

5 - ConVal School Budget (Warrant Article 01)

The first, and arguably the most important, Warrant Article on your ballot determines the amount of expenses (costs) that the School District can incur during the 2022-23 school year that begins July 1st.

Warrant 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 \$53,766,080? Should this article be defeated, the default budget shall be \$52,842,414 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 by a unanimous vote.)

If this Warrant Article is approved (with a simple majority across the District), the Gross Budget will be \$53.766 million. Voters will have “raised and appropriated” this amount. If the proposed budget is not approved, then the \$52.842M “Default” will be used. This would require a significant reduction in planned programs, staffing, and/or facilities related activities.

FY22-23 Budget Guidance

One of the key roles of the School Board is to provide the Superintendent with “guidance” to be followed in the development of the proposed budget. The Board must balance multiple goals as it reviews, modifies, and presents the proposed budget to the voters for approval. In a normal year, those goals include education, cost, equity, student welfare and safety, amongst others. The COVID-19 epidemic raised the importance of some other challenges - including the need to address: remote learning capability, student mental and emotional health, and learning “losses” associated with remote learning and changes in venues throughout the year.

COVID has had an undeniable impact on our costs. The impact has been felt since the pandemic started in early 2020 and will likely be a factor for several more years as the District continues to implement our multi-year “Journey to Resiliency”.



Focus on cost management and the availability of funding from federal and state programs has mitigated the financial impact on taxpayers. But we are now faced with the reality of the current inflationary environment.

Our FY23 “guidance” included the assumption that students will be able to attend classes in person and that learning recovery efforts would continue. This is also a “contract year” so the proposed operating budget could not include any changes in salaries/wages for members of the bargaining unit.

In recognition of the current inflationary environment where almost everything is likely going to cost more, we gave the Superintendent a monetary target for the FY23 proposed Operational Budget: limit the increase to \$1.036M.

The budget proposed by the Superintendent and subsequently reviewed by the Board essentially met this target. A recent decision to take the costs associated with the planned expansion of our current Pre-kindergarten program out of the Operating Budget and to put those into a separate Warrant Article has resulted in a proposed Operating Budget that is well under this Budget Guidance target.

The proposed Operating Budget is \$333,000 higher than the current year – an increase of only 0.65%

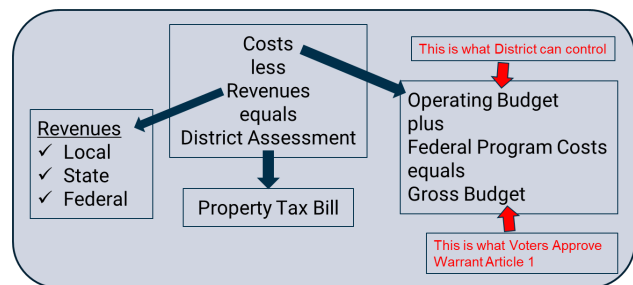
The Board is all very much aware of the financial stresses the pandemic and the current inflationary environment has caused for many families in the District. As we finalized the budget and considered possible trade-offs, we knew that we must always keep our students’ needs as our top priority.

We ask that you keep this in mind as you review the proposed budget – and as you decide how to vote.

Budget Structure

Understanding the impact of your vote on the budget is important. That starts with a basic explanation of the structure of the school budget and how it effects local property taxes.

The **Gross Budget** includes the **Operational Budget** plus Federal program costs.



District Assessment is the difference between the **Gross Budget** and **Total Revenues**. It is the amount of local education property taxes to be collected by the 9 towns in the District.

Default Calculation – the “Default” is not actually a budget per se. It is a state prescribed calculation based on the “Approved” budget from the previous year. “One time” expenses in the current budget are deducted. Increases would include any contractual commitments and other mandated costs. Everything else stays flat.

We’ll discuss each of the following in more detail:

- Operational Budget
- Default Budget
- Revenues
- District Assessment

Proposed FY22-23 District Budget

The table below shows the Operational Budget and the Gross Budget for each of the following: Approved FY21-22, Proposed FY22-23, and Default FY22-23.

Warrant Article 01 references the FY22-23 Gross Budget amounts highlighted.

	FY21-22	FY22-23			FY22-23
	Approved	Proposed	v\$	%	Default
Operational Budget	\$ 51,146,076	\$ 51,479,080	\$ 333,004	0.65%	\$ 50,557,414
Title I&II	\$ 550,000	\$ 550,000	\$ -	0.00%	\$ 550,000
Other Federal Programs	\$ 250,000	\$ 250,000	\$ -	0.00%	\$ 250,000
IDEA	\$ 600,000	\$ 600,000	\$ -	0.00%	\$ 600,000
Food Service	\$ 810,000	\$ 812,000	\$ 2,000	0.25%	\$ 810,000
Special Revenue Fund	\$ 75,000	\$ 75,000	\$ -	0.00%	\$ 75,000
Trust Funds	\$ 700,000	\$ -	\$ (700,000)	-100.00%	\$ -
Total Gross Budget	\$ 54,131,076	\$ 53,766,080	\$ (364,996)	-0.67%	\$ 52,842,414
			Warrant Article 01		

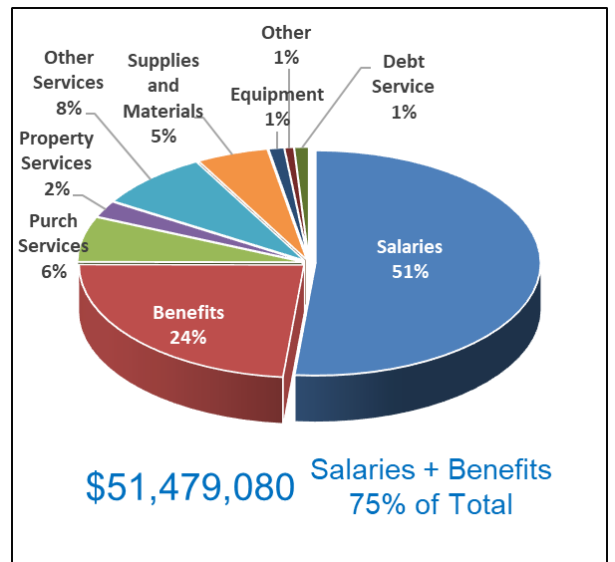
This discussion will focus on the proposed Operational Budget for several reasons:

- That determines levels of staffing, programs, facilities, transportation, supplies, etc.
- It is what school district can manage and control.
- Since Federal program costs are directly offset by federal revenue, these don't impact the District Assessment

Proposed FY22-23 Operational Budget

Proposed Operational Budget for FY22-23 is \$51,479,080.

- Salaries and Benefits account for more than 75% of the total costs.
- Salary and Benefits increases associated with the proposed new three-year Collective Bargaining Agreement are not included. Those costs are included in Warrant Article 02.
- The costs associated with the planned expansion of the District's current Pre-K Program are included in Warrant Article 04.
- Each of these will be subject to separate votes and the results of the votes will be additive.



The proposed Operational Budget for FY22-23 is \$333 thousand higher than our current Operational Budget. This represents a 0.65% increase – essentially flat – despite the inflationary environment.

A more detailed breakdown and discussion of these is provided on the next few pages.

Operational Budget		FY21-22 Approved	Proposed	FY22-23		FY22-23 Default
				v\$	%	
100	Salaries	\$ 26,976,532	\$ 26,164,257	\$ (812,275)	-3.01%	\$ 26,222,562
200	Benefits	\$ 12,863,068	\$ 12,304,495	\$ (558,573)	-4.34%	\$ 12,792,038
300	Services	\$ 2,534,357	\$ 3,380,734	\$ 846,377	33.40%	\$ 3,122,807
400	Proprty Services	\$ 1,276,388	\$ 1,214,316	\$ (62,072)	-4.86%	\$ 707,388
500	Other Services	\$ 4,034,891	\$ 4,269,562	\$ 234,671	5.82%	\$ 4,286,353
600	Supplies & Materials	\$ 2,232,197	\$ 2,675,981	\$ 443,784	19.88%	\$ 2,232,197
700	Property Services	\$ 347,431	\$ 579,179	\$ 231,748	66.70%	\$ 318,511
800	Other Services	\$ 341,214	\$ 350,559	\$ 9,345	2.74%	\$ 335,559
900	Debt service	\$ 540,000	\$ 540,000	\$ -	0.00%	\$ 540,000
Total Operational Budget		\$ 51,146,076	\$ 51,479,080	\$ 333,005	0.65%	\$ 50,557,414

Salaries \$(812,275) -(3.01%)

The proposed budget does not include the wage and salary increases associated with the proposed three year Collective Bargaining Agreement with CVEA. It does include increases associated with “lane changes” for CVEA members (these are associated with changes in their education degrees).

It does include increases for administration and other staff not included in the CBA

There are three new positions included: Student Information Systems administrator, High School Science teacher, and HS World language.

The significant decrease in Salaries is associated with notified retirements and changes in positions. When a teacher retires, they are generally replaced by a less experienced person – at a correspondingly lower salary. Some will not be replaced.

Benefits \$(558,573) – (4.34%)

The same logic applies to benefits. FICA and NH Stare retirement system costs are carried as a percentage of salaries/wages.

For health insurance costs, we assumed that the current subscription levels would be maintained.

Each year our health care insurance provider sets a “guaranteed max plan rate increase”. This year the max rate is 9.3% higher than current rates. Last year the proposed budget included a 4.3% max increase but actual rates decreased 3.1%

One strategy to avoid potentially unnecessary increases in the proposed budget is to use a rate below the max guaranteed. If the actual rate comes in higher than the budgeted rate, we would propose to use the Health Trust Fund to cover the difference. That’s the primary reasons we have that Fund in place.

Services +\$846,377 +\$33.40%

This increase is based on known requirements for Pupil Services (special education services mandated by law) and on increases for contracted custodial services.

Property Services -\$62,071 - 4.86%

This reduction can be attributed to the absence of significant electrical projects this year (-\$76,410), reduction in the number of boiler replacements (from two to one) (-\$79,156).

These were partially offset by doorway replacements at CVHS, SMS, and SAU (+\$119,362)

Other Purchased Services +\$234,672 +5.82%

The 2nd year of our contract includes a 3% increase for the buses used for pupil transportation. Note that fuel is provided by the district.

Other highlights include increases in tuition and property insurance and savings in phone and internet services.

Supplies and Materials +\$461,784 +20.69%

Increases include: software +\$53,622 ; Propane for buses +\$172,500 ; Heating Fuel +\$95,234 ; and supplies associated with curriculum improvements +\$93,600

Furniture and Equipment +\$231,749 +66.70%

Replacement technology (Chromebooks and staff laptops) is driving this: +\$195,005. The District started issuing Chromebooks to students several years ago and the first of these are now due for replacement and replacements will continue on an ongoing basis. The proposed new Technology Trust Fund (if approved) will be used to level out the budgeted costs.

Certain furnishing for the renovated CVHS science rooms have been deferred for several years due to Covid. We've included \$11,700 in the proposed budget.

Dues & fees +\$9,345 +2.74%

This budget line includes the estimate for planned food service losses which is partially offset by a reduction in bond interest.

Line by line details of these budgets are available from the School Board website:

<https://schoolboard.convalsd.net/budget/>

Default Budget

The “Default” is not actually a budget per se. It is a state prescribed calculation based on the current 21-22 “Approved” budget.

RSA 40:13, IX(b) “Default Budget” as used in this subdivision means the amount of the same appropriations as contained in the operating budget authorized for the previous year

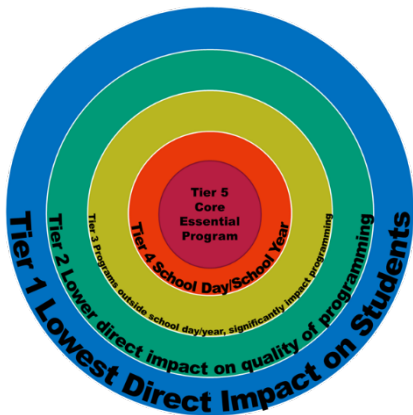
- Reduced and increased, as the case may be, by debt service, contracts, and other obligations previously incurred or mandated by law
- And reduced by one-time expenditures contained in the operating budget and by salaries and benefits of positions that have been eliminated in the proposed budget

For the purposes of this paragraph, one-time expenditures shall be appropriations not likely to recur in the succeeding budget, and eliminated positions shall not include vacant positions under recruitment or positions redefined in the proposed operating budget, as determined by the governing body, unless the provisions of RSA 40:14-b are adopted, of the local political subdivision.

In calculating the default budget amount, the governing body shall follow the statutory formula which may result in a higher or lower amount than the proposed operating budget.

If Warrant Article 01 is not approved by voters, the District operating budget for FY22-23 will be based on the Default calculation described above. Significant reductions in programs, staffing, and/or facilities related activities will need to be made.

Impact of Default Budget			
Budget	FY22 Approved	FY23 Default	Reduction
Operational	\$ 51,146,076	\$ 50,557,414	\$ (588,662)
Gross	\$ 54,131,076	\$ 52,842,414	\$ (1,288,662)
Budget	FY23 Proposed	FY23 Default	Reduction
Operational	\$ 51,479,080	\$ 50,557,414	\$ (921,666)
Gross	\$ 53,766,080	\$ 52,842,414	\$ (923,666)



From the voter, taxpayer, and school administration perspective, the difference between the Operating Budgets is what matters – that is what determines which programs the District can offer.

The decisions on specific reductions will be made by the Board based on a hierarchy of priorities provided by the Superintendent.

Approval of the Proposed Budget would eliminate the need for these reductions.

Revenues

Revenues come from local, state, and federal sources as shown in the table below.

	Proposed FY23	Approved FY22	V\$	V%
Tuition	\$ 131,000	\$ 131,000	\$ -	
Earned Interest	\$ 10,000	\$ 10,000	\$ -	
Special Revenue	\$ 75,000	\$ 75,000	\$ -	
Child Nutrition	\$ 200,000	\$ 200,000	\$ -	
Transfer to District Trust	\$ -	\$ 700,000	\$ (700,000)	
Unreserved Fund Balance	\$ 250,000	\$ 250,000	\$ -	
Total Local	\$ 666,000	\$ 1,366,000	\$ (700,000)	-51.24%
	Proposed FY23	Approved FY22	V\$	V%
Adequacy Grant	\$ 9,234,564	\$ 7,725,622	\$ 1,508,942	
Special Education	\$ 50,000	\$ 38,000	\$ 12,000	
Vocational Aid	\$ 25,000	\$ 25,000	\$ -	
Child Nutrition	\$ 12,000	\$ 10,000	\$ 2,000	
Medicaid	\$ 170,000	\$ 100,000	\$ 70,000	
Total State	\$ 9,491,564	\$ 7,898,622	\$ 1,592,942	20.17%
State Education Tax	\$ 3,053,932	\$ 4,281,725	\$ (1,227,793)	-28.68%
			\$ -	
	Proposed FY23	Approved FY22	V\$	V%
Special Education	\$ 600,000	\$ 600,000	\$ -	
Title I & II	\$ 550,000	\$ 550,000	\$ -	
Child Nutrition	\$ 600,000	\$ 600,000	\$ -	
Other Federal Sources	\$ 250,000	\$ 250,000	\$ -	
Total Federal	\$ 2,000,000	\$ 2,000,000	\$ -	0.00%
			\$ -	
Total Estimated Revenue	\$ 15,211,496	\$ 15,546,347	\$ (334,851)	-2.15%

Local Sources – the \$700,000 decrease in revenue from local sources shown is partly the result of the exclusion of Trust Fund Appropriations from the Proposed Budget. The FY22 total includes the \$700,000 approved by voters for Trust Fund transfers.

District Assessment

District Assessment is the difference between the Gross Budget and Total Revenues. This sum is the total amount of local education property taxes that needs to be collected for the District.

District Assessment	FY21-22	FY22-23			FY22-23
	Approved	Proposed	v\$	%	Default
Total Gross Budget	\$ 54,131,076	\$ 53,766,080	\$ (364,996)	-0.67%	\$ 52,842,414
Less Revenues	\$ (15,546,347)	\$ (15,211,496)	\$ 334,851	-2.15%	\$ (15,211,496)
District Assessment	\$ 38,584,729	\$ 38,554,584	\$ (30,145)	-0.08%	\$ 38,554,584

The method of “apportioning” the District Assessment was discussed in the 2nd in this year’s series of Financial Articles.

Summary

The ConVal School Board recognizes that the proposed budget and other warrant articles on the March ballot will increase the local education portion of your property taxes if they are approved. We all would prefer that they go down – we’re taxpayers too. But we must also address the needs of our students. That’s our primary responsibility.

We think that the proposed Budget (Warrant Article 1) is a very modest increase given the current inflationary environment. It admittedly takes advantage of planned changes in staff and the fact that Warrant Article 02 addresses increases in our salary & wage structure for members of the bargaining unit.

We encourage you to vote “YES” and support the proposed budget.