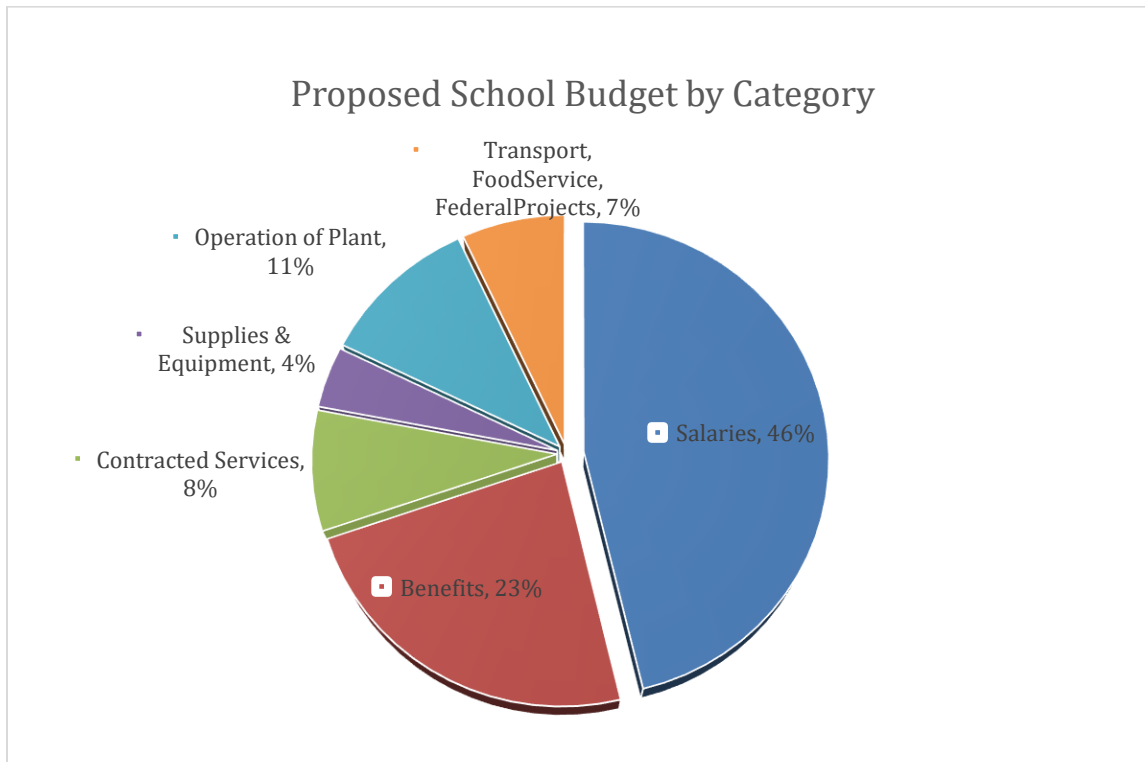


Moultonborough
2023-2024 School Budget
Recommendations and Comments
Advisory Budget Committee
February 7, 2023



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. The Committee has completed its comprehensive review of the Moultonborough School District 2023-2024 Budget. Please be aware that the views in this report are not always unanimous.

Budget Summary:



This past year has seen continued cost increases and supply chain issues affecting not only our own household budgets, but our schools and towns as well. The regional Consumer Price Index (CPI) is up by about 8.2%; Social Security will be increasing 2023 payments by 8.7%.

At the time of this report, the proposed School Operating Budget for 2023-2024 (version 3), stands at \$17,402,067 compared to \$15,894,320 for the prior budget year 2022-2023. The year over year increase amounts to \$1,507,747 or an increase of 9.49%. Sixty-five percent of the increase is attributable to salaries and benefits, while 35% is due to increases in operating expenses. In 2022, local and state education taxes represent 57% of Moultonborough’s total tax rate of \$4.78 per thousand of assessed value. Like Moultonborough’s overall tax rate, the school tax rate has declined considerably over the past ten years.

Major drivers of the increase include greatly increased costs for utilities, the second year of the Collective Bargaining Agreement, additional coaches to address supervision and safety issues, and increases in grounds and transportation contracts. Health insurance costs have had a particularly significant impact on the proposed budget. Health insurance premiums have risen 11%, plus a number of additional school personnel have enrolled in the district’s health plans. The result is a 42% increase in the cost of health insurance, from \$1.3 to \$1.9 million. One cost savings in the proposed budget is the reduction of one-half of a teaching position.

The School District has proposed establishing a new position for a full-time Mental Health Worker, noting that like many other towns, a small but persistent segment of our community struggles with food security, stable housing, substance abuse and mental health needs, which impact children’s ability to arrive at school ready to learn. COVID upended traditional school settings for two academic years, adding further stressors. Some truly eye-opening incidents have occurred in our District that point to the need to address this issue now. The Committee suggests reviewing and possibly redefining the current traditional Guidance/Social Worker model to address the increase in student needs.

Budget Increases	Proposed	Current	Variance
Salaries/Benefits	\$12,112,331	\$11,097,433	\$1,014,898
Contracted Services	\$1,426,861	\$1,400,812	\$26,049
Supplies/Equipment	\$728,086	\$708,215	\$19,871
Operation of Plant	\$1,873,985	\$1,444,656	\$429,329
Transportation/Foodservice/Federal Project	\$1,260,805	\$1,243,205	\$17,600
Total	\$17,402,067	\$15,894,320	\$1,507,747

Observations & Comments:

- In consultation with the Superintendent, the Board should carefully review staffing levels in the coming year. The level of increase in this year's proposed budget is very concerning, even if some increases are unavoidable. Salaries and benefits are responsible for about 70% of the school budget, and as such, are an area that calls for increased scrutiny. A review should determine if positions can be consolidated, shared, moved from full to part time, or eliminated, especially when a retirement or resignation is experienced. Continue looking at opportunities to retain valued staff by sharing specialized teachers and classes with neighboring schools.
- 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.
- The Committee understands that Athletics and Co-Curricular activities such as Music and Drama are an important and positive influences on our youth. We note that with the decline of Covid, this year's budget includes increased dollars and emphasis on Athletics and Co-Curricular activities. The Committee encourages the School Board and Administration to ensure there remains an equitable balance between Academics, Sports and Co-Curricular activities.
- The ABC is disappointed that final audit figures from Fiscal Year 22 were not available. We understand that a new audit firm was used this past year, and that is likely the cause for the delay. 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.
- Although school retirees pay for their own insurance, many choose to remain on the District's health plan. Generally, older enrollees have more health needs, and increased use of medical services translates into increased premium costs for the whole group. Retirees may be more comfortable remaining on school plans, but they may actually be paying more than they need to. An education session to explain other, less expensive health insurance options should be arranged for retirees. An independent third party, such as the state-sponsored ServiceLink system could be used; this could possibly be expanded to the Community at large. 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 may yield some cost savings to both groups.
- Continue investigating bringing tuition students in from outside the District. This could increase revenue and diversify our student population at the same time.

- 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.
- We encourage the schools to hold an open house to 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.
- For those students who do not wish to follow a college path, more emphasis should be placed on training available in the trades, STEM, and healthcare career paths. The Committee notes that the Region 9 Lakes Region Technology Center in Wolfeboro continues to offer vocational courses to Moultonborough Academy students. 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 this program, as well as other programs that could also fulfill this need.
- Consider sharing non-teaching staff members like electricians, HVAC, plumbers, with neighboring schools or towns.
- Prepare a formal, 5-year capital budget and update it annually. The informal plan currently used does not have sufficient information for the school or the taxpayers to anticipate what may be significant capital investment needs in the coming years. The capital budget plan should be shared with the Town's CIP committee. It should include planning for boiler replacement and investigating alternative energy options.
- Once the final audit is received, we recommend the Board consider using unrestricted fund balance at June 30 to fund some one-time expenses currently included in the regular budget. An alternative source of funds might be the Buildings & Grounds Expendable Trust.
- Continue to work with Inter-Lakes on sharing regular, co-curricular, and athletic transportation as much as possible. With increased fuel prices, the next transportation contract will likely contain a hefty increase, and any potential savings should be investigated.

- 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 could have a serious impact on school budgets going forward.

Reserves:

Reserve Funds	Balance	Purpose
Buildings & Grounds	\$395,790	Significant repairs/replacement to school infrastructure
Health Self Insurance	\$424,000	Assist with partial self-insurance and/or premiums
Special Education	\$389,790	Unanticipated major special education costs
Technology	\$49,800	Upgrades/replacement of technology hardware & software
Contingency Reserve	\$499,992	Emergency purposes under RSA 198:4-b, II

Conclusion:

School and municipal budgets seem to be ever increasing. Given current economic drivers, this is to be expected this year, but increases such as this year’s 1.5 million are not sustainable going forward. As supportive as they are, at some point Moultonborough taxpayers will begin taking steps to reduce, rather than increase, the budget. We need to be cognizant of that possibility and continue to work together to balance community resources with the needs of a vibrant, rigorous school system.

Respectfully submitted,

Moultonborough Advisory Budget committee

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