

# **A School Budget Primer:**

## **Understanding School Budget Preparation, Methodology**

### **and**

## **the Important Role of the Taxpayer**



Written by James Fredrickson, Sharon, NH ConVal School Board Member  
Sponsored by the ConVal School Board  
Peterborough, NH  
January 1st, 2019

# School Budget Primer

## Introduction

The intent of the following pages is to inform Con Val residents about how our school budget is developed. This five part series includes the following:

1. **Overview**; *a brief summary of our district school budget.*
2. **School district budget process**; *a detailed description of how the Con Val school budget is created.*
3. **The 2018-19 budget**; *explanation about recent increases in the "local education" portion of 2018 property tax bills in the district.*
4. **District tax assessment methodology**; *discussion about how each town contributes to district costs.*
5. **Proposed warrant articles**; *what taxpayers can expect to see on the March 2019 ballot.*

Becoming involved gives the public a voice in determining how school taxes impact both student education as well as one's wallet. The Con Val School Board highly encourages local participation in the following ways:

- Attendance at public meetings.
- Voting in March in favor of the school budget.
- Voting in town elections in the Spring.
- Voting in November general elections.

# School Budget Primer

## Overview (Part 1 of 5)

For the past several years, Con Val administration and Board has held the operating budget to 1% annual increases, sometimes less than .5%. This was the result of a variety of cost savings measures that were implemented: changing health insurance plans, cost sharing the health insurance with district staff, postponing capital improvements (i.e. repaving the high school parking lot), using trust funds to cover what would normally appear in the budget, staff decreases, and redistributing staff responsibilities.

At the same time the administration and Board managed to keep the operating budget increases to a minimum, the District was also able to meet its' contractual obligations. These included: transportation, new teacher contracts, an excellent education, programs to ensure student safety, curriculum review, professional development and implementation, and adherence to ever-growing state and federal statutory demands. All of this happened despite the state's decreasing investment in public education.

However, after many years of relatively flat school budgets and tax assessments, both the operating budget and the district assessment increased by significant amounts for the 2018-2019 school year. Figure 1 shows the operating budget (or total appropriations) as well as the tax assessment. The tax assessment is the portion of the budget that makes its way into your property tax bill.

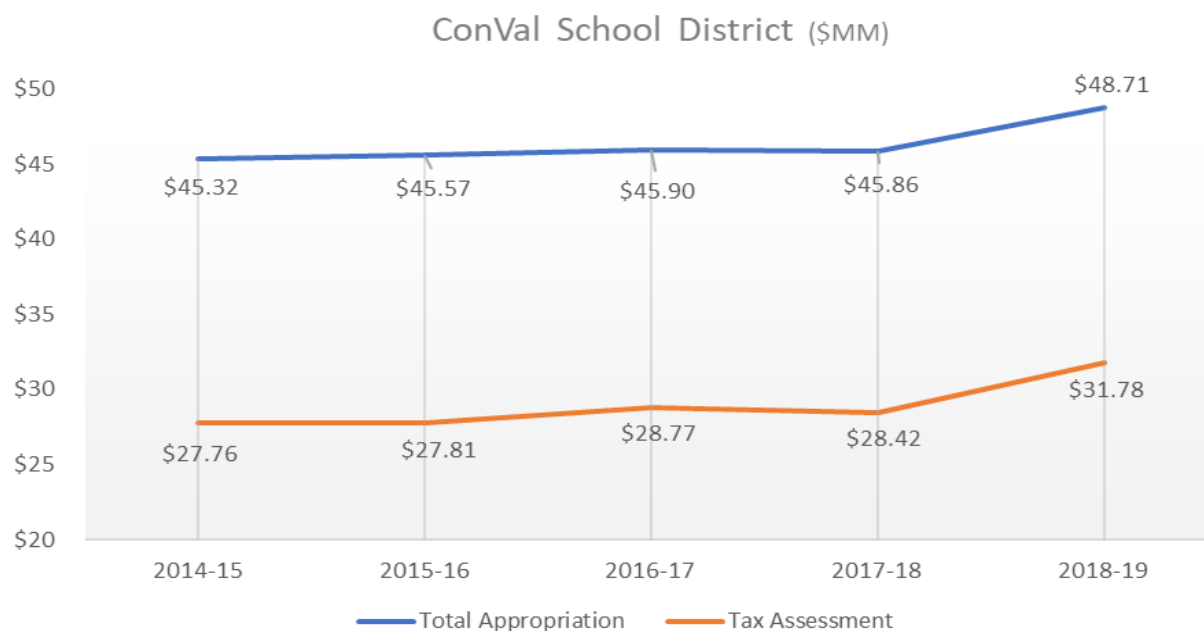


Figure 1 - ConVal Operating Budget and District Assessment

The \$2.85MM increase in the District **operating budget** or **total appropriations** for the current school year was approved by district voters this past March (2018). The March 2018 ballot included a \$1MM warrant article for high school science labs and classrooms renovations as well as a \$1.69MM increase in the salary and benefits contract with the Contoocook Valley Education Association (CVEA is the bargaining unit for teachers, special services Allied Health professionals, and paraprofessionals).

The recent increase in the **district tax assessment** amounts to just over \$3.35 million.

## Property Taxes



Figure 2 - The Budget Process

Each of the nine towns in the ConVal school district issues two tax bills every year. In July, the preliminary tax bill is issued and in December the final tax bill is issued. The preliminary tax bill is based on the previous year tax rates whereas the final December bill uses actual approved rates.

The tax bill is based on the assessed value of one's home. It includes four different taxes:

- Municipal (or Town) taxes
- County taxes
- State education taxes
- School or Local education taxes

Municipal and local education tax rates are typically the highest. Table 1 includes a summary of these taxes for each town in the District for the past two years.

2017 Tax Rates						
Town	State Education	Local Education	Total Education	Municipal	County	Total Rate
Antrim	\$ 2.31	\$ 12.40	\$ 14.71	\$ 12.05	\$ 1.21	\$ 27.97
Bennington	\$ 2.36	\$ 16.04	\$ 18.40	\$ 12.20	\$ 1.34	\$ 31.94
Dublin	\$ 2.51	\$ 12.34	\$ 14.85	\$ 6.18	\$ 3.19	\$ 24.22
Francestown	\$ 2.25	\$ 12.57	\$ 14.82	\$ 8.85	\$ 1.17	\$ 24.84
Greenfield	\$ 2.46	\$ 17.00	\$ 19.46	\$ 9.12	\$ 1.39	\$ 29.97
Hancock	\$ 2.35	\$ 12.66	\$ 15.01	\$ 5.78	\$ 1.17	\$ 21.96
Peterborough	\$ 2.45	\$ 16.38	\$ 18.83	\$ 11.29	\$ 1.34	\$ 31.46
Sharon	\$ 2.17	\$ 13.12	\$ 15.29	\$ 4.42	\$ 1.22	\$ 20.93
Temple	\$ 2.32	\$ 15.55	\$ 17.87	\$ 5.81	\$ 1.25	\$ 24.93
2018 Tax Rates						
Town	State Education	Local Education	Total Education	Municipal	County	Total Rate
Antrim	\$ 2.03	\$ 13.71	\$ 15.74	\$ 11.05	\$ 1.18	\$ 27.97
Bennington	\$ 2.37	\$ 16.62	\$ 18.99	\$ 12.38	\$ 1.14	\$ 32.51
Dublin	\$ 1.96	\$ 14.50	\$ 16.46	\$ 7.93	\$ 4.04	\$ 28.43
Francestown	\$ 2.07	\$ 14.76	\$ 16.83	\$ 8.75	\$ 1.16	\$ 26.74
Greenfield	\$ 2.45	\$ 17.27	\$ 19.72	\$ 9.70	\$ 1.30	\$ 30.72
Hancock	\$ 2.10	\$ 14.39	\$ 16.49	\$ 5.81	\$ 1.27	\$ 23.57
Peterborough	\$ 2.12	\$ 16.19	\$ 18.31	\$ 10.62	\$ 1.16	\$ 30.09
Sharon	\$ 2.15	\$ 13.95	\$ 16.10	\$ 4.12	\$ 1.14	\$ 21.36
Temple	\$ 2.21	\$ 16.36	\$ 18.57	\$ 5.91	\$ 1.24	\$ 25.72

Table 1 - ConVal District Tax Rates

# School Budget Primer

## School District Budget Process (Part 2 of 5)

Most residents and voters in the school district, may be only marginally aware of the process used to develop the District school budget and how its' apportioned to taxpayers within the District. It's likely just a "black box" that results in higher taxes every year. However, residents do get to vote on the budget every year in March, but not all registered voters vote and many of those that do are not likely to take the time to understand the issues before they fill out their ballot.

**School Board** -The CONVAL School Board consists of thirteen members, each elected by voters in their respective towns for a three-year term. One of the primary responsibilities of the Board is to provide guidance to the District Superintendent regarding development of the budget and to recommend a proposed operating budget that must then be approved by District voters as a separate "warrant article" each year in March.

**Budget Schedule** - The school year runs from July 1 through June 30. There are several key steps in the annual school budget process. Each will be briefly described below.

The process to develop the annual budget for the next school year begins well before the March vote. There are many opportunities for public participation. Here's a typical budget schedule:

- July – School Board provides preliminary budget guidance to the School Superintendent.
- Aug to Oct – Superintendent and school administrators develop budget options based on School Board guidance.
- November – Superintendent submits budget to School Board for review.
- Nov to Dec – Board reviews, modifies, and approves the proposed budget to be included on March ballot. Default budget is prepared.
- January – formal submittal of warrant articles for proposed budget and default budget. The Board's recommendation regarding the budget is included on the warrant article voters see in March. Warrant articles submitted by public are also due.
- February -**District Meeting Part I** is held - usually mid-month at the high school. This meeting is open to the public. The proposed budget and other *warrant articles* that will be on the March ballot are presented and the public is provided an opportunity to comment, ask questions, and can propose amendments to any warrant article whether it was initiated by the Board or by registered voters in the District.
- March - **District Meeting Part 2** is the actual voting held in the individual towns. The proposed (as amended) budget is always one of the warrant articles on the ballot. Other typical warrant articles may include: proposed contracts (e.g. teachers), allocations to the district trust funds, school board stipends, etc. There may be one or more voter initiated warrant articles as well.
- Fall – budget allocation to the towns for use in final property tax bills (refer to the District Assessment discussion in part 3).

**Default Budget** – the March ballot will also quantify the **default budget**. This is the budget that must be used in the event the voters do not approve the Board’s recommended budget (by simple majority of all votes throughout the district). The state has established guidelines on how the default budget is to be calculated. These guidelines are complex and have recently changed, but a simplistic way to look at the default budget is that it’s the same as the last approved budget after one-time costs adjustments are made. There are also exceptions for multi-year contractual commitments/contracts. The default budget is usually lower than the recommended budget.

**Failure to pass the proposed budget this March will necessarily result in the reduction or elimination of a combination of personnel, programs, or other district costs.** Later in this series, we’ll provide a summary of the reductions the Board will consider if this is required for the 2019-20 school year.

**School Budget Accounting Terminology** - The accounting methodology used for municipal and school budgets is mandated by the state and is fairly complex. Some simple concepts to keep in mind:

- **Appropriations** include all costs associated with operating the school district (i.e. the **operating budget**). The majority of these are subject to voter approval each year when you’re asked to decide whether the District should “raise and appropriate” specified amounts. The School Board has the authority to subsequently make certain changes provided they are reviewed and voted on during public board meetings. Such changes may include acceptance of grants and transfer of funds from various District Trust Funds. These are usually very minor increases in appropriations – and, usually, offset by revenue.
- **Revenues** include federal, state and local sources that either go directly to the school district or to the towns within the District. They may include revenue from sale of bonds or transfers from the five “expendable trusts” that were established to help levelize the operating budget from year to year.
- **Net Tax Assessment** after an adjustment for fund balances from the previous year, the difference between the **appropriations** and **revenues** must be apportioned to the towns in the District.
- **District Tax Assessment** is the amount the towns must raise through **local education property taxes**. The net tax assessment is reduced by the total of **State Education Taxes** collected by the towns and state **Adequacy Aid**. The final tax assessment for each town is determined in accordance with a formula included in the District Articles of Agreement. 50% is based on the number of public school students in each town and 50% is based on assessed values of properties in each town. This is discussed in part 4.

# School Budget Primer

## 2018-19 District Budget (Part 3 of 5)

The March 2018 School District ballot had several voter approved warrant articles that impacted the 2018 tax bill including:

- The Board proposed Operating Budget.
- Renovations of the high school science classrooms and labs.
- A one-year collective bargaining agreement with CVEA, and
- District trust fund appropriations.

State requirements dictate that these be presented to the public and voted on separately.

### 2018-2019 District Operating Budget (Expenses)

Operating Budget– The proposed operating budget included on the March ballot for the District each year is printed in the District’s Annual Report (available to all residents) and includes detailed line item expenses required to operate the district including: salaries, employee benefits, purchased services such as pupil transportation, supplies and materials, property maintenance, etc.

Table 2 summarizes the key budget warrant articles associated with the operating budgets for the past several years.

School Year	2016-2017	2017-2018	2018-19	
	Approved	Approved	Recommended	Approved
Operational Budget	\$ 45,896,170	\$ 45,308,369	\$ 45,589,764	\$ 45,589,764
- Increase (Decrease)		\$ (587,801)	\$ 281,395	\$ 281,395
		-1.28%	0.62%	0.62%
Warrant Articles				
- Fact Finders Report <sup>1</sup>			\$ -	\$ 1,685,912
- Collective Bargaining <sup>2</sup>				
Total Operational Budget	\$ 45,896,170	\$ 45,308,369	\$ 45,589,764	\$ 47,275,676
- Increase (Decrease)		\$ (587,801)	\$ 281,395	\$ 1,967,307
		-1.28%	0.62%	4.34%

Table 2 - Operating Budget Warrant Articles

In March 2018, voters approved the Board recommended 2018-19 Operating Budget warrant article by a significant margin (65% to 35%). This represented a nominal increase of \$281,395 (0.62%) – but did not include the costs associated with the new CVEA contract.

**Fact Finder’s Report** – the District’s three year contract with the Contoocook Valley Education Association (CVEA) was due to expire at the end of the 2017-2018 school year. (This collective



bargaining unit represents teachers, paraprofessionals, and special service Allied Health professionals but not school administration and certain other staff members).

Despite many meetings and months of effort by both parties, the School Board and CVEA were unable to reach agreement on terms of a new contract and both agreed to utilize a third party “Fact Finder” to mediate an agreement. That was also unsuccessful. Therefore, the Fact Finder's report for a new contract had to be included as a warrant article on the 2018 ballot. CVEA membership voted to accept the recommended contract but the School Board voted against approval of the one year contract (by 11-0 vote). The primary reason for that recommendation was the relatively high cost of the contract which added almost \$1.7 million to the Operating Budget for 2018-2019.

2937 District residents voted on this particular warrant article and 54% approved it, resulting in a total increase to the Gross Operating Budget of \$1,967,307 ; a 4.34 % increase over the prior year.

The Board had recommended (and 70% of voters approved) a separate warrant article that would have allowed negotiations to continue with CVEA and a Special Meeting to approve any resulting contract agreement had the “Fact Finder’s” Report had not been approved.

Table 3 includes a summary of the key financial data for the 2017-2018 and 2018-19 school years. Note that the highlighted data in this table matches the numbers in Figure 1. This is the actual financial data used to prepare tax bills. The table shows the difference between that and what voters appropriated with the March 2018 ballots.

<b>Operating Budget</b>		<b>2018-2019</b>		<b>2017-2018</b>	<b>Variance</b>
<b>Warrant Articles</b>				<b>Warrant Articles</b>	
<b>1</b>	High School renovations	\$ 1,000,000			\$ 1,000,000
<b>2</b>	Operating Budget	\$ 45,589,763	<b>1</b>	\$ 45,377,117	\$ 212,646
<b>3</b>	Fact Finders report	\$ 1,685,912			\$ 1,685,912
<b>5</b>	Capital Reserve Fund	\$ 250,000	<b>2</b>	\$ 250,000	\$ -
<b>6</b>	Equipment Capital Reserve Trust Fund	\$ 100,000	<b>3</b>	\$ 100,000	\$ -
<b>7</b>	Athletics/Co-Curricular Trust Fund	\$ 75,000	<b>4</b>	\$ 100,000	\$ (25,000)
	Health Insurance Maintenance Trust Fund		<b>5</b>	\$ 100,000	\$ (100,000)
<b>Total - Warrant article Appropriations</b>		<b>\$ 48,700,675</b>		<b>\$ 45,927,117</b>	<b>\$ 2,773,558</b>
<b>Other appropriations</b>		<b>\$ 11,722</b>		<b>\$ (68,748)</b>	<b>\$ 80,470</b>
<b>Total Appropriations (NH DRA MS-22-R)</b>		<b>\$ 48,712,397</b>		<b>\$ 45,858,369</b>	<b>\$ 2,854,028</b>
<b>Revenues</b>					
	Local Sources	\$ 991,000		\$ 991,000	\$ -
	State Sources	\$ 316,543		\$ 880,785	\$ (564,242)
	Federal Sources	\$ 1,691,535		\$ 1,691,535	\$ -
	Sale of Bonds or Notes (HS renovations)	\$ 1,000,000		\$ -	\$ 1,000,000
	Transfer from Expendable Trust Funds	\$ -		\$ 68,748	\$ (68,748)
<b>Total Revenues (NH DRA MS-24-R)</b>		<b>\$ 3,999,078</b>		<b>\$ 3,632,068</b>	<b>\$ 367,010</b>
<b>Fund Balances</b>		<b>\$ 1,276,339</b>		<b>\$ 1,857,573</b>	<b>\$ (581,234)</b>
<b>Net Tax Assessment</b>		<b>\$ 43,436,980</b>		<b>\$ 40,368,728</b>	<b>\$ 3,068,252</b>
<b>State Education Taxes</b>		<b>\$ 4,281,725</b>		<b>\$ 4,561,136</b>	<b>\$ (279,411)</b>
<b>State Adequacy Grant</b>		<b>\$ 7,373,770</b>		<b>\$ 7,383,872</b>	<b>\$ (10,102)</b>
<b>District Tax Assessment</b>		<b>\$ 31,781,485</b>		<b>\$ 28,423,720</b>	<b>\$ 3,357,765</b>

Table 3 - Key District Financial Data

In addition to the warrant articles on the operating budget and the CVEA contract, the March 2018 ballot included a warrant article for a \$1 million bond for the recently completed high school renovations. Note that this amount is included in both appropriations and revenue for 2018-19. As such, the impact on your 2018 tax bill was minimal. Next year will be the first full year of interest and principal payments. The bond principal and interest will be paid off over five years.

There were three warrant articles relating to appropriations for District Trust Funds. We'll explain the rationale for these that later in the article on the proposed 2019-20 budget. All were approved by voters.

There was a significant reduction in revenue from the state. This \$564,242 reduction is the result of several factors including a planned phase out of the State **Stabilization Grant** that was initiated in 2012. This grant is being phased out over 25 years (at 4% per year) which will continue to impact local property taxes unless current laws are changed. State education taxes and the Adequacy Grant also decreased. The total reduction in state revenues: \$853,755. This amount can only be made up through property taxes

# School Budget Primer

## District Assessment Methodology(Part 4 of 5)

After the school budget for the upcoming school year is determined by vote in March, it must be allocated to each of the nine towns in the district. This typically happens in the fall prior to preparation of final tax bills.

The method used to allocate the voter approved budget to the towns in the district must adhere to both state laws and regulations and to the Con Val School District **Articles of Agreement**.

The **Net Tax Assessment** is adjusted for the total amount of State Education Taxes and State Adequacy Grants received by the towns in the District. The balance (or **District Tax Assessment**) is what is then allocated to the towns based on the Articles of Agreement. Table 4 shows the District Tax Assessment calculations for the last two tax bills.

	2018-2019	2017-2018	Variance
<b>Net Tax Assessment</b>	<b>\$ 43,436,980</b>	<b>\$ 40,368,728</b>	<b>\$ 3,068,252</b>
<b>State Education Taxes</b>	\$ 4,281,725	\$ 4,561,136	\$ (279,411)
<b>State Adequacy Grant</b>	\$ 7,373,770	\$ 7,383,872	\$ (10,102)
<b>District Tax Assessment</b>	<b>\$ 31,781,485</b>	<b>\$ 28,423,720</b>	<b>\$ 3,357,765</b>

Table 4 - ConVal District Tax Assessments

**State Education Taxes and Adequacy Grant** - NH establishes state education tax rates for each town based on equalized values of homes and returns a portion based on a formula that represents the “Cost of an Opportunity for an Adequate Education”.

The Adequacy Grant received by each town is based on its **ADM** (\$3631.06 per student) and is increased for students that are:

- Eligible for free or reduced-price lunches
- Special education students with an individualized education plan (IEP)
- English Language Learners
- Below proficient level on the state assessment for reading

The adequacy of the state adequacy grant is a controversial topic given that the cost of educating each student is many times higher than the amount provided. If this grant was higher, property taxes would likely be lower!

The **District Tax Assessment** total is allocated amongst the nine towns based on the following funding formula that is mandated by the district **Articles of Agreement**:

- Average Daily Membership (ADM) – 50% (a factor based on students from each town)
- Equalized Value – 50% (a factor based on assessed values of homes in the District)

**Average Daily Membership (ADM)** - Attendance and residence enrollments for the previous school year are reported to the state each October. The data is broken down by total district and town and by the following grade levels: pre-school, kindergarten, elementary, middle/junior high, and high school. This report is usually published by the state in February.

50% of the total district assessment is assigned to towns in the district based on each town's percentage of ADM. The ADM for the 2016-17 School year was used for the 2018 District Assessment ( <https://www.education.nh.gov/data/attendance.htm> )

**Equalized Value** – the state also collects and publishes information on the “equalized value” of homes within each town and the districts ( <https://www.education.nh.gov/data/financial.htm> ).

This data is used to calculate two taxes that show up on your tax bill:

- State education tax
- Local education tax

The state determines and publishes the state education tax rate that each town includes on the property tax bills. Each town collects this tax for the District.

50% of the total district assessment for local education is allocated to towns in the district based on each town's percentage of total district equalized Value.

**Property Valuations** – this is another factor that could have a significant impact on your tax bills since it is used in determining the share of property taxes within towns. It should be noted that all towns in the district are not revaluated at the same time. This contributes to variations in increases seen by each town.

Table 5 provides a summary of some of the ADM and Equalized Value data that were used to calculate the local education portion of the most recent tax bill.

District Assessment					
Town	ADM (2016-17)	% of District	Equalized Value (2017)	% of District	Total % District
Antrim	329.13	15.37%	\$ 228,588,210	11.41%	13.39%
Bennington	201.57	9.42%	\$ 113,412,619	5.66%	7.54%
Dublin	148.32	6.93%	\$ 207,798,582	10.37%	8.65%
Fracestown	171.47	8.01%	\$ 182,300,239	9.10%	8.55%
Greenfield	195.50	9.13%	\$ 156,545,562	7.81%	8.47%
Hancock	156.63	7.32%	\$ 239,392,496	11.94%	9.63%
Peterborough	756.49	35.34%	\$ 682,515,027	34.05%	34.70%
Sharon	41.83	1.95%	\$ 50,569,181	2.52%	2.24%
Temple	139.79	6.53%	\$ 143,100,246	7.14%	6.83%
CONVAL Total	2140.73	100.00%	\$ 2,004,222,162	100.00%	100.00%

Table 5 - Key District Tax Data

Table 6 shows how the District Tax Assessment was allocated to the towns for the last two years.

Town			Increase	
	2017-18	2018-19	\$\$	%
Antrim	\$ 2,874,978	\$ 3,401,494	\$ 526,516	18.31%
Bennington	\$ 1,670,828	\$ 1,773,391	\$ 102,563	6.14%
Dublin	\$ 2,837,395	\$ 3,340,326	\$ 502,931	17.73%
Francestown	\$ 2,402,359	\$ 2,836,798	\$ 434,439	18.08%
Greenfield	\$ 2,358,123	\$ 2,425,389	\$ 67,266	2.85%
Hancock	\$ 3,174,970	\$ 3,602,756	\$ 427,786	13.47%
Peterborough	\$ 10,249,362	\$ 11,371,884	\$ 1,122,522	10.95%
Sharon	\$ 670,396	\$ 716,139	\$ 45,743	6.82%
Temple	\$ 2,185,309	\$ 2,313,308	\$ 127,999	5.86%
CONVAL Total	\$ 28,423,720	\$ 31,781,485	\$ 3,357,765	11.81%

Table 6 - Impact on ConVal District Towns

# School Budget Primer

## Warrant Articles (March 2019) – Part 5 of 5

The March 2019 District Ballot will include the following Warrant Articles:

1. Operating Budget – School District SB2
2. Collective Bargaining Agreement
3. Special Meeting for Defeated/Amended Collective Bargaining Agreement
4. Amend District Articles of Agreement (Change in District Funding Formula)
5. Single Tier Bussing
6. Appropriate to Special Education Fund from Fund Balance
7. Appropriate to Building Reserve Fund from Fund Balance
8. Appropriate to Equipment Reserve Fund from Fund Balance
9. Appropriate to Health Maintenance Reserve Fund from Fund Balance
10. School Board Salaries
11. Petitioned Warrant Article
12. Petitioned Warrant Article
13. School Board Members

The District will be preparing an Annual Report which is now available online that will include these warrant articles along with a detailed presentation of the proposed budget. The discussion below includes the actual wording to be found on the ballot, along with the School Board's recommendation and a brief discussion of each.

Copies of the Annual Report will be available at the District Offices in Peterborough and at your Town Hall.

Although each Warrant Article is voted on separately, it is useful to look at them together when comparing the proposals for next year (2019-20) to what was approved the last two year. The data in the following table will be referenced in the discussions of each warrant article.

The highlighted cells show the \$ amounts included in the respective warrant articles. The “Warrant Article 1” columns show both the Board “Recommended” Operating Budget and the “Default Budget”. The “All” Column provides a total for all the Board recommended amounts. The variance column is based on that total.

	2018-19	2019-20				
		Warrant Article 1				
	Approved	Recommended	Default	All	Total Variance	
Operational Budget	\$ 45,065,863	\$ 45,906,472	\$ 44,657,246	\$ 45,906,472	\$ 840,609	1.87%
Collective Bargaining Agreement		2 \$ -	\$ -	\$ 909,187	\$ 909,187	
Single Tier Bussing		5 \$ -		\$ 808,000	\$ 808,000	
Subtotal - Operational Budget	\$ 45,065,863	\$ 45,906,472	\$ 44,657,246	\$ 47,623,659	\$ 2,557,796	5.68%
Title I & II	\$ 403,535	\$ 403,535	\$ 403,535	\$ 403,535	\$ -	
Other Federal programs	\$ 243,000	\$ 243,000	\$ 243,000	\$ 243,000	\$ -	
IDEA	\$ 475,000	\$ 475,000	\$ 475,000	\$ 475,000	\$ -	
Food Service	\$ 900,000	\$ 900,000	\$ 900,000	\$ 900,000	\$ -	
Special Revenue Fund	\$ 200,000	\$ 200,000	\$ 200,000	\$ 200,000	\$ -	
Subtotal - Gross Budget	\$ 47,287,398	\$ 48,128,007	\$ 46,878,781	\$ 49,845,194	\$ 2,557,796	5.41%
Special Education Reserve Trust	\$ -	6 \$ -	\$ -	\$ 200,000	\$ 200,000	
Building Reserve Trust	\$ 250,000	7 \$ -	\$ -	\$ 250,000	\$ -	
Equipment Reserve Trust	\$ 100,000	8 \$ -	\$ -	\$ 100,000	\$ -	
Health Maintenance Trust	\$ -	9 \$ -	\$ -	\$ 50,000	\$ 50,000	
Athletic Trust	\$ 75,000	\$ -	\$ -	\$ -	\$ (75,000)	
Bond Sale	\$ 1,000,000	\$ -	\$ -	\$ -	\$ (1,000,000)	
Total Gross Budget	\$ 48,712,398	1 \$ 48,128,007	\$ 46,878,781	\$ 50,445,194	\$ 1,732,796	3.56%

Table 7 - Appropriation Warrant Articles

## Article 01: Operating Budget-School District-SB2

***Shall the Contoocook Valley School District raise and appropriate as an operating budget, not including appropriations by special warrant articles and other appropriations voted separately, the amounts set forth on the budget posted with the warrant or as amended by vote of the first session, for the purposes set forth therein, totaling \$48,128,007? Should this article be defeated, the default budget shall be \$46,878,781; which is the same as last year, with certain adjustments required by previous action of the Contoocook Valley School District or by law; or the governing body may hold one special meeting, in accordance with RSA 40:13, X and XVI, to take up the issue of a revised operating budget only. (The ConVal School Board RECOMMENDS adoption of this article.)***

The proposed operating and gross budgets that will be included in the Annual report are shown in the Table 7 (columns under the “Warrant Article 1” heading.). The proposed budget represents an \$840,000 (or 1.8%) increase in the Operational Budget.

The proposed budget represents a “maintenance of effort” approach – continuing to fund the things we have funded in the past to meet obligations to students and staff. No significant new programs have been added.



Personnel Salaries and Employees Benefits make up almost 75% of the proposed operating budget.

- Total salaries are down \$436k since there will be fewer on the payroll next year. One significant change was the elimination of the Dean of Faculty position at the high school – this was eliminated and replaced by an assistant principal position at Great Brook Middle School.
- Employee Benefits will increase by \$519k due primarily to an estimated 2.2% increase in health insurance premiums and 2.1% increase in dental premiums. The health insurance premiums may be higher but will not exceed 4.2%. If the actual rate for next year exceeds the estimate, the District could utilize the Health Trust Fund to cover any difference.
- Retirement Benefits will increase by \$231k
- The total increase in Salaries and Benefits: \$82.5k

Other major contributors to the proposed operating budget increase include:

- Pupil Services \$485k – more students with needs are coming into the District and the needs of current students is increasing. Federal and State law requires certain levels of support.
- Purchased Property Services will decrease by approximately \$50k
- Other Purchased Services will increase by \$160k driven by a \$139k increase in Pupil Transportation
- Supplies and Materials will be increased by approximately 10k
- Property purchases will be down \$149k. The District has completed purchasing laptops required for the 1:1 initiative. This \$189k reduction is offset by increases in replacement Equipment.
- Payment of Bond Principal increased by \$180k. This is the first full year of principal payments on the \$1M bond approved last year for the HS science labs and classrooms

**Default Budget – if the proposed budget is not approved (by simple majority), then the District must cut almost \$1.25 million from the proposed budget to implement the \$44,657,246 default budget.** In order to achieve this, the Board and the administration will need to make cuts in a combination of staff, programs, facilities projects and other costs. Some of these will inevitably be unpopular in some or most of the ConVal community.

There are recent statutory requirements that limit some previous flexibility in the development of the default budget. But the biggest issue is the lack of “no brainer” places to cut. Everything that could be cut, that would not significantly affect the education district students receive, has already been cut in previous years. The Con Val School Board has already approved the following programmatic cuts in order to help meet the default budget:

- Six and half staff positions between middle and high school.
- Cornucopia program-teaches our first and second grade students about gardening, nutrition and cycles in nature; an engaging and hands-on approach to science.
- New Hampshire Dance Institute (NHDI)- a week of creative movement, music and dance for all of our elementary students culminating in an all school dance performance; a unique program with enthusiastic participation.

- Fresh fruits and vegetable program at the elementary schools-originally provided by federal grant, the District now pays to continue this program which supplies fresh produce as snacks throughout the week. This is successful with high participation and very low waste. And, we are nutritionally supporting the youngest pupils in our district.
- Fees for both Advanced Placement (AP) testing and Running Start classes-both programs offer incredible opportunity to our high school students.
- Girls and boys ice hockey, golf, spirit team and freshman boys basketball
- Summer programming at both middle schools and the high school-these programs offer both academic as well as enrichment opportunities to our students.
- Quest-a week-long summer adventure camp supporting and challenging our middle school students.
- 5th block at the high school- an important time for high school students to receive additional supports.
- District arts integration and enrichment-special art opportunities on top of traditional programming.

## Article 02: Accept the Collective Bargaining Agreement

***To see if the Contoocook Valley Regional School District will vote to approve the cost items included in the collective bargaining agreement reached between the ConVal School Board and the ConVal Education Association which calls for the following increases in salaries and benefits at the current staffing level:***

<b><u>Fiscal Year</u>Estimated Increase</b>	
<b>2019-2020</b>	<b>\$909,187</b>
<b>2020-2021</b>	<b>\$619,950</b>

The School Board and CVEA recently reached agreement on a proposed two year contract for teachers, special services professions, and paraprofessionals. Both the CVEA and the School Board have approved the agreement. The key features of the new agreement include:

- Salary and wages increases
- Athletic and non-athletic stipend increases
- Success and Leadership Recognition Program (\$100,000 to be awarded at the discretion of the District Superintendent)
- Additional paid days for professional development of new teachers
- District savings from increased employee contributions to medical insurance premiums (from 12 to 14% in the first year and from 14% to 16% in the second year of the Agreement)
- More flexibility regarding staggered work hours, transfers, etc.

The total estimated cost increase for the two-year contract are: \$909,187 and \$619,950, respectively.

Table 8 shows the impact if both the Operating budget and the CBA are approved.

	2018-19	2019-210		
	Approved	Recommended	Variance	
Operational Budget	\$ 45,065,863	\$ 45,906,472	\$ 840,609	1.87%
Collective Bargaining Agreement		\$ 909,187	\$ 909,187	
Subtotal	\$ 45,065,863	\$ 46,815,659	\$ 1,749,796	3.88%

Table 8– Impact of new Collective Bargaining Agreement

### Article 03: Special Meeting for Defeated/Amended Collective Bargaining Unit

***Shall the Contoocook Valley School District, if Article 2 is defeated, authorize the governing body to call one special meeting, at its option, to address Article 2 cost items only? (Majority vote)***

This article will allow the School Board and CVEA to develop and present an alternate agreement in the event voters do not approve the proposed Collective Bargaining Agreement. Otherwise, Salaries and Benefits would be held at 2018-19 levels until another Agreement can be voted on in March 2020.

### Article 04: To amend Article 8 of the ConVal School District Articles of Agreement:

***Shall the Contoocook Valley School District vote to amend Article 8 of the ConVal School District Articles of Agreement:***

**From the present language of:**

***The expenses of the Contoocook Valley School District payable in each fiscal year shall be apportioned as follows:***

- a) Fifty percent (50%) on the average daily membership (ADM) of the pupils in public schools residing in each pre-existing district of the Cooperative School District as determined by the most recent school fiscal year figures available from the State Department of Education.***
- b) Fifty percent (50%) on the Total Equalized Valuation (TEV) of each pre-existing district of the Cooperative School District as determined by the most recent figures available from the State Department of Revenue Administration.”***

**To the language as follows:**

***The expenses of the Contoocook Valley School District payable in each fiscal year shall be apportioned as follows:***

- a) Forty percent (40%) on the average daily membership (ADM) of the pupils in public schools residing in each pre-existing district of the Cooperative School District as determined by the most recent school fiscal year figures available from the State Department of Education.***
- b) Sixty percent (60%) on the Total Equalized Valuation (TEV) of each pre-existing district of the Cooperative School District as determined by the most recent figures available from the State Department of Revenue Administration.”***

Part 2 of this series discussed the current “funding formula” used by the District to allocate the District Tax Assessment to each town in the District.

Table 9 shows the current distribution (i.e. the latest tax bills) and the changes for each town if this Warrant Article had been approved last March.

Town	Total Apportioned		Adequacy Grant	Assessment		Increase	
	Current 50-50	Proposed 40-60		Current 50-50	Proposed 40-60	\$\$	%
Antrim	\$ 5,909,456	\$ 5,756,089	\$ 2,033,699	\$ 3,875,757	\$ 3,722,390	\$ (153,366)	-3.96%
Bennington	\$ 3,097,209	\$ 2,899,941	\$ 1,092,272	\$ 2,004,937	\$ 1,807,669	\$ (197,268)	-9.84%
Dublin	\$ 3,966,233	\$ 4,156,099	\$ 167,775	\$ 3,798,458	\$ 3,988,324	\$ 189,866	5.00%
Franeestown	\$ 3,715,298	\$ 3,762,331	\$ 485,652	\$ 3,229,646	\$ 3,276,679	\$ 47,032	1.46%
Greenfield	\$ 3,587,386	\$ 3,512,507	\$ 833,071	\$ 2,754,315	\$ 2,679,436	\$ (74,879)	-2.72%
Hancock	\$ 4,396,311	\$ 4,639,551	\$ 276,475	\$ 4,119,836	\$ 4,363,076	\$ 243,240	5.90%
Peterborough	\$ 14,860,099	\$ 14,761,305	\$ 2,024,283	\$ 12,835,816	\$ 12,737,022	\$ (98,794)	-0.77%
Sharon	\$ 940,692	\$ 959,298	\$ 116,544	\$ 824,148	\$ 842,754	\$ 18,606	2.26%
Temple	\$ 2,965,053	\$ 2,990,617	\$ 343,999	\$ 2,621,054	\$ 2,646,618	\$ 25,564	0.98%
District	\$ 43,437,737	\$ 43,437,737	\$ 7,373,770	\$ 36,063,967	\$ 36,063,967	\$ (0)	0.00%

Table 9 - Impact of Change in Funding Formula

Towns with an ADM percentage greater than their EV percentage would contribute less and towns with an ADM percentage lower than their EV percentage would pay more. Note that the ADM and EV percentages can change from year to year as student populations change and as real estate assessments are updated.

## Article 05: Single Tier Bussing to allow one start time for all schools

*Shall the Contoocook Valley School District raise and appropriate the sum of \$808,000 for the purpose of adding additional bus routes for the formation of a single tier bussing system that will allow the middle school and high school to begin school one hour later.*

Grades K-4 in all schools would ride together and Grades 5-12 would ride together. K-8 in some schools may ride together. Students in K-4 would not ride with high schools students. Fourteen (14) additional busses would be required to implement this approach. There is a significant amount of research that indicates that later start times are beneficial for teenagers.

## District Trust Funds (Warrant Articles 6--9)

There are four separate articles relating to appropriation of funds for the District Trust Funds. Some key features of the funds:

- The funds are all very specific in how the funds may be utilized. For example, special education trust funds may not be used for athletics and vice versa. The School Board is authorized to approve use of the funds but must conduct a Public Hearing before doing so and must also get the approval of the Trustees of the respective Trusts.
- The funds allow for more leveled budgeting year-year. For example, the District anticipates the need for significant capital improvements in 2020-21. The Capital Reserve Trust Fund can be used to avoid a significant one-time increase in the operating budget for that year.

- Funds are transferred into the Trusts only after each school year is completed and all expenses and obligations have been met and financial statement have been audited. The Board may also decide to “return” some excess funds to the towns. After that, the remaining balance (if any) is applied to the Trust Funds in the order they appear on your ballots.

## **Article 06: Appropriate to Special Education Reserve Trust Fund from Fund Balance**

*Shall the Contoocook Valley School District vote to raise and appropriate the sum of \$200,000 to be added to the Special Education Reserve Trust Fund as previously established? This sum to come from June 30, 2019 fund balance available for transfer on July 1, 2019, with no amount to be raised from taxation. (The ConVal School Board designates this article as a SPECIAL warrant article and RECOMMENDS adoption of this article.)*

## **Article 07: Appropriate to Building Reserve Fund from Fund Balance**

*Shall the Contoocook Valley School District vote to raise and appropriate the sum of \$250,000 to be added to the Contoocook Valley School District Building Capital Reserve Fund, previously established? This sum to come from June 30, 2019 fund balance available for transfer on July 1, 2019, with no amount to be raised from taxation. (The ConVal School Board designates this article as a SPECIAL warrant article and RECOMMENDS adoption of this article.)*

## **Article 08: Appropriate to Equipment Capital Reserve Trust Fund from Fund Balance**

*Shall the Contoocook Valley School District vote to raise and appropriate the sum of \$100,000 to be added to the Equipment Capital Reserve Fund as previously established? This sum to come from June 30, 2019 fund balance available for transfer on July 1, 2019, with no amount to be raised from taxation. (The ConVal School Board designates this article as a SPECIAL warrant article and RECOMMENDS adoption of this article.)*

## **Article 09: Appropriate to Health Trust Fund from Fund Balance**

*Shall the Contoocook Valley School District vote to raise and appropriate the sum of \$50,000 to be added to the Health Trust Fund as previously established? This sum to come from June 30, 2019 fund balance available for transfer on July 1, 2019 with no amount to be raised from taxation. (The ConVal School Board designates this article as a SPECIAL warrant article and RECOMMENDS adoption of this article.)*

## **Article 10: School Board Salaries**

*Shall the Contoocook Valley School District appoint the salaries of the School Board and fix the annual compensation of any other officers or agents of the District as follows: School Board Chair, \$1500; each member, \$1000; Treasurer, \$2,500; Moderator, \$300? (The ConVal School Board RECOMMENDS adoption of this article.)*

## **Article 11: Petitioned Warrant Article**

***Require that the School Board submit to the ConVal School District voters for their approval a comprehensive analysis and implementation plan detailing the financial, educational and social impacts that any school closure might have on both students and towns prior to proposing to the voters any plan for any school closure in the ConVal School District. (SUBMITTED BY PETITION.)***

This warrant article is self-explanatory and the School Board recommends this article.

## **Article 12: Petitioned Warrant Article**

***The School Board and Administration are instructed to prepare, by December 1, 2019, a detailed proposal to restructure the ConVal School District so that there are eight elementary schools with grades K-6, and one high school with grades 7-12. (SUBMITTED BY PETITION.)***

The School Board does not recommend approval of this Article. This option has been looked at previously and the savings have been determined to be insignificant. Data supporting this conclusion can be shared with interested parties.

Spending additional time on this would distract the Administration from the development and presentation of other, more realistic restructuring scenarios

## **Article 13: School Board Members**

***To choose Contoocook Valley School District Officers as follows: Five (5) Members of the School Board; one (1) from the Town of Antrim for a term of three (3) years; one (1) from the Town of Dublin for a term of three (3) years; one (1) from the Town of Hancock for a term of three (3) years; two (2) from the Town of Peterborough for a term of three (3) years.***

## Conclusion – Impact on Property Taxes

The following discussion is intended to help voters understand the impact on property taxes if various combinations of Warrant Articles are approved by voters. It will include information on several different scenarios. But before we start that discussion, ***it is important to understand that property taxes will increase even if none of the warrant articles that include cost increases are approved.***

Let's start with the baseline. Property tax rates and the total tax for a home valued at \$100,000 for each town in the District are shown below.

2018 Property Taxes							
Town	State Education	Local Education	Total Education	Municipal	County	Total Rate	Taxes per \$100,000
Antrim	\$ 2.03	\$ 13.71	\$ 15.74	\$ 11.05	\$ 1.18	\$ 27.97	\$ 2,797.00
Bennington	\$ 2.37	\$ 16.62	\$ 18.99	\$ 12.38	\$ 1.14	\$ 32.51	\$ 3,251.00
Dublin	\$ 1.96	\$ 14.50	\$ 16.46	\$ 7.93	\$ 4.04	\$ 28.43	\$ 2,843.00
Francestown	\$ 2.07	\$ 14.76	\$ 16.83	\$ 8.75	\$ 1.16	\$ 26.74	\$ 2,674.00
Greenfield	\$ 2.45	\$ 17.27	\$ 19.72	\$ 9.70	\$ 1.30	\$ 30.72	\$ 3,072.00
Hancock	\$ 2.10	\$ 14.39	\$ 16.49	\$ 5.81	\$ 1.27	\$ 23.57	\$ 2,357.00
Peterborough	\$ 2.12	\$ 16.19	\$ 18.31	\$ 10.62	\$ 1.16	\$ 30.09	\$ 3,009.00
Sharon	\$ 2.15	\$ 13.95	\$ 16.10	\$ 4.12	\$ 1.14	\$ 21.36	\$ 2,136.00
Temple	\$ 2.21	\$ 16.36	\$ 18.57	\$ 5.91	\$ 1.24	\$ 25.72	\$ 2,572.00

Table 10 - 2018 Property Taxes



**Baseline** - For 2019, property taxes can change as the result many factors. For this discussion, we'll assume that there are no changes in the apportionment calculations described previously that would shift portions of the total district assessment from town to town. We'll also assume that state education, municipal, and county taxes do not change. The only variables will be the school district budget.

We'll compare the possible scenarios to the 2018-2019 approved budget. Refer to Table 3. The District Assessment was \$31,781,485... that's the baseline. What can change?

**Revenues** are estimated to decrease by over \$2 million. **Even if the Gross Budget remained flat (and it won't), the Local Education portion of property taxes would increase by 2% across the district.**

**Default Budget** – **if Warrant Article 1 is not approved, the District will need to cut \$1.25 million out of proposed programs, staffing, and facilities.** The default operating budget would be approximately \$400,000 less than the 2018-19 budget but **local education taxes would still increase by 0.75% across the district.**

**Proposed Budget (Warrant Article 1)** – if the proposed budget is approved by voters, the local education portion of property taxes will increase by 4.67%. **This is the result of both the decrease in revenues described above and the \$840k increase in the proposed operating budget.**

**Collective Bargaining Agreement (Warrant Article 2)** – Approval of this two-year agreement would add \$909K and would result in a 4.9% increase in the local education portion of property taxes. **This is the result of both the decrease in revenues described above and the increase in the proposed operating budget.**

**Single Tier Bussing (Warrant Article 5)** - \$808,000 and 4.57% increase

Approval of Trust Fund Warrant Articles (6 through 9) could also increase the tax rate but these can be viewed in a different way. Funds are only transferred after the respective school year and after financial statements are audited and the availability of funds to transfer is validated. In addition, these Trust Funds are designed to minimize variations in future budgets.

Table 11 shows the increases on total property taxes rates for the scenarios discussed above. **These increases are not additive since they all include the impact of the decrease in estimated revenue.**

For example, if both the Proposed Operating Budget and the CBA were approved, local education taxes would go up by 7.54% (and not the sum of 4.68% and 4.89%)



	2018 Property Tax*	Default Budget	Proposed Operating Budget	Collective Bargaining	Single Tier Bussing
Warrant Article		1	1	2	5
District Assessment Increase		0.75%	4.68%	4.89%	4.57%
Antrim	\$ 2,797.00	\$ 10.23	\$ 64.11	\$ 67.07	\$ 62.71
Bennington	\$ 3,251.00	\$ 12.40	\$ 77.72	\$ 81.31	\$ 76.02
Dublin	\$ 2,843.00	\$ 10.81	\$ 67.81	\$ 70.94	\$ 66.32
Fracestown	\$ 2,674.00	\$ 11.01	\$ 69.02	\$ 72.21	\$ 67.51
Greenfield	\$ 3,072.00	\$ 12.88	\$ 80.76	\$ 84.49	\$ 78.99
Hancock	\$ 2,357.00	\$ 10.73	\$ 67.29	\$ 70.40	\$ 65.82
Peterborough	\$ 3,009.00	\$ 12.08	\$ 75.71	\$ 79.20	\$ 74.05
Sharon	\$ 2,136.00	\$ 10.40	\$ 65.24	\$ 68.25	\$ 63.80
Temple	\$ 2,572.00	\$ 12.20	\$ 76.51	\$ 80.04	\$ 74.83
	* per \$100,000	Either/Or			

Table 21 - Impact of Property Taxes (per \$100,000 assessment)