2020-2021 Proposed Budget

Q5

Mary Cyr: Budget Code: 10-1100-00-51230-70 - Substitute Nurse Salaries: Why are Substitute Nurse Salaries allocated to Technology and Curriculum (\$3,360 and \$600, respectively), rather than to just the individual schools/buildings?

These are phone allowances. The codes are 16 and 18 related to subjects rather than building location. I agree that they should be "general" instead. However, we are in a default budget situation. As such, we cannot make the transition this year or the next.

Above is a question I asked in the Budget Committee's 10/24/19 meeting, along with Matt's response in blue.

I understand that because the in-force budget is a default, the mis-categorization of these items simply carried forward from the prior year.

What I do not understand, is the reasoning behind Matt's comment stating items from the in-force default budget (2020) must also be carried forward with the incorrect label again, to the 2021 requested budget.

Not only did that explanation NOT make sense to me, but that particular Budget Code (-70) appears to have been properly labeled as 'Phone PDA Allowance' in the 2021 requested budget, after all.

Pursuant to RSA 40:13 IX(b) dictates that we use "the same appropriations as contained in the operating budget authorized for the previous year." If the previous year's budget contains error(s), the error(s) must be carried forward and used as the basis for the default budget. We can't adjust these amounts or codes unless the voters adopt the proposed operating budget. To modify any of these amounts or accounts is clearly against the specified statute.

Budget Questions and Answers 2020-2021 Proposed Budget

Q6	Mary Cyr: Using the sum function for the Travel and Mileage budget codes (all 55800 and 55810 in column M), I got \$61,620 for a requested amount next year... noting that total does not include travel stipend budget code requests.	We repeated the filter as you specified above and found the \$61,620 in column L. Column M is the % change comparing FY 2021 operating budget to FY 2020 approved default budget.
Q6 Cont'd	Mary Cyr: I did compare the requested 2021 total amount to the prior five year average of \$55,655 (Column I) to frame my question, seeking justification of the 11% increase, historically.	While we agree the 5-year average is \$55,664.84 (a 13.92% increase). Within the average, the District has spent as high as \$76,218.32 (FY 2016) and as low as \$31,541.48 (FY 2019). If we compare the same line-items to FY 2020 approved default budget, we are asking for a \$11,031.20 reduction in appropriation or 2.83% reduction. We believe consolidation of locations will result in lower travel costs; however, we do not have actual experience yet.

Budget Questions and Answers 2020-2021 Proposed Budget

Q6 Cont'd

Mary Cyr: The response at last evening's meeting suggested the amount proposed (requested) for the 2021 operating budget "...is a reduction of 2.38% and closer to the 5-year average of \$59,206.45."

- a. Using the sum function for ALL budget codes with 55800 and 55810 in Column M, I came up with \$61,620.39 as a requested amount.
- b. Comparing that figure to just the current year adopted budget for those codes (Column J, or K since we are on a default) , rather than looking at it historically over a five-year period (column I), the total for Travel & Mileage is \$63,419.39. That translates to a 2.9% increase... not a decrease.

- a. Once we understood the filter method, we agree the accounts total \$61,620.39. However, column M is the % change, where we found the total in column L (Superintendent's Proposed Operating Budget).
- b. The questioner is comparing a 5-year average of actual expenditures. As stated above, we are asking for 2.83% less in appropriation as compared to the current year budget authorization.

NOTE: Travel and Mileage is based upon actual need in the year the service is provided. We are not able to determine with absolute certainty all travel that is required during FY 2021. The amount requested is simply our best guess and is a reduction in appropriation.

Budget Questions and Answers 2020-2021 Proposed Budget

Q6 Cont'd	Mary Cyr: Please help me to reconcile your math. How did you determine there is any kind of decrease in the amount requested for the 55880 abd 55810 travel and mileage codes, over the prior budget cycle or cycles?	The current year (FY 2020) appropriation (default budget) for the specified object codes (55880 and 55810) is \$63,415.39. The amount we have requested for the FY 2021 operating budget is \$61,620.39. The difference between the two amounts is a reduction of \$1,795 or 2.83%. NOTE: The way we determined the reduction will directly lower the tax rate, where the way the question is phrased only results in an increase/decrease in surplus funds.
Q7	Mary Cyr: In Question #91, from last evening's joint meeting, I made a separate but related inquiry concerning the following Budget Codes, which was NOT addressed. It appears to have been overlooked.	Question 91 was answered fully and was not overlooked. Here is the answer: While we agree the proposed FY 2021 operating budget is up nearly 8% (7.9%) from the 5-year average, we are requesting a 3.30% reduction from our current FY 2020 budget. Total supplies in the proposed FY 2021 budget are below the maximum spent the past 5-years. The reduction in this line-item reflects our commitment of bringing the requested appropriations more in line with actual expected expenditures.

Budget Questions and Answers 2020-2021 Proposed Budget

Q7 Cont'd

Mary Cyr: My Question was submitted to Chair Collyer as follows:

'I believe Matt confirmed at the last Q&A session that the 'Substitutes' line items should not have be coded under 51230. Why haven't the \$13,125 requested funds been moved for the 20/21 requested budget?'

10-2130-00-51230-1-21 - Substitutes - Bakie - \$3,281.25

10-2130-00-51230-1-22 - Substitutes - Bakie - \$3,281.25

10-2130-00-51230-2-25 - Substitutes - Bakie - \$3,281.25

10-2130-00-51230-3-27 - Substitutes - Bakie - \$3,281.25

The question raised here is misleading, because a different question was asked. The question asked for the 10/24/2019 Budget Committee meeting related to budget code 10-1100-00-51230-70, which the question asked was "Why are Substitute Nurse Salaries allocated to Technology and Curriculum (\$3,360 and \$600, respectively), rather than to just the individual schools/buildings?"

Matt Angell's answer at that meeting was that "we are in a default budget situation. as such, we cannot make the transition this year or the next."

Pursuant to RSA 40:13 IX(b) dictates that we use "the same appropriations as contained in the operating budget authorized for the previous year." If the previous year's budget contains error(s), the error(s) must be carried forward and used as the basis for the default budget. Adding our own interpretation, without voter approval, is clearly against the specified statute.

The accounts in this new question relate to hiring substitutes for school nurses. All of these accounts are properly classified.

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Q7 Cont'd	Mary Cyr: Incidentally, my question about the historical increase in PDA and phone allowances has a direct link to my prior inquiry as part of unanswered question #91.	Question #91 made no reference to PDA and phone allowances.
Q7 Cont'd	Mary Cyr: It appears that the rogue "Substitute" budget lines have vacillated in and out of these budget codes since at least 2015, which would help to explain the exaggerated historical increase.	It is proper for the District to ask taxpayers for funds to cover school nurse absences due to illnesses that occur from time-to-time.
Q7 Cont'd	Mary Cyr: My questions center on WHY these lines for 'substitutes' continue to be included as a part of phone/PDA benefits, and WHAT is the actual intended use/need for the \$13,125 requested amount?	The actual and intended use of the \$13,125 accounts are for school nurse substitutes. Substitutes are not part of the Phone/PDA benefits.

Budget Questions and Answers 2020-2021 Proposed Budget

Q8

Mary Cyr: The answer about not having the Science Building valuation results of the insurance company's consultant is unacceptable. There has been talk about revaluing this asset (and others) for insurance purposes since at least last year.

*When was the initial request made of the insurance company by the SAU,

*When was the physical assessment completed by the consultant,

*What is the timeframe given for delivery of a written report, and

*What if anything, has the SAU done to expedite delivery?

The Business Administrator learned of the insurance valuations on or about May 23, 2019. Our insurance company hired an appraiser on or about September 4, 2019, who was scheduled to appraise the building in September 2019. We do not yet have the results from the appraisal. The Business Administrator followed up with our insurance company on November 20, 2019. We have a meeting with the insurance company on December 2, 2019, which will include the appraisal.

Budget Questions and Answers 2020-2021 Proposed Budget

Q9

Jim Doggett: I think if you speak with Diane Gareau (sic), the council at last years 1st session, you will learn that the defeat of the ammendment to include the money for hockey in all future budgets means it can not be included in this years budget. It needs to be brought forward again in a fully Sanbornized warrant article.

At the last meeting between the School Board and Budget Committee, the administration mentioned that we received a legal opinion (from Diane Gorrow) that hockey funds cannot be included in the default budget. We are in the process of making that adjustment and will present an updated default budget to the School Board for approval on December 4th.

Per Attorney Gorrow:

“You wanted to know whether ice hockey funds approved by the voters in Article 11 at last year's Annual Meeting are included in the default budget and whether the amount can be included in the proposed operating budget. Evidently, last year's deliberative session did not approve an amendment to include the amounts in the operating budget.

The amount appropriated in Article 11 cannot be included in the default budget. However, the School Board can include an appropriation for ice hockey in the operating budget. The defeat of the proposed amendment at last year's Annual Meeting has no binding effect”.

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Q10 Annie Collyer: Q 40 - you discussed busing children to and from elementary schools for before & after school programs...my understanding is that there are teachers with stipends who are there for a few minutes when parents are picking up? But there is not a program...that is at the Y. Is this correct? Will you please publicly explain what program there is, what is offered, what cost is? Some in the community will get concerned if not explained clearly.

Teachers are not expected to monitor students before or after school, unless students are part of another school program (such as band). The YMCA offers before and after school programs for children. Parents must pay for this program, there is no cost to the district. Next year the district will provide transportation for children between the YMCA programs so that parents can drop off or pickup in their home communities. For example: If a student is attending grade one at Bakie but lives in Newton, the parents may drop off/pickup the child at the YMCA program in Newton and the child will be bussed to and from the Bakie school.

Q11 Annie Collyer: I would like to zero the Memorial Preschool monies and move the amounts to Bakie, to more transparently represent how and where money will be spent. What if any downside is there to that? It would also help prevent any new board from overturning the reconfiguration, and therefore not having money for early intervention.

We will present this change to the School Board for consideration.

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Q12

Annie Collyer: Q94 - Is there a net cost to the District for SAT or PSAT's?

The district pays for the PSAT as a prep for the students for the SAT. The 2018-19 PSAT school year cost was \$4,229. This amount can change depending on enrollment and the number of students taking the PSAT. The SAT costs us nothing as it is the required state assessment.

Q13

Annie Collyer: My understanding of changes that will take place with the SB recommended budget:

1. Preschool reallocation?
2. \$1 line item for Memorial Athletics
3. Zero out Middle School librarian and increase teaching salaries commensurately if the whole position is now removed from the later...(I believe the asst principal position for Middle School is already reduced, rather than reduced from teaching salaries).
4. Remove ice hockey from default, leave in the recommended operating budget

1. We will present this changed to the School Board for consideration
2. We will ask the School Board to consider amending their budget to include the \$1.
3. We will ask the School Board to amend their budget to make this adjustment.
4. We are in the process of removing ice hockey from the default budget and will ask the school board to consider leaving it in the proposed operating budget.

Budget Questions and Answers 2020-2021 Proposed Budget

Q14

Jamie Fitzpatrick: Throughout the presentation we cited that the salary increases are all per the recently passed Contract negotiations. At the time that the contracts were presented to the public in for last years warrant articles the cited %'s were

1. Professional Staff – FY19-20 – 1.75%, FY20-21 – 2.25% - Cumulative change would thus be ~ 4%. This was stated to include the impact of steps.
2. But the following questions show much higher % changes and the answers all say it is per the contract:
Q3 – 7% + additional 6% ~ 13% vs 4%
Q4 – 8.5% vs 4%
Q5 – 10% (5%+5%) vs 4%
Q7 – 13% (6.5% + 6.5%) vs 4%
3. I am not sure how we calculated the % at time of the presentation to community of the % increases being cited, but to me there is clearly an undefined disconnect here. We are experiencing salary increase percentages far greater than what was presented. If I take all categories with the word salaries in the description we have salaries increasing by 8.71% which is more than 2X the anticipated 4% (FY21 proposed vs FY19 actuals)
4. As the actual ballot was in \$ and not percentages. I would like to see the dollar difference of all Professional Staff Salary subject to the bargaining agreement from FY18 Actual to FY19 Actual to FY20 Budget to FY21 Budget. Salaries and benefits drive the spending and we seem to have a disconnect on what we are planning and voting for and what actual spending is for salaries.
5. I would like to see the same thing for salaries associated with the Support Staff contract.

**Q14
Ans**

Salaries and benefits for both the March 2019 District Meeting warrant article and the current year proposed default and operating budgets are calculated using the staff as of October first of the year of negotiation (in this case October of 2018) and impact only the FY 2020 operating/default budget. When we budget we must assume continued employment of our current population of employees. The problem with this assumption is that the makeup of our employee population changes frequently (sometimes daily) from the moment we make the estimate to when we actually pay the employee.

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Q15 Jamie Fitzpatrick: Health Insurance: Last 3 years we have had a virtually flat health insurance cost (all items categorized in description by Health Ins in description) and we are pretty much stuck at ~ 250K in Waiver costs. What would you estimate we may be able to achieve in additional Waiver participation if we increased the payment by say \$2,000. Do you have any feel for this?

Any increase in insurance waiver should be tied to contract negotiations. Any changes made now can be considered an “unfair labor practice,” which could subject the District to an unnecessary liability. Contract negotiations are confidential and providing an answer to this question will impact future negotiations.

Q16 Jamie Fitzpatrick: From the Q&A Q21: Answer in Q21 says that the estimate of 65K is reasonable based on past experience. Average for the past 5 years has been 38K. Highest year in past 5 years was 44K. It would seem that \$45K would be a more reasonable estimate. I see that you have broken this out as 3 categories. Could you revisit this line item?

These are contractually required accounts. Historically, appropriations for this account are \$65,000 for FY 2020, \$65,000 for FY 2019, \$65,000 for FY 2018, \$80,000 for FY 2017, \$80,000 for FY 2016, and \$70,000 for FY 2015. Budgeting for future incentive payments is difficult, because the contingency related to these payments is not known at this time. We budget this line-item based upon our best guess of past history (actuals), past budgets, and future known events. We can revisit this line item, but budgeting a lower amount puts the district at risk.

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Q17 Jamie Fitzpatrick: Question 26 regarding Librarian: If I am understanding correctly, there is a librarian position then is still inadvertently in the Proposed operating budget. How much does this cost and will you be amending the proposal to remove this cost?

We will be requesting the School Board amend the budget. The net effect should be \$0 to the bottom-line. The affected accounts will be presented to the School Board on December 4th.

Q18 Jamie Fitzpatrick: Question 34: The answer, as I read it says we have retiree expenses associated with teachers leaving the district but not retiring. What retirement payments are we making to teachers leaving the district, who are not retiring?

The account referenced has to do with the District's required contributions to the New Hampshire State Retirement. This amount is calculated by multiplying the contribution rate by the employees salary rates, number of work hours, and number of positions. The answer has nothing to do with additional payments related to retirement.

Specific examples for this account are:

1. We hired an employee at a rate higher than the retired employee.
2. Thanks for the follow-up question, as a result of researching further we realized we hired a full-time teacher when we could not find a part-time teacher. This is a big part of the increase.

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Q19 Jamie Fitzpatrick: Question 49: Not sure what the answer is saying. Are we paying employees a phone allowance? Is the phone allowance increasing per person or are we saying more people are getting a phone allowance?

First question - Yes, this is a contractual increase. Second question - no, there is not an increase in the cost per cell phone but one person was added to receive a cell phone stipend due to frequent, expected use.

Q20 Jamie Fitzpatrick: Question 50: The diesel fuel is in fact going up as noted in the question. The 2.5% you are citing is budget to budget. What I am citing is actual FY19 to budget FY21 which is in fact going up 40%. So my question remains. Why is it going up 40% from actuals?

Diesel fuel for the School Buses is not an expenditure that we can control. We are at the mercy of the State of New Hampshire. Previous actual expenditures have been \$83,745.08 for FY 2015, \$77,135.46 for FY 2016, \$63,297.55 for FY 2017, \$65,374.71 for FY 2018, and \$63,791.19 for FY 2019.

Our actual history follows the US Energy Information Administration's historical average in diesel retail prices. However, the same historical average is pointing to an increase in fuel costs. Note that we are still below the 10-year historical high of \$4.773/gallon. For more information click here.

Knowing that diesel fuel prices appear to be increasing and our 5-year history is almost at our proposed budget, the proposed diesel fuel appropriation appears reasonable.

Budget Questions and Answers 2020-2021 Proposed Budget

Q21	Jamie Fitzpatrick: Question 57: The answer covers part of the question. But left unanswered is still the increase – why a 14.6% increase if same teachers are just changing location?	One employee went from school year to year-round due to need - a reduction was made in another area to cover this cost.
Q22	Jamie Fitzpatrick: Question - Hockey: As I understood your comments the law requires that hockey be removed from the default budget and therefore this change will be made. Can you please confirm that Hockey (at last years ballot approval rate), is in fact still in the proposed operating budget for FY21.	Yes, it is part of the proposed operating budget for FY 21.
Q23	Cheryl Gannon: 10-1420-00-53400-3-27 - Technical Services - Athletics: Please explain why the large increase from 2018-19 to 2019-20 and why the large decrease on proposed 20-21?	This question highlights the need to reevaluate the program where we are facing reduced enrollment, and this line-item is higher than what we have spent on this program. The large decrease is to reflect actual expenditures, where the current year's (FY 20) appropriation is \$70,372 and the prior year's (FY 19) actual expenditure is \$58,970. For FY 21, we are proposing \$55,372.

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Q24 Cheryl Gannon: 10-2722-00-55191-3-27 - Student Transportation/Homeless Sped: Please explain the wide swings on the expenses and why the large reduction for 2021 budget. Is this a risky change given that this is an unknown cost as it can change at any time during the school year?

This was not a clarifying question but for transparency an answer is being provided. In an effort to reduce the operating budget, we decreased all homeless special education transportation lines by 50%. Some years we spend more than allocated and some years we spend less. This is one of those costs nearly impossible to predict even given historical trends. Since there is money in all the line items, if needed, we can reallocate funds or use contingency trust funds.

Q25 Cheryl Gannon: Budget Categories: In the past, Budgets were presented by departments which included those of Technology, Athletics, Special Ed, Facilities. These were not presented as individual entities this year. Can you explain why this shift was made?

We used the existing budget and made reductions in anticipation of student need and the reorganization.

Budget Questions and Answers 2020-2021 Proposed Budget

Q26

Cheryl Gannon: Medicaid/Medicare: In a number of responses to questions, Mr. Angell has referred to both Medicaid and Medicare. Are these 2 different funding sources? If so, how do they differ in the amount that we received?

Yes, they are different. One is a revenue source (Medicaid) and the second is an expenditure (Medicare tied to employee payroll). We typically receive revenue from the Medicaid to Schools program, but given recent changes we can no longer rely on reimbursement from this state and federal program. Matt is referring to Medicaid, not Medicare.

Matt Angell acknowledges that he works with Medicare for employee withholdings and Medicaid to Schools Program. He often switches the names of the two programs when he talks.

Reorganization Links

All information previously presented regarding the District Reorganization can be found on the Sanborn Regional School District website.

Web address: <https://bit.ly/37oLp9p>



This concludes the FY 2020-21 Follow-Up Budget Questions & Answers

The next School Board meeting is December 4, 2019 at 6:00 PM