

Moultonborough
2014-2015 School Budget
Recommendations and Comments



Advisory Budget Committee

Tuesday, January 14, 2014

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

The ABC has completed its' review of the 2014-2015 proposed School Budget. The community demographics continue to provide challenges to the District as student enrollment continues to experience decline (134 students in the past six years, 19.6%). This has been a challenging year for the Board, Superintendent, Business Manager, Principals and Senior Administration as they continue the process of addressing the issue of balancing declining enrollment with adequate and appropriate education for all students. It is not easy to simultaneously work to improve while responding to reductions. This Committee commends all those involved in the current and future restructuring of the educational system for their professionalism, seriousness and sensitivity demonstrated to date.

The following report represents the independent opinions and suggestions of the majority of the Advisory Budget Committee Members. We note that selected opinions expressed in this report do not carry 100 % Committee support. Opinions and suggestions offered by the ABC represent our best efforts to maximize efficiencies, spending power and to consolidate redundancies between various elements of Town-wide Administration (School, Library, and Town). None of our suggestions or opinions should be viewed as a negative reflection of the dedicated work done by the School Board Members, Superintendent or School Administrative Staff and Teachers.

Budget Summary:

The proposed School Operating Budget for 2014-2015 represents \$14,145,356 as compared to \$13,996,855 for the prior year 2013-2014. This represents an increase of \$148,501; a 1.06 % year-over-year increase. The increase is attributable to \$192,343 of additional cost to cover the tuition of an "Out of District Placement" for a special needs student. We further note that excluding the additional cost for tuition related to the "Out of District Placement" the 2014-2015 budget would have reflected a \$42,842 year-over-year decline. Additional increases include \$81,425 in salary increases representing a 1.8% increase per a previously negotiated contract, \$35,648 (1.8%) in salary increases for non-union staff, \$15,000 for additional maintenance projects, \$44,434 for increased Special Education Assistants and Para Professional salaries, \$16,416 in transportation and \$9,786 for miscellaneous general expenditures. Offsetting the increases are cost savings of \$207,053 associated with a reduction in staff resulting from 2.5 retirements (1 elementary, 1 middle level and .5 guidance), elimination of a .2 Occupational Therapist position, .1 instrumental Music teacher at MCS and 2 Educational Assistants. Further reductions include \$12,744 of general supplies and \$26,754 for Special Education Contracted Services. The cost savings resulting from the reduction in force are directly attributable to the continued decline in student enrollment. The following represent our collective observations and comments.

OBSERVATIONS & COMMENTS:

Salaries: The proposed budget 2014-2015 includes the impact of the salary increases from the three year collective bargaining agreement negotiated in 2012. Teachers' combined salaries and wage based employee benefits for the 2014-2015 Budget were increased on average by 1.8%. Administrative and non-contractual salaries increased an average of 1.8% plus the added cost of associated wage based employee benefits. In addition, the District performed an analysis of current Special Educational Assistant and Paraprofessional salaries. The respective salaries for these positions were adjusted accordingly.

Health Benefits: The latest Collective bargaining contract signed in 2012, for the first time, provided language that would allow either(Union or School District) or both parties to work together to examine options to current health insurance plans with the goal of identifying options that offer equal or better coverage at a savings to both the District and the employee. The increasing cost of health related benefits continues to be a nationwide concern. Given the current political climate and uncertainty over the future cost of health insurance premiums and related employer Cadillac Tax due to provisions contained in the Affordable Care Act the ABC requests that the District undergo competitive analysis (contractual and non-contractual positions) of its current “Benefits” package (specifically health care options) specifically focusing on employee/employer benefit contribution rates and initiate alternatives for reducing the overall cost of health benefits while continuing to provide competitive coverage to its employees. Please keep in focus, many in the taxpaying public, have lost or will lose their employer based Health Plan Coverage’s during the current year and are facing increased out of pocket costs in the form of significantly higher deductibles and premiums.

Course curriculum: Moultonborough’s economically diverse population and high property tax base affords us a unique opportunity to provide, for all our children, a level of education that most other communities of similar size in the State find cost prohibitive. The Town will again vote to spend approximately \$14,000,000 to educate our children during the 2014-2015 school-year. With the resources available to this Town, our parents and children should expect and receive a world class education.

The ABC commends and supports the efforts undertaken by the Moultonborough Central School over the past two years to realign their schedule with major emphasis on “Core Curriculum”. “Core Curriculum” at the elementary level is the foundation that all future higher learning is based on.

District Administration reports that early self-assessment of the investment in Moultonborough Central School’s new math curriculum “Math in Focus” appears to be making a positive payback for the students. Test scores for Middle School math continue to be a challenge. During the budget meeting with the Instructional Committee a suggestion was made by District Administration to expand the ‘Math in Focus’ to grades seven and eight. The meeting concluded with a decision to form a committee to evaluate alternative math programs at the Middle Level. ABC believes strongly in math education and strongly supports all efforts and related cost to improve and upgrade the Middle level program and to do so in an expedient manner.

A good measure of return on the Towns annual education investment is how well each graduating student is prepared for either a clear path to continued higher education or skills to immediately enter the work force. With a limited and declining enrollment it becomes a challenge to provide an adequate depth of educational opportunities that will prepare all students to either productively enter the workforce or seek higher education.

The committee supports the current efforts underway at the Academy to alternate some courses biannually, consolidate classes where feasible and begin to add a Technology Education based offering. We continue to be concerned that the current course offerings at the Academy do not provide the most effective use of the \$14,000,000 voted by the taxpayers for education. To be competitive in today’s economy one needs a solid foundation in Math, Science and Technology or be highly skilled in a Vocational Trade.

The Committee notes that the Region 9 Lakes Region Technology Center in Wolfeboro offers vocational education courses to MA students in the following subject areas: Administrative Business and Office Systems, Agricultural Science I and II, Automotive Science I and II, Auto Collision repair, Child Care I and II, Construction Trades I and II, Culinary arts I and II, Health Science and Technology I and II, Computer Network systems I and II, Marketing Education I and II, Hospitality Education I and II, Multimedia Communications I and II. The ABC met with the Director and toured the Wolfeboro program recently. The program is designed to have all students upon graduation either enrolled in higher education or immediately ready to enter the skilled workforce. It is our opinion that this is a world class program. These programs while made available to MA students are not widely attended. We believe that all non - college bound students should be strongly counseled to avail themselves of maximum participation in these vocational offerings. We understand that Moultonborough is limited by formula to the number of students that can participate, however this program is currently underutilized. We are encouraged

to learn that there is a new effort underway at the Academy to more fully explain the value of this program to all MA students and parents. We strongly support this effort. We are disappointed that these programs are not more widely attended. We believe every student not bound for higher education and others with a particular interest in a specific vocational skill should be fully engaged in this program.

We have reviewed the current Academy course offerings in detail and identified the following non-core educational courses that we believe could be replaced with academic courses in the disciplines of Math, Science, English, History and Technology. The courses in question are: Ceramics, Movements in Art & Literature, Drama, Music Technology and Music Theory, Video, Photography, Design and Digital Imaging. Many of these existing non-core courses could be offered as afterschool co-curricular activities. We believe that by selectively eliminating these courses the Administration could use the existing resources to offer more Math, Science and Technology courses. Students presently enrolled in the non-core educational courses would have the option to either take the newly offered Math, Science and Technology offerings or take further advantage of the Vocational opportunities in Wolfeboro.

Staffing levels: As mentioned above the Board and Administration have undertaken a significant effort to address the issue of balancing declining enrollment with adequate and appropriate education for all students. While enrollments continue to decline, teacher staffing will continue to become increasingly complex and challenging. Estimating when the decline will level off (the projected future “normal”) is critical to the long term success of the decisions currently being made.

We encourage continuation of the current approach to evaluate alternatives. We support the efforts currently underway to alternate courses between years, combine classes, and seriously evaluate “Distance Learning” with our neighbors at Interlakes and Kingswood. Distance Learning has been effective at the college and university level for 15 + years. We further note that “Distance Learning” does not have to be restricted to our neighboring towns. In many cases “Distance Learning” would provide the students with the opportunity to interact with a large and intellectually diverse student body. This atmosphere will be aligned with the college experience many will encounter post high school graduation.

The ABC continues to suggest that 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 would allow as many courses as possible being offered with minimal staff reductions. It is also recommended that existing teachers continue to become certified in additional subjects. All future academic hires at MA should be certified in a minimum of two subjects. The committee notes that some of the Advanced Placement (AP) courses are offered with minimal enrollments. These same courses are offered without the A/P accreditation to a wider audience. One opportunity might be to explore whether the two courses could be combined into one class with different expectations and curriculum requirements for each group. This would allow the Administration the opportunity to offer additional courses utilizing existing staff.

Technology: Since 2007 the District has embarked on a program to update the technology in Classrooms (program listed in the technology budget detail as “21st Century Classrooms”). In our reports of 2011-2012 and 2012-2013, 2014-2014 we addressed the subject of Technology in detail. The Committee is encouraged to see that the “Pilot i Pad” program commenced in 2012-2013 for grades three and seven has been and will continue to be expanded this year. We believe the district is making adequate progress towards developing and implementing the concept of the 21st Century Classroom. The Committee continues to believe the Administration needs to define to the taxpayer on an annual basis and over the long term, the process the school will utilize to measure growth and value to the overall education of the student population as a return for the town funding the program.

Technology Education: While this Committee supports the concept of the 21st Century Classroom we believe emphasis needs to be placed on 21st Century Technology Education. 21st Century Classrooms are a component in a well-defined Technology Education program; not the end product.

We continue to strongly believe that the district needs to turn its focus to Technology Education. We are encouraged and supportive of the new program offering titled "**Real World Design Challenge**". We feel strongly that this is a great opportunity to integrate problem solving skills with technology. We encourage participation in this program and strongly support the Administration in developing additional similar opportunities.

The Committee suggests the Administration convene a Technology Committee for the purpose of exploring technology education. Based upon conversations with the superintendent, we believe that the current administration understands these concerns. The Administration and ABC are in agreement that the new committee may require a separate and distinct skill set from the Technology Committee charged with the 21st Century Classrooms. A successful technology education program will require continued support and close coordination with the existing Technology Committee overseeing the implementation of the 21st Century Classrooms.

Reserves: The District maintains a Special Reserve Fund for Building and Grounds projects. The balance in this fund as of June 30, 2013 represented \$ 432,903. The ABC believes the balance in this fund to be adequate to cover ongoing needs.

In addition, the District maintains a Health Self Insurance Fund. The District purchases a high deductible health insurance policy, and self-insures a portion of the deductible. The balance in this fund at June 30, 2013 was \$ 514,297. Over the past few years the District has been encouraging employees to migrate from the traditional Blue Cross Comp 1000 partially self-insured Health Plan to less costly options currently being offered. Currently this reserve is being utilized to offset a portion of the District's rising health costs. This Reserve will utilize \$34,000 to cover increased premium costs in the current year and \$86,000 of the increased premium costs in the proposed 2014-2015 budget. While the ABC believes this is an appropriate and effective use of "excess dollars" that may reside in this fund, we caution that each year the District continues to fund health insurance premium increases through this fund, the amounts needed to subsidize the annual increases become cumulative. At some point there will not be sufficient dollars in the reserve fund to cover this cumulative increase. At that point the District will be looking to absorb this cost in the general operating budget. The committee does not want the taxpayer to lose sight of the potential future budget impact of this practice.

The District maintains a reserve for unanticipated Special Education Costs. As the School District is on a June 30 fiscal year end the budgets are actually prepared 18 months in advance of current spending. It is difficult for the Administration to anticipate the specialized education needs and potential special education enrollment that far in advance. At June 30, 2013 the balance in this reserve was \$256,765. Significant dollars from this reserve will be utilized in the current 2013-2014 year for unanticipated cost requirements related to "Out of District" placements for special needs students. This fund will need to be replenished at the close of the current tax year.

Co-curricular costs: The Committee has commented on co-curricular stipends in the past. We note that over the past few years several co-curriculum stipends have been eliminated. We appreciate the efforts taken by the Administration to review and adjust. The committee believes there is still an opportunity for reduction in the overall budget by further review. Specifically, we noted this year that a number of the prior recipient holders have retired. The related stipends that remain in the budget as placeholders carry the longevity factors of the past recipients. These need to be reduced to appropriate levels to reflect the current "change in guard". We continue to raise concern over the specific stipend for a designated Auditorium Director. Moultonborough, to date, primarily utilizes the auditorium for school activities and Town Meeting.

Conclusion:

As stated above, the budget for 2014-2015 as presented by the District reflects a 1.06 % increase (\$192,343) over the 2013-14 school-year primarily due to additional cost to cover the tuition of an "Out of District Placement" for a special needs student. The ABC would like to draw attention to the effort undertaken this year by the School Board, Superintendent, Business Manager, Principals and Senior Administration to address the issue of balancing declining enrollment with adequate and appropriate education for all students. The ABC commends and supports all efforts taken to date and will continue to support all serious proposals for improvement going forward in response to the declining number of youth in the community. Change of this kind can be difficult. The ultimate goal is to provide the most valuable education we can to our students. In order to accomplish this goal it is imperative that the entire community work together in an open and cooperative manner to support the efforts currently undertaken to enhance the education of our children.

Respectfully submitted,

Jean Beadle, Chair - ABC

Moultonborough Budget Advisory Committee

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Kathy Garry (School Board Representative)

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