

Moultonborough
2010-2011 School Budget
Recommendations and Comments



Advisory Budget Committee

Tuesday, January 26th, 2010

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To the Members of the School Board, Superintendent
Moultonborough school District
Moultonborough, New Hampshire 03254

The Moultonborough Advisory Budget Committee (ABC) would like to thank the Moultonborough School Board and the Superintendent's office for their professionalism, cooperation and responsiveness during our budget review. The following report represents our independent opinions and suggestions. Any opinions and suggestions offered by the ABC represent our best efforts to maximize efficiencies, spending power and to consolidate redundancies between the various elements of Town-wide Administration (Town, Library, and School). Our suggestions and opinions should not be viewed as a negative reflection of the dedicated work done by the School Board Members, Superintendent or School Administrative Staff. Moultonborough is one Town with "One Consolidated Tax Rate". The ABC will continue to stress the concept of One Town/ One Tax Rate and consolidated services where we believe redundancies exist.

ABC APPROACH:

The ABC has completed its' review of the 2011 Proposed School Budget.

To gain an understanding of the current environment, opportunities and challenges faced by the staff, administration and student population the ABC scope review included touring the current facilities of the Moultonborough Central School (MCS) and the Moultonborough Academy (MA). The ABC then interviewed the District Superintendent and School Business Manager.

Our scope further included review of:

- Co-Curricular activity offerings , related stipends and participation headcounts,
- Various operating contracts, i.e. transportation, fuel, facilities.
- Current employee benefit offerings,
- Enrollment statistics,
- Current class offerings,
- Roster of paraprofessionals and related assignments
- Related teacher /pupil ratios, and
- All school subcommittee meetings related to the proposed budget including the Building and Grounds Committee, Personal Committee, Technology Committee, Athletic Committee, Transportation Committee minutes and various public School Board Meetings.

NOTE:

- The Collective Bargaining Agreement will be reviewed and reported on separately from the current proposed school budget.

OBSERVATIONS & COMMENTS:

The ABC has the following observations and comments that the committee believes should be addressed by the Administration and School Board. Our recommendations this year are differentiated in this report between immediate and longer term observations.

Immediate short term observations and recommendations

School Enrollment

- After review of current enrollment statistics and population trends we concur with the Districts approach of downward adjustment for teaching positions at the elementary level (elimination of two elementary classroom teachers for the 2011 school year. The committee would like to note that there has been a cumulative reduction of 4.0 elementary teachers and 1 paraprofessional since the 09 budget year).
- Staffing levels will need continual monitoring and future adjustment in case the current downward elementary trends continue their impact through the system as it appears they will. (see further comments under long term observations)
- Upon review of the MA class schedule we found the course offerings and teacher staffing consistent with current population trends. (See further comments under long term recommendations).
- We continue to be encouraged by utilization of Distance Learning Classes for low attendance Advanced Placement (AP) courses. The District should actively continue to explore and promote "Distance Learning" opportunities in the future.
- Our committee strongly supports the Superintendent's efforts to collaborate with Inter Lakes High School on joint efforts for AP and specialized course offerings. The committee is disappointed that the program seems to have gotten off to a slow start in its inaugural year. We recommend the District should continue to explore additional joint offerings that both, maximize quality education, as well as further improve cost effectiveness of staff utilization.

Salary

- The proposed budget includes an across the board salary increase for all non collective bargaining employees of 1.49% including longevity awards. Given the current economic conditions (the number of Moultonborough's families seeking financial assistance has increased 50 % over the past year) and the fact that New Hampshire's current cost of living is -.7% (Negative) as of the close of the Third quarter 2009; the majority of the committee **does not support** an across the board increase of any amount. We believe this is the **Right Approach** to be taken in these economic times of uncertainty. This position is consistent with recommendations for the Town and Library budgets.
- Salaries for the teaching professionals covered under the Districts Collective Bargaining Agreement are currently under negotiation. The Committee will comment separately on the outcome of the Collective Bargaining agreement once completed.

Co-Curricular

- The Committee believes the amount collectively paid in Co-Curricular Stipends and especially the number of activities covered by Co-Curricular stipends is excessive, especially in light of the policy that these amounts increase the overhead load of all fringe benefits,

including but not limited to future retirement benefits. Current Co-Curricular offerings include stipends for three Unit Leaders in the Elementary School and various Subject Leaders at the Academy. The remainder of the Co-Curricular stipends is provided for extra-curricular student programs (athletics, and student activities conducted both during and after school hours). The committee believes that activities conducted during the normal course of the school day should not be eligible for stipend. The Committee further requests the School Board undertake an in depth analysis of the programs offered and activities conducted both during school hours and after school hours. Any analysis of Co-Curricular activities should be coordinated with the Town Recreation Program to identify and eliminate duplication of efforts. The Town Rec Department offers a robust after school program for the Moultonborough children. The Committee believes both programs should be coordinated and cohesively coupled to insure maximum benefit for the total dollars expended and avoid duplication of effort. The committee strongly recommends a fixed dollar cap placed on the total Co-Curricular Stipend Budget. The total dollar budget for Co-Curricular activities should be indexed in future years by overall student enrollment (increases/decreases).

- Budgetary Control – Annual budgets have historically been presented as prior year budget compared to proposed budget. ABC recommends that in the future budget presentations focus on a comparative analysis between current year actual or estimated actual and proposed budget

Long term observations and recommendations

Benefits

- The District should undergo a competitive analysis (contractual and non contractual positions) of its current “Benefits” package including, employee /employer benefit contribution rates. The 2011 budget includes significant increase in the cost of health and dental benefits (approximately 23 % and 6 % respectively). Employee’s health benefits, historically, have been negotiated as part of the collective bargaining agreement. The current contract includes language which controls both the provider of health services, policy coverage and the amount contributed for services by the district. Currently the District pays 90% towards health insurance plan costs. The current provider is Blue Cross/ Blue Shield. The ABC believes that stipulating the provider as part of the collective bargaining agreement does not allow the district the opportunity to seek out alternative health care providers which may provide better services and/or more economical service providers. The ABC believes that the District should:
 1. Explore the possibility of combining with the Town and the Library in order to maximize the benefits provided and related cost.
 2. The School District, the Town and the Library need to revisit the current cost sharing agreement with employees relative to the percentage of the employee/employer contribution.
 3. The ABC recommends that the employee cost sharing contribution should be increased. The increase could be incrementally phased in over a few years.
- This analysis should be performed prior to negotiations of the next collective bargaining agreement.

Payroll

- The District should consider exploring the cost of outsourcing payroll and the related payroll tax preparation. Outsourced payroll is very cost effective, accurate and will provide the existing staff additional time to spend on more value added opportunities.
- A Town wide contract for outsourced payroll may provide economies of scale and should be explored with the Town and Library.

Consolidated Services

- The Committee applauds the Town and School administrative staffs for their efforts during the past year to share and consolidate services especially in the areas of maintenance, equipment sharing and consolidated heating fuel contracts. The committee believes that additional savings can be generated over time and encourages the groups to continue to explore savings and economies of scale. Additional cost items that may lead to consolidated economies may include a consolidated outsourced payroll contract, consolidated health & dental insurance contracts and continued consolidated maintenance activities.

Auditorium

- Develop a proactive program to utilize the auditorium as a net “Revenue Generator” as proposed in the request to justify the original project. The ABC continues to feel that the Community Auditorium is an outstanding asset which is underutilized. We understand that the Board is reluctant to embark on any plan that could be detrimental to this facility; however, we feel that with the appropriate controls there are many ways to promote the auditorium in a beneficial manner. Although not considered by many as an important area of financial benefit to the **Town**, the Auditorium was originally envisioned as just that. We strongly feel that the time has come to develop a proactive program to expand utilization of the auditorium. We recommend that the Board establish a “Friends of the Auditorium” group that would evaluate and recommend ideas to the Board for expanding the use of the auditorium on a basis that benefits the entire community.

Administrative Infrastructure

- The committee believes that the current administrative infrastructure needs to be continually reviewed in light of the current trends of declining enrollment. Currently the Elementary school is staffed with a Principal, Assistant Principal and three Unit Leaders. It should be noted that the Unit Leaders are all full time teachers and receive additional salary stipends for their roles as Unit Leaders. The Academy is staffed with a Principal, Assistant Principal and several Subject Area Leaders. As in the Elementary school, the subject Area Leaders represents full time teachers who receive additional stipend salaries for their roles as Area Subject Leaders. The committee believes this is a robust infrastructure for a declining student population and for the overall student enrollment numbers currently in place.
- The committee continues to propose the Administration perform a cost benefit analysis of the current operating cost of the Elementary Library and look to operate this function through attrition with a Para Professional.

Declining Enrollment

- The probability that Moultonborough will again become a “Donor Town” coupled with continued aging of the town population and resulting declining school enrollment present significant challenges for the Town as a whole over the next several years. This is a town wide issue, not restricted to the school district. The Committee has continued to express concern that the School Board should join with community leaders to adopt a proactive approach toward formulating long term contingency plans in the event of continued declining enrollment and changing demographics. Although the School Board has historically and currently is reviewing possible developments that could have a serious impact on how both the MCS and MA operate in the future, ***the committee feels that these plans should be more comprehensive and formalized.*** The Committee believes that the community as a whole needs to come together to formally address the issues. The committee believes that the Town should form a task force of resident taxpayers sponsored by the School, Planning and Select Boards to assist in determining the future direction of the community which would help enable the School Board to better understand the issues facing the current and potential future decline in enrollment. The Committee further believes that the School Board would benefit from having a Board Member participate in the Town’s Master Plan Implementation Committee. Superintendent Lancor has recently announced that the School District will undergo marketing campaign promoting the Moultonborough Schools with the local realtors in an attempt to attract families with school age children to Moultonborough. Superintendent Lancor has further announced the formation of a task force to evaluate alternatives and impacts to the current curriculum related to the declining enrollment trend. The Committee strongly embraces the initiatives and would strongly encourage town wide involvement in the planning process.

Teacher Certification

- As the Board confronts the downward enrollment trend, teacher staffing becomes increasingly complex and challenging. The ABC recognizes this situation and suggests that continued emphasis be placed on hiring teachers who are certified to teach several different courses. If the present trend of smaller classes for certain elective courses continue, it is incumbent on the Administration to have maximum flexibility for assigning teachers to a wider range of subjects. This approach should allow for as many courses as possible being offered without staff reductions. It is also recommended that existing teachers become certified in additional subjects. In addition, the ABC questions whether the school has thoroughly explored the possibility of using student teachers to assist or assume the duties presently performed by Para Professionals. Specifically, we suggest that efforts be made to use student teachers from schools such as Plymouth State University to assist with appropriate teaching duties.
- The ABC recognizes that the above recommendations can only be implemented within the parameters of an existing Collective Bargaining Agreement.

Budget Summary:

The proposed school budget for 10-11 represents \$13,669,996 as compared to \$13,826,135 for the prior year. This represents a year-over-year decrease of \$156,139; (1.23%).

It should be noted that this budget does not include the negotiated results of the Collective Bargaining Contract to which the committee will comment separately.

Of the \$156,139 decrease salaries and benefits account for \$66,729 and other operating expenditures \$89,410:

Total Salaries account for \$104,610; a 2.04% year-over-year increase:

- Teachers Salaries (including Para professionals) decreased 134,316 year-over-year (*lower due to staff reductions primarily at the Central School*).
- Non-Teacher Salaries decreased \$11,294 year-over-year. The decrease is primarily due to the retirement of a tenured Guidance counselor at MA offset by increased custodial hours, increased responsibilities for the MCS Assistant Principal (position now 12 months due to assumption of Data Coordinator role), and an across the board salary increase of 1.49% for all non-contractual employees.

Total Benefits account for \$78,881, a 3.20% year-over-year increase:

- The largest contributor was \$47,649 for The State Retirement funding requirements.
- The second largest contributor was \$42,106 for increases in Health Insurance.
- Other increases shown in chart below.

The decrease in general operating expenses of \$ 89,410 is attributable to decreases in fuel and utilities of \$28,000 and \$14,000 respectively. Additional decreases include a reduction in Special ED of \$44,489 and Textbooks \$30,408 (timing of new issue purchases).

Revenue;

Proposed revenue for the 2010/2011 school year represents\$ 1,182,473 versus the prior year budget of \$1,087,291. The increase in revenue year –over- year represents the transfer of \$100,000 from the Self Insured Health fund to partially offset the current year increase in health insurance costs.

The major comparative components of the budget are indicated below:

Salaries:	<u>09-10</u>	<u>10-11</u>	<u>Variance</u>	<u>%</u>
Teachers *	\$3,774,382	\$3,675,785	\$98,597	2.61
SPED Teachers*	840,897	817,457	23,440	2.79
Sped Para Ed.	360,514	357,482	3,032	.84
Aides Reg Ed.	178,447	169,200	9,247	5.18
12 Month Staff	736,735	756,161	-19,426	-2.64
Admin/Prof staff	853,788	812,164	41,624	4.88
All other salaries	386,512	397,416	-10,904	-2.82
Total Salaries	\$7,131,275	\$6,985,665	\$145,610	2.04
Benefits:	<u>09-10</u>	<u>10-11</u>	<u>Variance</u>	<u>%</u>
Health insurance *	\$1,289,380	\$1,331,486	\$-42,106	-3.27
FICA *	546,912	535,787	11,125	2.03
NHRS *	518,488	566,137	-47,649	-9.19
Professional Dev.*	114,610	116,205	-1,595	-1.42
Other Benefits *	139,666	138,332	1,344	.96
Total Benefits	\$2,609,056	\$2,687,937	\$-78,881	-3.02
Salaries/Benefits	\$9,740,331	\$9,673,602	\$66,729	.69
Operating Exp.:	<u>09-10</u>	<u>10-11</u>	<u>Variance</u>	<u>%</u>
Special ED. *	\$360,574	\$316,085	\$44,489	12.34
Text & workbks	128,307	97,899	30,408	23.70
Supplies	210,408	227,991	-17,583	-8.36
Technology	195,616	194,867	749	.38
Other Equipment	53,298	50,541	2,757	5.17
Athletics	83,356	91,210	-7,854	-9.42
Transportation*	410,564	413,294	-2,730	-.66
Fuel Oil	228,000	200,000	28,000	12.28
Electricity	218,600	204,600	14,000	6.40
Building Ops	326,679	325,031	1,648	.50
Food Ser/Fed Prj	693,013	693,013		.00
Debt Service	976,036	976,036		.00
All OtherExpense	201,353	205,827	-4,474	-2.22
Total Op Exp	\$4,085,804	\$3,996,394	\$89,410	2.19
Total Budget	\$13,826,135	\$13,669,996	\$156,139	1.23

(Items marked with * represent either County / State mandates or multi- year contractual agreements)

Note: Unfavorable variances are preceded by a - (negative sign)

We believe that the proposed budget for operating expense of \$13, 691,923 is a comprehensive representation of the cost to operate Moultonborough's School District for the 2010-2011 school year. However, the committee **does not support** the inclusion of the across the board pay increases to the non-contractual teaching staff. While the committee understands that the total dollars for the proposed salary increases are not material or significant to the overall budget; given the current employment situation, general overall economy and the reality that many employers are asking employees to take a reduction in pay, the ABC cannot in good conscious support across the board salary increases at this time. **We consistently recommend (Town, School & Library) that wage rates for the upcoming year should be maintained at the current level.** We hope the economy will stabilize in 2010 after which annual increases may be supported once again. We further believe that within the proposed budget there are opportunities as outlined above that should be pursued for further future cost improvement especially in the areas of employee benefits, co-curricular activity budgets and continued consolidation of non-core education functions such as building and grounds maintenance. We believe these opportunities can be accomplished without degradation to the high standard of quality education that has become a distinguishing trait of the Town of Moultonborough.

Of major concern to the Committee is the possibility that Moultonborough will again become a "Donor Town" coupled with continued aging of the town population and declining school enrollment. The Committee has continued to express concern that the School Board should join with community leaders to adopt a proactive approach toward formulating long term contingency plans in the event of continued enrollment declines and changing demographics which could have a serious impact on how both the MCS and MA operate in the future. The Committee **strongly believes** that the community as a whole needs to come together to formally addresses the issues.

The District should aggressively pursue the initiatives outlined above. We understand that some of the opportunities are influenced by contractual agreements. We anticipate that the School Board and Administration will carefully consider our recommendations.

Respectfully submitted,

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