

Questions received from Carol Watjust, Chair of the Budget Committee

December 17, 2018

Questions from Ms. Watjus are in blue and are verbatim.

1-Joe said he spoke with Marjorie, and she said that she uses a 2 year assessment to come up with the budget. Is this correct?

*Chairman Saulnier indicated that at the meeting on December he referred to 3 or 5 year averages.*

When we prepare the proposed budget, we go through each line and figure out how much we need in each line. There is no “2 year assessment” that we use. We may do that on individual lines, based on averages over the past 3 years or based on CPI (Consumer Price Index) which is common with the food service. The majority of the budget is based on salary and benefits and we use those based on 1) what step and track teachers are expected to be at next year 2) where the support staff is expected to be based on their current wages 3) what their benefits are currently with the rate increase or decrease that was given to us by both Health Insurance companies 4) New Hampshire Retirement Rates.

2-He also said the only other thing we may see go up is special education, and it is what the School thinks it will go up. Is this correct?

*Chairman Saulnier indicated that at the meeting he said that we get estimated increases for out of district special education tuitions and that they do not set the rates until after we start to meet for the budget. He also stated that we get estimated increases from our insurances.*

Please refer back to the budget presentation slideshow (page 3), which indicates where all of the **objects** increase for the year. Again, the majority of the increases are due to salaries & benefits. Another slide (4) indicates where the most adjustments were made – increases and decreases.

3-Also could you please clarify, if you are not using the 3% cushion across the board, as many schools do, are you applying a fixed or variable cushion only to certain line items or categories that are hard to estimate? If so, can you

give us a list of each of those lines, with what the percentage is that was used for the budget?

I don't know if I would refer to them as a "cushion", that would make it seem like we are "padding" the budget, which we are not. We are trying to budget the best that we can with the information that we have at hand and using prior years as indicators.

- 12322033 / 500111 - Wage Pool - increased this by 3% over the actual contracts that are in place. This is for all employees that are not in the Teacher Union or the Support Staff Union.
- 11100000 / 500250 DW Unemployment: 3% Increase over 18-19 Budget
- 11100000 / 500260 DW Workers Compensation: 3% over 18-19 Actual
- 11280019 / 500323 DW Sped Contracted Services: There was only one contractor in this line that we based it on the current contract plus 3%
- 1231703 / 500330 Audit Services: 3% increase over the 17-18 actuals
- 12600032 / 500520 Property & Liability Ins: 3.5% increase over 18-19 actuals
- 11300317 / 500561 HS Vocational Tuition: 5% over FY17-18 actuals – however it also falls in line with a 3 year average
- 12320033 / 500622, 12600132 / 500622, 12600232 / 500622, 12600332 / 500622, 13300031 / 500622, 13300032 / 500622 – these are all of the Electricity Lines – these were based on 5% Increase off of a 2 year average
- 2131201 / 500431, 2131202 / 500431, 2131203 / 500431 – Food Service Contracts – these lines have only a couple of vendors in each one that have a 3% increase
- 2131900 / 500610, 2131901 / 500610, 2131902 / 500610, 2131903 / 500610 – these are all food service food products. These have a 1.4% CPI (Consumer Price Index) over our current prices.
- 2131901 / 500631, 2131903 / 500631 – these are vending products in the food service. These have a 1.4% CPI (Consumer Price Index) over our current prices.

#### 4-If you have no cushion, what causes the continual surplus in the School Budget?

As stated at the previous 2 meetings and with the history that I sent a couple of weeks ago: for FY18 there was not much a surplus that was given back to the town due to tighter budgeting and special education costs that were out of our control. It has been said that the School is giving back too much over the past few years; the most common factor that contributed to past surpluses is staff openings/turnover. The concerns about high surpluses have been heard by the District. We are also aware that many people are very upset because their taxes increased this year because not much money was returned to the Town this past year – which puts us between a rock and a hard place.

#### 5-How do you protect yourself if you have a shortfall?

It's a budget – we are not allowed to go over our bottom line budget. We have a capital reserve fund for special education. That has never been used, but in case of emergency (very significant unanticipated expenses) we could access it. Also, if it came down to it and the budget was going to be overspent, there is also a “Special Meeting” that the School would have to have at the Town level. However, this is why we monitor our financials very closely and regularly throughout the year; to prevent that from being necessary.