

Concord School District
Board of Education
Budget presentation
February 13, 2019

Board members present: Nancy Kane, Tom Croteau, Barb Higgins, Jennifer Patterson, Liza Poinier, Danielle Smith, Jim Richards, Pam Wicks

Board member absent: Chuck Crush

Administrators: *Superintendent Terri Forsten, Assistant Superintendent Donna Palley, Business Administrator Jack Dunn, Director of Facilities and Planning Matt Cashman, Director of Human Resources Larry Prince*

Agenda Item 1. Call to Order

Board President Jennifer Patterson called the meeting to order at 5:30 p.m., noting that this was the first in a series of Board Work Sessions devoted to the presentation and analysis of the 2019-2020 Superintendent's proposed budget. Dates important to this discussion include the fiscal year, which is July 1 to June 30 (July 1, 2019 to June 30, 2020) and the tax assessment year, which is April 1 to March 31 (April 1, 2018 to March 31, 2019). Superintendent Forsten and Jack Dunn began the presentation by highlighting the following:

- General Fund (1110) – the annual operating budget
- Food Service Fund (1221) – the federal National School Lunch Program, required to have a zero balance or surplus at year end
- Grants and Special Funds (1222) – including state and federal grants, and private funds

He outlined the 2019-2020 budget goals in the following areas:

Regular education: keeping class sizes within policy guidelines, and developing extended learning opportunities

Curriculum, Instruction, Assessment: providing new materials for reading instruction, and purchasing new competency grading and reporting software

Student Services: adding 5 new Assistant Principals at the elementary level, and adding a special education Teacher for 3R elementary

Technology: providing one-to-one devices for all students, and replacing the telephone system

Capital purchases, debt service: maintaining 5% in the operating budget for debt service, including new proposed debt for roof replacements

Community relations: sharing success stories in the schools, and continuing work on the middle school facility plan

The demographic study is complete and offers confirmation of future enrollment trends.

- In the coming year, the Board will want to return to the conversation about the grade levels in the middle school facility. With the projected numbers, the value of a four-year (grades 5–8) or a three-year (grades 6–8) middle school can be considered.

Trauma Responsive School Communities

Donna Palley reported that through the Project Grow grant, the District is developing an increased focus on how to respond to and support students with behavioral challenges. The goals of the grant include increasing staff capacity to deliver trauma responsive care, improving a feeling of safety in the school community and decreasing discipline referrals, suspension, critical incidents and expulsions.

Ms. Palley also discussed competency education, which includes measurable standards-aligned learning competencies connected to learning progressions and varied assessments that provide students with opportunities to apply learning. Competencies include explicit, measurable, transferable learning objectives that empower students. Learning outcomes emphasize competencies that include application and transfer of knowledge, skills and understandings.

Superintendent Forsten discussed the proposed new Elementary Assistant Principal positions. These five new positions would support the five elementary schools in providing leadership, supervision and evaluation for the development and evaluation of the District’s multi-tiered systems of support and associated personnel. Their focus would be on interventions for students with special education needs.

Overview – Staff Changes

FTF	Description	Impact on Class Size or Programs	Superintendent’s Budget
1.0	Central Office SPED Admin Assistant	Assist increasing Medicaid revenue	64,518
1.0	CHS Extended Learning Opportunities (ELO) Coordinator	New position – 6 hr./per day	103,707
1.0	CHS Program Assistant Online Instruction	New position	29,204
.09	Drop Out Prevention (DOP) Coordinator	Moved balance of position to General Fund	10,982
5.0	Assistant Principals of Student Services	New positions – elementary level, replacing SPED Coordinators	778,412
-2.5	Special Education Coordinators	Elimination of Special Ed Coordinators	(-337,300)
1.0	Elementary Social Worker	New position – elementary level	92,353
.47	Pre-School	New position – BMS	40,631
.30	Pre-School Special Education	New budget position – BMS <i>(added in FY19)</i>	12,683
1.0	Director of Communications	New position – Central Office	106,529
.06	Elementary Family Literacy	Loss of one-time funding – elementary level	6,440

.18	MBS Family Literacy	Loss of one-time funding – MBS	9,356
.28	Pre-School Instructional Assistant	Increase FTE at BMS	6,188
3.95	Instructional Assistants	New positions – CMS (<i>added in FY19 using reduction in contracted services</i>)	83,864
-	Drop Out Prevention Coordinator	Reduction in number of days from 215 to 185	(15,668)
-1.0	Drop Out Prevention Asst. Coordinator	Reduction of Assistant Coordinator Position	(44,860)
1.0	Drop Out Prevention Student Services Coord.	Projected loss of grant funds	51,033
-1.0	ADS Teacher	Reduction (retirement)*	(96,884)
1.0	CHS vacancy	Vacancy	(6,423)

** Numbers include salary, health, dental, FICA, NHRS, and additional hours

* Normal budgeting reductions due to enrollments

TOTALS

FTF	Description	Impact on Class Size or Programs	Superintendent's Budget
12.83			894,765

Mr. Dunn exhibited a pie chart showing the total District budget with salaries and benefits representing 76.52%; contracted services, furniture and supplies representing 13.38%; debt service representing 7.59%; and dues, fees and transfers representing 2.52% of the total budget. Changes over the current year budget (rounded) were indicated by the following:

Salaries & Benefits: \$65,274,984

- Increase due to salary steps, increases, and new positions + \$1,183,212
- Increase in benefits (including NHRS) + \$607,654
 - Increase in healthcare + \$292,320
 - Increase in teacher NHRS + \$353,229
 - Decrease in life/disability (\$52,500)
 - Increase in dental + \$30,245
 - Decrease in Worker's Compensation* (\$124,788)

Contracted services, maintenance, supplies, equipment: \$11,413,901

- Increase in out-of-district tuition (CHS only) \$383,065
- Decrease natural gas (37,300)
- Decrease voice communications (25,817)
- Decrease in property & liability insurance (12,951)

Debt Service: \$6,471,391

- Propose new 10-year payment (*BGS & CHS Roofs*) \$642,500

Contingency, Dues, Fees and Transfers: \$2,145,871

- Transfer \$729,170 into the Facilities Stabilization Fund

Proposed FY 20 General Fund expenditures: \$85,306,147

Superintendent Forsten shared a chart showing the decline over 10 years in fall enrollment numbers, which continues to decrease at a predictable rate across the District. The results of a demographic study predict that enrollment will continue to decline in the foreseeable future.

- There are 4,422 students in the District fall 2018 enrollment
- Full-day kindergarten enrollment was higher than the prior year's kindergarten enrollment
- Elementary school enrollment increased by 35 students
- Middle school enrollment decreased by 17 students
- High school enrollment decreased by 38 students

While the District has highly inclusive programs, there are always a number of students who need to be placed out of the district, some by the courts, and some by the District depending on their particular array of needs. Superintendent Forsten shared a chart showing numbers of special education students from 2013 to 2018, and a chart demonstrating the significant increase in out-of-district placement costs.

- There are 739 special education students, ages 3–21, in the District
- 21 students are placed outside of the District
- 21 students attend and receive District special education services at charter schools
- 38 students attend Second Start (7 are special education, 31 are regular education)

The new Elementary Assistant Principal positions would supervise all Student Services personnel; manage and guide multi-tiered systems of support; focus on special education program and support development for students with serious educational disabilities

Elementary 3R program

- This program is designed to meet the needs of students who have serious social, emotional and behavioral disabilities. There is a need to add professional staff.

Expenditures – Vocational Education (Function 1300)

Vocational Education includes funds for staff and resources at the Concord Regional Technical Center (CRTC). The proposed budget is \$1,609,599, an increase of \$124,504 or 8.38%.

- 1300 Vocational Programs
- 1310 Agriculture
- 1320 Distributive Education
- 1330 Health Occupations
- 1340 Home Economics
- 1341 Occupational
- 1342 Consumer
- 1350 Industrial Arts
- 1360 Office Occupations
- 1370 Technical Education
- 1380 Trades and Industrial

1390 Other Vocational Programs

Mr. Dunn discussed salary and benefits increases, and requests for the Theater and Film program (\$1,000 for books; \$2,450 for other supplies).

Co-curricular Activities (Function 1400)

The co-curricular budget covers school-sponsored clubs, school-sponsored athletics and summer school. The proposed budget of \$1,138,823 is an increase of \$11,663 or 1.03%. the budget includes stipends for club advisors at CHS and RMS; the fund for elementary activities; salaries and benefits for the Director of PE /Sport, administrative assistant, coaches at CHS and RMS; stipends for referees, game officials; repairs and maintenance of equipment (e.g. helmets); rental increase and insurance costs for use of facilities (e.g. hockey, ski); RMS & CHS Athletic Trainer; supplies and equipment; and salary and benefits for the CHS summer school. It also includes the cost of an annual subscription to the online athletic registration program, Family ID, at \$2599 (*added in FY19*).

Drop-out prevention and adult high school (Function 1600)

Superintendent Forsten discussed the proposed budget for the Concord Regional Diploma Academy (CRDA), which provides high school students and adult learners the opportunity to work toward graduation or high school equivalency through a variety of pathways. These options include the traditional CHS (or local high school) Diploma, alternative Concord School District Adult Diploma or completing the requirements to receive a New Hampshire High School Equivalency Certificate. Students can recover course credits failed previously or participate in original courses and programs which allow them to address and demonstrate proficiency in a variety of academic and elective subject areas. The proposed budget is \$144,700, an increase of \$17,940 or 14.15%. This includes salaries and benefits for the Diploma Academy Coordinator and Student Services Coordinator; contract for high the school equivalency exam. The administration anticipates little to no grant funding for both programs. The proposed budget includes a reduction in DA Coordinator hours (a savings of \$15,668); elimination of the DA Assistant Coordinator position (a savings of \$44,860); and transfer of the Student Services Coordinator position to the general fund (a cost of \$51,033).

Support Services (Function 2200)

Mr. Dunn noted that this budget includes costs for library/media, assessment and technology programs and services, as well as funds for all course reimbursements and conference and travel. The proposed budget is \$3,560,630.28, a decrease of (\$367,176.15) or (9.35%). Changes to this budget area are meant to stabilize equipment purchases by creating a \$600,000 fund for technology purchases. \$250,000 will be transferred to the Technology Fund. A new phone system will cost the District \$350,000, and purchase of new competency-based grading software will cost the District \$45,000.

Administration (Functions 2300, 2400, 2500, 2800)

Superintendent Forsten noted that these budget accounts cover the Board, Central Office, schools, fiscal, and human resource administration. The proposed budget is \$8,022,752.35, an increase of \$1,111,610.56 or 16.08%. This includes staffing and Principals, a new Director of Communications position at a cost of \$106,529; a new Medicaid Administrative Assistant position at a cost of \$64,518 (offset using Medicaid funds) and the addition of five new Assistant Principals of Student Services at a cost of \$771,300 (offset in part by the elimination of the Special Ed Coordinators positions).

Buildings, Grounds, Construction, Principal and Interest (Functions 2600, 4600, 5100)

Mr. Dunn noted that this portion of the budget covers buildings and grounds, construction, and principal and interest on debt. The proposed budget is \$12,565,118.70, an increase of \$587,471.70 or 4.90%. This includes Director, maintenance and custodial staff salaries; maintenance contracts; life/safety/security contracts; summer projects; utilities; general supplies; equipment and debt service. This budget has a decrease in professional services of \$61,212; a decrease in disposal services of \$6,000; a decrease in water/sewer costs of \$5,800; and increase in natural gas costs of \$10,300; an increase in electricity costs of \$14,400; a decrease in oil costs of \$20,000; an increase in replacement vehicles of \$9,000; and an increase in debt service principal and interest of \$642,500.

Mr. Dunn noted that, since 2005, the Board has tried to maintain a level capital debt service of 5% of its General Fund Operating Budget in order to avoid spikes in the tax rate. The proposed budget includes a decrease in interest on older debt of \$109,951. The administration proposed new 10-year debt for roof replacement at CHS & BGS for a cost of \$642,500. (The proposal assumes that new debt is part of the 5%.)

Transportation (Function 2700)

Mr. Dunn noted that the District manages its own school bus system. The proposed budget is \$3,464,948, an increase of \$89,415, including salaries and benefits for the Transportation Director, Dispatch/Trainer, Field Trip Supervisor, Transportation Clerk, and overtime costs. Also included are bus driver, monitor, crossing guard and mechanic salaries and benefits; contracts for out-of-district transportation; transportation for homeless students; the costs of repair, maintenance, and fuel (diesel and gasoline) for District vehicles; co-curricular / charter / PTO bus trips; after-school transportation; summer transportation for the City of Concord Recreation department; transportation for the 21C program (offset by revenue from the "21st century" grant and charter services; and general supplies. A decrease in capital leases for buses of \$96,416 is shown, as well as the purchase of (1) replacement mini-van at a cost of \$10,000 and initial cameras in all buses (cost offset by the "premium holiday") and an upgraded radio repeater at \$162,500.

Benefits (2900)

Mr. Dunn discussed the portion of the budget that covers severance payments, as well as benefits for retirees and employee benefits (other than medical/dental). The proposed budget is \$1,577,590, a decrease of \$297,460. The budget indicates a decrease in severance payments of \$84,012; an increase in CEA veterans' salary scale costs of \$4,000; a decrease

in health insurance costs for retirees under 65 of \$25,000, a decrease in dental insurance costs of \$70,141; a decrease in life and disability insurance costs of \$52,500; a decrease in FICA costs of \$9,561; a decrease in Worker's Compensation costs of \$124,788 (one-time "premium holiday" of \$144,272); and an increase in the CBA insurance fund of \$1,000.

New Hampshire Retirement System (NHRS)

Mr. Dunn noted that the teacher rate is 17.80%, an increase of .44% from 17.36% to 17.80% in FY20. This rate increased from 15.67% to 17.36% in FY18. He noted that the non-teacher rate is 11.17%, a decrease of .21% from 11.38% to 11.17% in FY20. This rate increased from 11.08% to 11.38% in FY18. The impact on the budget of the teacher rate increase will result in an additional \$143,806, while the decrease in the non-teacher rate will result in a savings of \$17,239.

Mr. Dunn explained that employee rates increased from 5% to 7% in 2012. NHRS sets employer contribution rates every two years, based on a biennial actuarial valuation. This is a model of expected liabilities based on reasonable actuarial assumptions, including the rates of investment return and payroll growth, eligibility for the various classes of benefits, and the projected life expectancies of members and retirees. The next rate setting will affect the FY22 budget.

Mr. Dunn took some time to describe the transfer of funds into reserve accounts. The proposed budget is \$1,634,775, a decrease of \$738,848 overall. This includes the transfer of \$729,170 into the Facilities and Renovation Trust Fund, which maintains the Board's goal of keeping 5% of the District General Budget for debt service; the transfer of up to \$362,801 into the Special Education Fund; the transfer of up to \$85,000 into the School Building Maintenance Fund (this is raised from the Deerfield Capital Fee, and will have no tax impact); the transfer of \$157,804 into the Vocational Center Capital Reserve (raised from charging sending districts, with no impact on the tax rate); the transfer of \$250,000 into the Innovation Technology Expendable Trust Fund (used to create an annual \$600,000 stabilization fund to pay for staff and student devices. The amount may not include infrastructure purchases: servers, access points, etc.); the transfer of up to \$50,000 into the Food Service Fund.

Pam Wicks asked how much money has been saved through the establishment of a copy center at the high school and a full-time staff person. Mr. Dunn noted that prior to that move, the District had 48 copiers with an annual lease cost of \$287,000. The new total lease cost, including 33 units, is \$234,000. He said it is difficult to quantify the savings through the copy center and noted that there is more printing in the District than previously, but it costs less. Savings on the printing of textbooks is over \$100,000.

Barb Higgins asked for an explanation of why the budget continues to go up when there are fewer students. Mr. Dunn noted the increase in salaries, cost of new positions, and the fact that the declining number of students is spread across the District and in all grades. Nancy Kane noted that special education needs are more comprehensive and expensive. Mr. Dunn noted that grants have leveled off, and cost downshifting from the state and

federal government has cost local taxpayers more. Mr. Croteau noted that over the last 10 years the District has added more and more services for students (more counseling, guidance, drop-out prevention, etc.). While these are positive actions for students, they do cost significantly more.

Revenues

Mr. Dunn exhibited a pie chart showing all sources of revenue to the District, before taxes. The District's revenue is comprised of state funds (64%); local funds (19%); federal funds (8%); fund balances (7%); and transfers/others (2%). He discussed each revenue source in detail, and compared revenues from FY2019 to estimated FY2020, comparing and explaining the changes.

Mr. Dunn discussed the contribution of local and state taxes on the District budget. He showed a detailed chart measuring assessed real estate valuation and the tax rate distribution from 1996 to 2018. Estimated tax impacts are always based on a sample home assessed at \$250,000.

Other considerations and unknowns

The Board is preparing for or engaged in negotiations with four collective bargaining groups (CAA, Custodians, Transportation, Tutors) and unaffiliated staff. The percentage and amount of catastrophic aid reimbursed by the state for special education costs for the upcoming year is unknown. State adequacy aid for full-day kindergarteners is unknown. Currently, the District receives \$3,636.08 for full-time students and \$2,918.04 full-day kindergarteners. The cost of capital improvements (at RMS and other facilities) is undetermined. Declining enrollment (predicted to be somewhat steady at 1% annually), will have an impact on revenue. The City's budget and anticipated commercial and residential real growth will have an impact on the District budget.

In state legislation, HB 357, relative to non-lapsing of the public school infrastructure fund (an allotment of state money that has supported school districts in the last year by funding security and safety upgrades), will positively impact the District budget. HB 175, relative to the requirements for school building aid grants, will provide a clearer pathway for the submission of requests for school building aid and a requirement of guidelines to be received by the requesting district. HB 176-FN-A, relative to grants for school building aid and making an appropriation therefore, would require the state to fully fund school building aid at no less than \$50 million. This bill would offer relief to many districts in addressing old and outdated school infrastructure. There are currently four bills before the House relative to state adequacy funding: HB 678-FN, relative to state funding of the cost of an opportunity for an adequate education for all NH students; HB 709-FN-A-LOCAL, relative to the funding formula for determining funding for an adequate education; HB 711-FN-Local, relative to funding an adequate education; and HB 713-FN-Local, relative to education funding. In addition to these, two pending bills would also affect the District's budget. SB 303-FN addresses state aid related to special education funding: it would delete the requirement that state aid for special education be prorated if

the amount appropriated is insufficient; require the NHDOE to distribute 100% of a district's entitlement for special education aid beginning in 2021; and clarify reimbursement procedures for school districts or SAUs enrolled as Medicaid providers. HB184 would move full-day kindergarten to equal status with all other students in the "average daily membership" count and remove Keno as its sole funding source. On the federal level, Medicaid funding, grant funding, After School Program Funding and infrastructure funding could significantly impact the District budget.

Public Comment

There was no public comment.

Mr. Dunn noted that the presentation would be posted on the District website. He noted that the entire, detailed budget was also posted on the website. Ms. Patterson encouraged Board members to examine the full budget and be prepared to bring questions to upcoming work sessions.

Adjournment

The Board voted 8-0 to adjourn (motioned by Ms. Higgins, seconded by Ms. Kane).

The Board adjourned at 8:15 p.m.

Respectfully submitted,

Jim Richards, *Secretary*
Linden Jackett, *Recorder*