



NHSBA

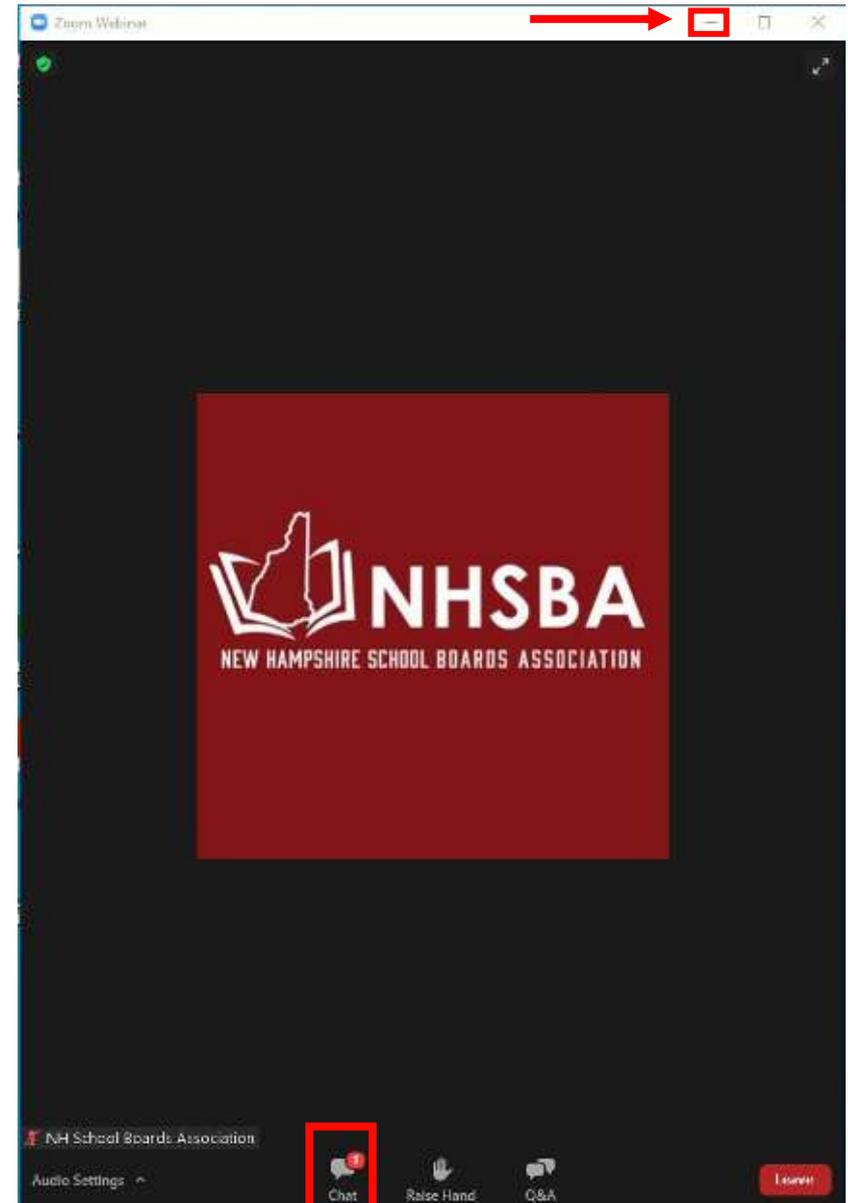
NEW HAMPSHIRE SCHOOL BOARDS ASSOCIATION

School District Budgeting

September 29, 2022

How to Participate

- To close or reopen your panel.
- To download today's presentation or any additional documents. Use this to also submit text questions.
- If time permits, we will have a brief Q&A session at the end of this presentation.



Who is Responsible for Developing the Local Budget?



Responsibility

School Board or Administration?

It is a shared responsibility between the school board and administration.

Ed 303.01(e)

Substantive Duties of School Boards

“Each school board shall...prepare an annual budget in accordance with RSA 32...”

Ed 302.01(d)

Substantive Duties of School Superintendents

“The superintendent shall...be responsible for developing and recommending to the school board or boards within the school administrative unit the annual budget for the support of the educational program and for the operation and maintenance of schools within the district or districts and the school administrative unit in accordance with school board policy.”

RSA 194-C:4,II

“Each school administrative unit or single school district shall provide the following superintendent services: (p) Annual budget, inclusive of all sources of funding.”

Municipal Budget Committees (RSA 32:14 – 32:22)

RSA 32:16, I, Duties and Authority of the Budget Committee.: In any town which has adopted the provisions of this subdivision, the budget committee shall have the following duties and responsibilities:

- To prepare the budget as provided in RSA 32:5, and if authorized under RSA 40:14-b, a default budget under RSA 40:13, IX(b) for submission to each annual or special meeting of the voters



Pertinent Budgetary Definitions (RSA 32)



a statement of recommended appropriations and anticipated revenues submitted to the legislative body by the budget committee, or the governing body if there is no budget committee...as part of the warrant...

Key Aspects

*Recommended
Spending*

*Anticipated
Revenues
(need not be
exact)*

Purpose

a goal or aim to be accomplished through the expenditure of public funds. In addition, as used in RSA 32:8 and RSA 32:10, I(e), concerning the limitation on expenditures, a line on the budget form posted with the warrant, or form submitted to the department of revenue administration, or an appropriation contained in a special warrant article, shall be considered a single "purpose."

Key Aspects

What is the goal or aim of the appropriation?

Look at the NHDRA function codes.

Policy decision initially proposed by the school board and either accepted or rejected by the voters.

Estimate of Expenditures and Revenues

All municipal officers, administrative officials and department heads, including officers of such self-sustaining departments as water, sewer, and electric departments, shall prepare statements of estimated expenditures and revenues for the ensuing fiscal year, and shall submit such statements to their respective governing bodies...

Key Aspects

*Estimated
Expenditures*

*Estimated
Revenues*



Budget Preparation

The governing body, or the budget committee if there is one, shall hold at least one public hearing on each budget, not later than 25 days before each annual or special meeting, public notice of which shall be given at least 7 days in advance, and after the conclusion of public testimony shall finalize the budget to be submitted to the legislative body. One or more supplemental public hearings may be held at any time before the annual or special meeting, subject to the 7-day notice requirement.



Important Recent Laws Impacting School District Budgets



Overview:

This bill is meant to align federal IDEA language with NH special education rules, allowing students who are eligible to receive special education services to access these services up to age 22. Current NH law requires local districts provide special education up to the student's 21st birthday. This bill does allow local districts to submit additional costs for these students to the NH department of Education for some level of reimbursement for costs incurred in the 2022-2023 school year, however, the funds must already have been expended and other funding sources depleted.

The change in this law will increase special education costs to local districts, as students who previously have or would have “aged out” by the beginning of the 2022-2023 school year, will now be eligible for additional programming and services.



Overview:

This bill adjusts the formula for calculation of compensation paid in excess of the full base rate of pay (COB) under the definition of Average Final Compensation (AFC) for Group II members hired prior to July 1, 2011, who had not attained vested status prior to January 1, 2012. The projected benefit increases associated with this bill will be pre-funded by the state and will not impact FY 24-25 employer contribution rates.



Basic Timeline To Get Started



Timeline

See NHDRA Annual Meeting Timeline documents

Summer

- Administration puts together estimates – state aid, revenues, anticipated costs, etc.

Sept/Oct

- Look back and look forward
- Review projections: enrollment, expenditures, revenues
- Enrollment funding/aid projections (November: NHDOE releases numbers)
- Collective bargaining

Oct-Dec

- Committee meetings/budget committee
- Finish collective bargaining (if possible)
- Finish other committee work – facilities, technology, etc.
- Finalize estimates – enrollment, aid programs, etc.

Jan.

- Budget hearings
- Bond hearings
- Budget committee presents budget to school board for posting
- Petitioned warrant articles

Questions for School Boards to Ask to Properly Prepare

Where did the district go over or under budget on a particular line item?
Can you explain why?

Did the Board transfer any appropriations into another line item budget during the year? If so, why?

What effect did that have on the “department” or “purpose” that ran over-budget?

What effect did that have on the “purpose” than the money was transferred from?

Were there unexpected increases or decreases in your expenses or revenues?

Were there one-time events that changed things, or has something changed that will affect future years as well?

Does the district have a strategic plan or capital improvement plan? If so, what’s on deck?



Questions for School Boards to Ask to Properly Prepare

What are your fixed costs? These are the things you can't change, or at least not easily. These may include utilities, debt, and contracts, retirement system, etc.

Separate the "needs" from the "wants." If there is a wish list for projects, new hires, raises or bonuses, include them, but be able to identify what you can live without if you are forced to make choices.

At the same time, determine what will happen if this budget is reduced or portions of it are removed. What are the real-world consequences if these new programs, equipment, improvements, or personnel are not approved? Can any of them wait a year? Why or why not?

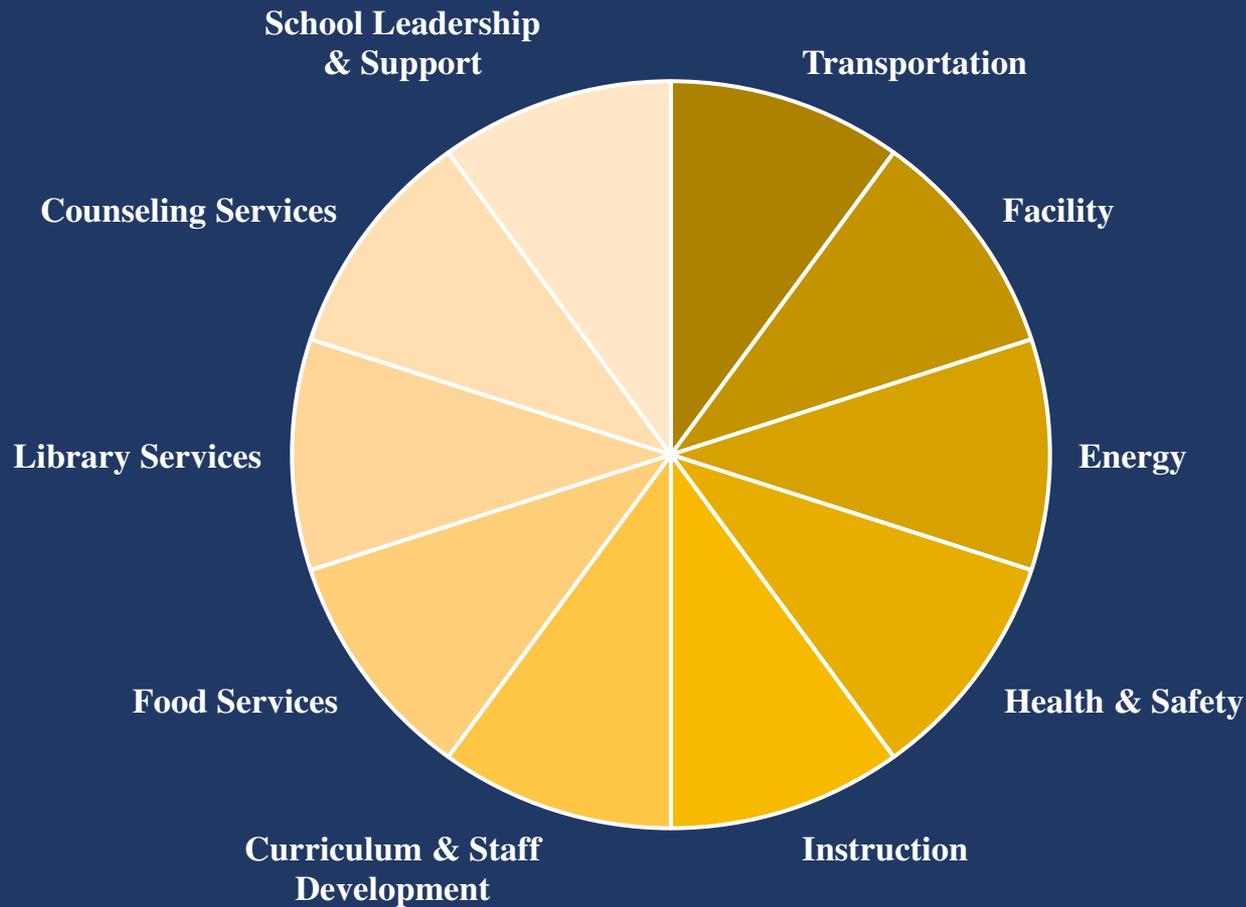
Are any of the items in your budget things voters have been requesting?

Are there any budget items the voters defeated in previous years?



What services are significant budget drivers? What are the major budget categories for school districts?

While specific budget lines and items vary district-to-district, there are broad general categories that apply to most schools.



Default Budget Considerations for SB2 Districts



Default Budget

(b) "Default budget" as used in this subdivision means the amount of the same appropriations as contained in the operating budget authorized for the previous year, reduced and increased, as the case may be, by debt service, contracts, and other obligations previously incurred or mandated by law, and reduced by one-time expenditures contained in the operating budget

and by salaries and benefits of positions that have been eliminated in the proposed budget.

For the purposes of this paragraph, one-time expenditures shall be appropriations not likely to recur in the succeeding budget, **and eliminated positions shall not include vacant positions under recruitment or positions redefined in the proposed operating budget, as determined by the governing body,** unless the provisions of RSA 40:14-b are adopted, of the local political subdivision. In calculating the default budget amount, the governing body shall follow the statutory formula which may result in a higher or lower amount than the proposed operating budget.

Salaries & benefits of positions that have been eliminated in the proposed budget.



Benefits is not defined.



Positions eliminated is a more tricky situation.



Eliminated positions does not mean vacant positions.



Does eliminated positions mean that specific provision? Or can it relate to the total number of employees within the district?

How does “eliminated positions” interplay with “obligations...mandated by law”?

- Special Education one-on-one paraprofessional position is eliminated because the student graduated, moved out of district, etc. However, in October, two new special education students move into the district, each requiring by law (via the Special Education process) a one-on-one paraprofessional.

NHSBA would argue that these positions are “obligations...mandated by law”.

- Conversely, if your Assistant Principal retires, and a decision has been made that the position would not be filled – the amount of money in last year’s operating budget that represents the salary, benefits, and costs associated with that position arguably would not be included in the upcoming year’s default budget.

However, if the district intended to fill the Assistant Principal position, but it was just vacant while a search was conducted, the amount of money associated with that position would be included in the default budget.

Positions Mandated by Law

Look at “adequate education” standards found in RSA 193-E and Ed 306.

Certain number of guidance counselors per a certain number of students.

Required course offerings.

Class size requirements.

Special education.

Others?

Barrett M. Christina, *Executive Director*
bchristina@nhsba.org

Will Phillips, *Director of Policy Services & Staff Attorney*
wphillips@nhsba.org

Becky Wilson, *Director of Governmental Relations*
bwilson@nhsba.org

NHSBA
25 Triangle Park Drive, Suite 101
Concord, NH 03301
(603) 228-2061

