

*Moultonborough*  
*2024-2025 School Budget*

Recommendations and Comments *-Amended*

Advisory Budget Committee

January 9, 2024/*February 6, 2024*



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Moultonborough's Advisory Budget Committee (ABC), established in July 2008, is an appointed volunteer body whose mission is to provide the community and governing bodies with independent review and objective analysis of annual budgets. **At the time of this report, the School District budget has not been finalized, nor have the plans or financing for the proposed capital improvements to school buildings; this report will be updated once those decisions have been made. Amendments to report are in bold and italics.**

**Budget Summary:**

The past year continued to see cost increases and supply chain issues affect budgets for the school and the town, as well as our own household budgets. Recently inflationary pressures seem to have cooled, as reflected in the October 12 month CPI figure of 3.2%, compared to last year's rate of 8.2%. Social Security's 2024 benefit mirrors this with a 3.2% increase.

At the time of this report, the proposed School Operating Budget for 2024-2025 (version 3), stands at \$18,083,044 compared to \$17,402,067 for the prior budget year 2023-2024. The year over year increase amounts to \$678,877 or an increase of 3.89%. ***The 2024-25 School Operating budget stands at \$18,076,073, a year over year increase of \$674,006, or 3.87%.*** Fifty-three percent of the increase is attributable to salaries and benefits, while 47% is due to increases in operating expenses. In 2023, local and state education taxes represent 52% of Moultonborough's total tax rate of \$5.70 per thousand assessed value.

Costs for salaries and benefits are the biggest driver of this year's budget increase. The budget includes salary increases as part of the third year of the collective bargaining agreement. Health insurance costs have had a particularly significant impact on the proposed budget, with premiums rising by 13%, with a number of school personnel enrolling in the district's health plans who previously had coverage elsewhere. Increases in both transportation and buildings and grounds costs also add to the overall increase. One cost savings in the proposed budget is the reduction of a part-time mentor coordinator; that function has been absorbed by current staff. The Committee was also pleased to see year-over-year reductions in both the Special Education and Technology budgets.

The School District has also proposed extensive and expensive building upgrades. As this is still a work in progress, some preliminary recommendations are outlined below. ***Additional information and recommendations are found below.*** As noted above, the budget has not yet been finalized, and we do expect a version 4 in January. Revenue estimates have not yet been presented, but we need to keep in mind that approximately 1.7 million in COVID funding that was available to reduce the prior year's **tax rate** representing a one-time event will not be available going forward.

### **Observations & Comments:**

Please be aware that the recommendations made in this report are not always unanimously supported by committee members.

- Salaries and benefits comprise about 70% of the school budget. ***As we have in previous annual recommendations of this committee, this is an area*** that calls for increased scrutiny. A comprehensive review should continue to be undertaken to determine if positions can be consolidated, shared, moved from full to part time, or eliminated, especially given declining/static enrollment and decreasing class sizes. A review should be done each time a retirement or resignation is anticipated. At the same time, look at opportunities to retain valued staff by encouraging the pursuit of multiple certifications. Valued staff could also be retained by more sharing between elementary, middle, and high school levels and potentially sharing specialized classes with neighboring schools.
- Take advantage of lessons learned through hybrid and remote learning experiences and consider expanding this option as part of both regular curriculum offerings and higher level /specialty courses. Logistical challenges to sharing courses with neighboring districts might be partially overcome by offering such classes virtually. Perhaps Lakes Region schools could plan to move towards more uniform daily schedules to allow for more sharing of both in-person and on-line courses and specialized teachers between districts.
- The Committee suggests continued review of the current foreign language offerings (currently, Spanish, French and Latin). We note that participation in both French and Latin is minimal. Consideration should be given to phasing the three offerings to two.
- We understand that, like society at large, a small but persistent segment of our community struggles with food security, stable housing, substance abuse and mental health needs, which impacts a student's ability to arrive at school ready to learn. Beyond the traditional guidance counselors and school psychologist, the District has now added a social worker and a mental health clinician. Student needs have obviously changed; have we changed to meet those needs? We recommend a review of the essential job

functions of the above-mentioned positions to ensure that we are, without duplication or overlapping of our efforts.

- For those students choosing not to follow a college path, more emphasis should be placed on training available in the trades, STEM, and healthcare career paths. Every student not bound for higher education and others with a particular interest in a specific vocational skill should be offered the opportunity to be **fully** engaged in courses offered by the regional technology centers, as well as other programs that could also fulfill this need. 'Fully' engaged could include tuitioning our students so they can spend the entire school day at GWRSD, eliminating travel time. This could be balanced by a tuition swap with GWRSD students who might want to attend Moultonborough Academy.
- We understand that athletics and co-curricular activities such as music and drama are an important and positive influence on our youth. We encourage the School Board and Administration to ensure there remains an equitable balance between academics, sports and co-curricular activities, keeping in mind that the primary emphasis should always be on academics. Particular attention should be given to increasing achievement in mathematics across all grade levels.
- Although school retirees pay for their own insurance, many choose to remain on the District's health plan, and their increased use of medical services translates into increased premium costs for the whole group. **We are pleased to see that NH Municipal is now planning to move all municipal and school retirees to their own group, which should help moderate premium increases going forward.** To ease the transition for our retirees, the District might consider providing them with contact information for the state sponsored ServiceLink system. Now that the Town has moved to a fiscal year, the possibility of combining the town and school groups could also be explored, as it might yield some cost savings to both groups.
- Consider sharing non-teaching staff members like electricians, HVAC, plumbers, with neighboring schools or towns.
- Although we understand the need, we are pleased to see that the Board chose not to pursue adding an early childhood program this year. We believe the Board needs to spend more time on the details of making this a self-supporting program. We strongly believe that if this is pursued in the future, it be done in collaboration with an outside contractor.
- Continue investigating bringing tuition students in from outside the District. This could increase revenue and diversify our student population at the same time.

- Once again, final audit figures for the previous fiscal year were not available at budget time. We'd recommend that the District keep an eye on this going forward and consider searching for a new audit firm if these delays continue.
- Continue to work with Inter-Lakes on sharing regular, co-curricular, and athletic transportation as much as possible. Transportation contracts are very expensive, and an annual look at our regular transportation might prove beneficial, especially in light of the fact that parents are increasingly transporting their children to and from school.
- We're pleased to see that the schools are planning to hold an open house on Primary Day, and we hope that will continue in future years. Open houses can engage the Community with the facility and the many programs offered to our students, as well as to demonstrate the value of investing in our education system. We also suggest offering adult education and/or enrichment courses offered in collaboration with the Library and the Recreation Department as a further means of engaging the community in our schools.
- We are extremely pleased to see the beginnings of a formal, multi-year capital budget plan that is being shared with the Town's CIP committee. Although we understand the reasoning behind the Board's current desire to treat the extensive and expensive capital needs as one project funded via a master lease, we believe that a more thorough investigation of the project's scope and particularly its financing is needed. We would suggest that the Board approve a simple warrant article this year to raise and appropriate funds for boiler replacement. The Board should form a finance committee to further explore financing options. This committee could speak with representatives of the bond bank, leasing companies, and perhaps a local bank to gain further information on the pros and cons of each option. The committee might also speak with other districts regarding their experiences with those options. This could result in a more thorough, thoughtful, and considered decision, and one that clearly demonstrates due diligence to the taxpayers.
- ***Based on updated plans from the school, two charts are presented here. The first details projects proposed and costs, the second compares the financing options for bonding or lease purchase/loan. The ABC supports the need for the \$8,153,211 in upgrades; members differ on whether to use the bond or lease purchase/loan methods. The ABC believes the solar project might very well help lower energy costs, but given the extent and expense of building needs, it does not rate highly on the priority list.***

<b>Warrant Article(s)</b>	<b>Project Description</b>	<b>Phasing</b>	<b>Financing Method</b>	<b>Estimated Cost</b>
Article X	School operating budget	2024-2025 School year	Taxation	\$18,076,073
Article XI	Replacement of oil boilers with propane boilers at MA	Summer 2024	Taxation	\$1,059,882

Articles II and VI	LED lighting at MA	-Summer 2024	Bonds or lease purchase	\$8,153,211
	LED lighting at MCS	-Half in 2025, half in 2026		Estimated 2024 cost: \$371,000
	MCS: -New propane boilers	-Summer 2025		Estimated 2025 cost: \$3,831,418
	-New roof, replacement of air handling units, upgrade of controls, replacement of ceiling tiles, upgrade of fire alarm system, -Kitchen renovation	-Half in 2025, half in 2026  -Summer 2026		Estimated 2026 cost: \$3,950,793
Articles III and VII	Solar energy for MA		Bonds or lease purchase agreement	\$1,442,100
Article XII	Addition to Buildings & Grounds Trust Fund	2024-2025 School year	Unreserved fund balance	\$100,000

### ***Financing Options***

<b><i>Article</i></b>	<b><i>Description</i></b>	<b><i>Bond</i></b>	<b><i>Lease/Purchase</i></b>
Articles II & VI	Renovations and upgrades	Estimated annual impact on taxation of 15-year bond: \$203,830 in year one; \$799,363 in year 2, declining to \$548,775 in year 15. Total cost: \$10,341,218	Estimated annual impact on taxation of 15-year lease purchase: \$793,483 per year. Total cost: \$11,902,249
Articles III & VII	Solar	Estimated annual impact on taxation of 15-year bond: \$36,052 in year one; \$147,309 in year 2, declining to \$96,453 in year 15. Total cost: \$1,826,262	Estimated annual impact on taxation of 15-year lease purchase: \$140,725 per year. Total cost: \$2,110,878
Additional Information		Multiple bonds could be voted on and taken out to correspond with each year's work. Bonds can't be re-financed and cannot be paid off early. Lower interest rate.	Total lease cost could be reduced as payments are based on what has been borrowed to date. Lease can be re-financed; can be paid off early with 2% penalty remaining balance

- The District needs to remain vigilant on efforts at the State level to change both school funding and school vouchers. A return to donor town status or an expansion of the school voucher program would have a serious negative impact on school budgets going forward.

**Conclusion:**

School and municipal budgets seem to be ever increasing. As supportive as they are, at some point Moultonborough taxpayers will begin taking steps to reduce, rather than increase, the budget. Additionally, at some point we may need to look at combining resources with neighboring communities. We need to be cognizant of those possibilities and continue to work together to balance community resources with the needs of a vibrant, academically rich school system.

Respectfully submitted,  
Moultonborough Advisory Budget Committee

Kay Peranelli (Chair)  
Joe Adams (Member at Large)  
Jean Beadle (Select Board representative)  
Kathy Garry (School Board Representative)  
Linda Murray (Alternate at Large)  
Mary Phillips (Member at Large)