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SCHOOL DISTRICT BUDGETING TABLE OF CONTENTS

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Basics of School District Budgeting – September 21, 2021

I. Who is responsible for developing the local budget?

1. 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.”
2. Municipal Budget Committees (RSA 32:14- RSA 32:22)
 - a. 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:
 - I. 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

II. Pertinent Budgetary Definitions (RSA 32)

1. RSA 32:3, III. "Budget" means 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 aspect: *recommended* spending.
 - Key aspect: *anticipated* revenues – need not be exact.

2. RSA 32:5, V. "Purpose" means 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 aspect: 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.

3. RSA 32:4 – 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 and *estimated* revenues.

4. 32:5 – Budget Preparation.
 - I. 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.

III. Important New Laws for Districts with a Municipal Budget Committee:

HB 243, Relative to the Form of Municipal Budgets, Relative to Municipal Estimates of Expenditures and Revenues, and Relative to the Requirement that Certain Governing Bodies Submit Recommendations to the Budget Committee

This bill requires:

- (1) governing bodies to publish statements of estimated expenditures and revenues for the next fiscal year in sub-account detail; and
- (2) Governing bodies to submit to the budget committee information necessary for the preparation of the annual budget in whatever detail the budget committee requires.

If a town or district uses sub-accounts to budget or track financial data it shall make that data available for public inspection at the public hearing.

Further, the information provided to the budget committee as required by this chapter shall be in a format acceptable to the budget committee. This requirement may be satisfied by the municipality by providing the assistance of a knowledgeable staff person who will attend the budget committee meetings with access to and the ability to provide the required information.

The governing body shall incorporate any sub-accounts created by the budget committee into the software used to budget or track financial data.

NHSBA Recommendations:

- Meet early on with the budget committee to get a sense of its expectations.
- Ask to develop “ground rules” for communications between the budget committee and the school board/district staff:
 1. One liaison from the budget committee to be the point of contact with the district.
 2. Requests for documents are made in advance to give school district staff adequate time to gather documents/information.
 3. Requests are made only by the budget committee liaison.
 4. Schedule meetings well in advance if the budget committee is going to request district staff be present.

III. Basic Timeline to Get Started:

(1) See NHDRA Annual Meeting Timeline documents

(2) Summer: Administration puts together estimates – state aid, revenues, anticipated costs, etc.

(3) September/October:

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

(4) October-December:

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

(5) January

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

IV. Questions for School Boards to Ask to Properly Prepare:

- (1) Where did the district go over or under budget on a particular line item? Can you explain why?
- (2) Did the Board transfer any appropriations into another line item budget during the year? If so, why?
- (3) 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?
- (4) Were there unexpected increases or decreases in your expenses or revenues?
- (5) Were there one-time events that changed things, or has something changed that will affect future years as well?
- (6) Does the district have a strategic plan or capital improvement plan? If so, what’s on deck?
- (7) 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.
- (8) 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.
- (9) 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?
- (10) Are any of the items in your budget things voters have been requesting? Are there budget items the voters have defeated in previous years?

(11) 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.

- Transportation – buses and drivers to transport students; special education.
- Facilities
- Energy – lighting, heat, air conditioning, HVAC.
- Health and Safety – health services: nurse, PPE, thermometers, sanitizer, etc.; security measures: facilities, locks, cameras, technology.
- Instruction – qualified teachers; instructional aides; traditional supplies; technology; curricular materials.
- Curriculum and Staff Development – training and instructional support to ensure teachers are able to provide students with necessary knowledge and skills.
- Food Services
- Library Services
- Counseling Services – academic, college prep, social-emotional consideration, family supports.
- School Leadership and Support

V. Default Budget Considerations for SB2 Districts

RSA 40:13, IX(b):

(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.

NHSBA Comment:

1. Salaries and benefits of positions that have been eliminated in the proposed budget.
 - a. Benefits is not defined.
 - b. Positions eliminated is a more tricky situation.
 - c. Eliminated positions does not mean vacant positions.
 - d. Does eliminated positions mean that specific provision? Or can it relate to the total number of employees within the district?

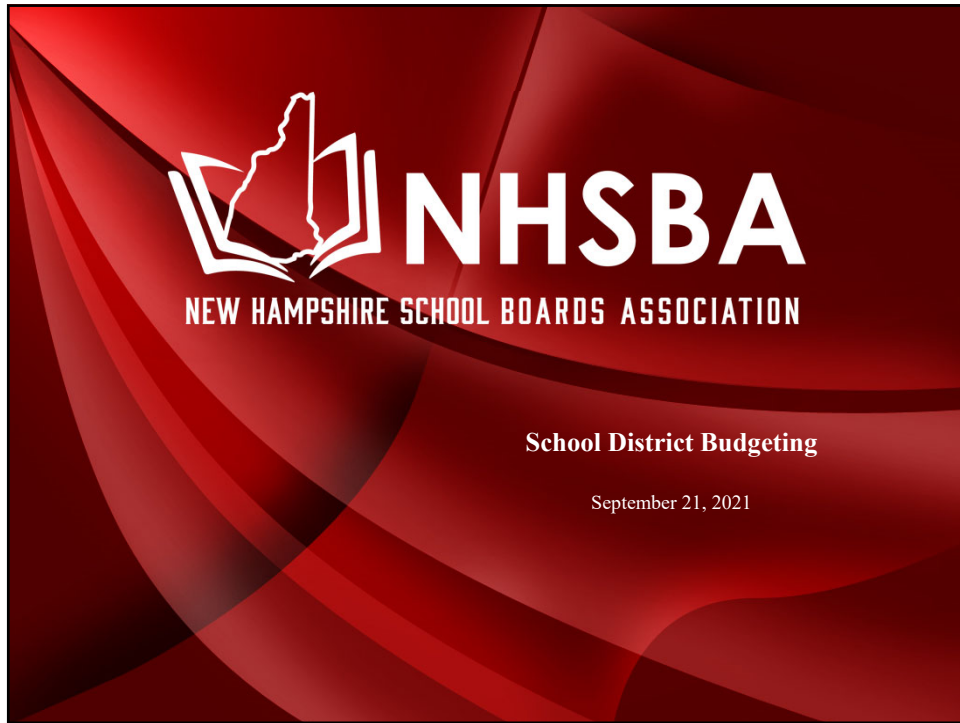
2. How does “eliminated positions” interplay with “obligations...mandated by law”?
 - a. Special Education one-on-one paraprofessional position is eliminated because the student graduated, moved out of district, etc. However, in October, two new special education students move into the district, each requiring by law (via the Special Education process) a one-on-one paraprofessional.

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

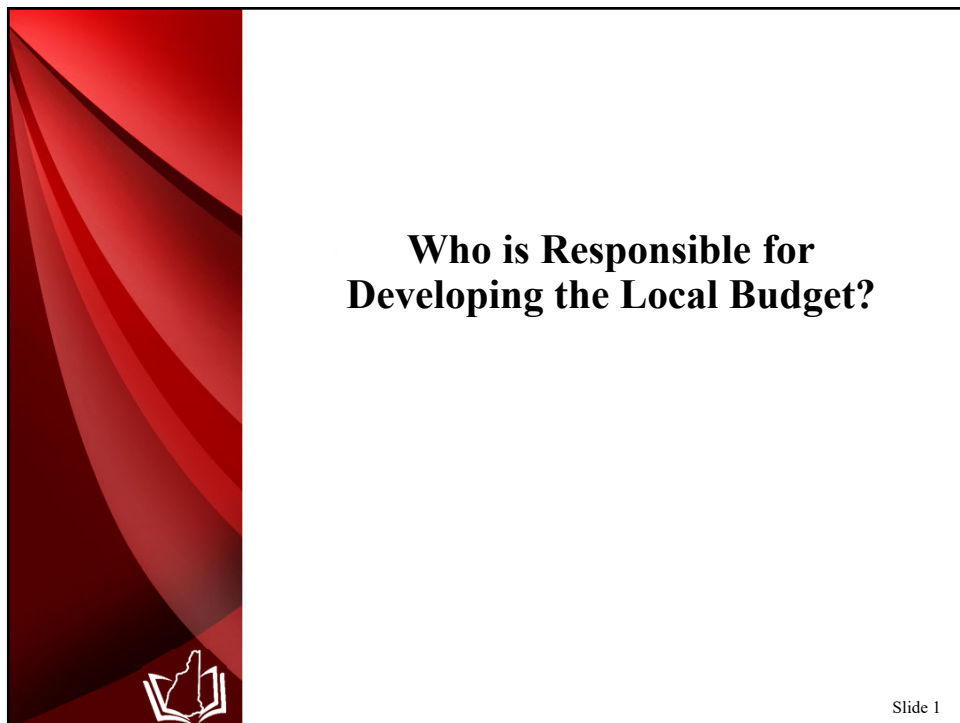
- b. Conversely, if your Assistant Principal retires, and a decision has been made that the position would not be filled – the amount of money in last year’s operating budget that represents the salary, benefits, and costs associated with that position arguably would not be included in the upcoming year’s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

- c. 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?



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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.”

Who is Responsible?
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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


Who is Responsible?
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Pertinent Budgetary Definitions (RSA 32)

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RSA 32:3, III **Budget**

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)*

Pertinent Budgetary Definitionswww.nhsba.orgSlide 5

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RSA 32:5, V

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.

Pertinent Budgetary Definitions
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RSA 32:4

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

Pertinent Budgetary Definitions
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RSA 32:5

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.



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**Important New Laws for Districts
with a Municipal Budget Committee**



9

HB 243

Relative to the Form of Municipal Budgets, Relative to Municipal Estimates of Expenditures and Revenues, and Relative to the Requirement that Certain Governing Bodies Submit Recommendations to the Budget Committee

This Bill Requires:

1. Governing bodies to publish statements of estimated expenditures and revenues for the next fiscal year in sub-account detail; and
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If a town or district uses sub-accounts to budget or track financial data it shall make that data available for public inspection at the public hearing.

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Important New Laws

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HB 243

Relative to the Form of Municipal Budgets, Relative to Municipal Estimates of Expenditures and Revenues, and Relative to the Requirement that Certain Governing Bodies Submit Recommendations to the Budget Committee

NHSBA Recommendations:


- Meet early on with the budget committee to get a sense of its expectations.
- Ask to develop “ground rules” for communications between the budget committee and the school board/district staff:
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Important New Laws

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Basic Timeline To Get Started

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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: NHD OE releases numbers)
 - Collective bargaining
- Oct-Dec**
 - Committee meetings/budget committee
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- Jan.**
 - Budget hearings
 - Bond hearings
 - Budget committee presents budget to school board for posting
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Basic Timeline

www.nhsba.org

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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?



Important Questions www.nhsba.org Slide 14

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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?

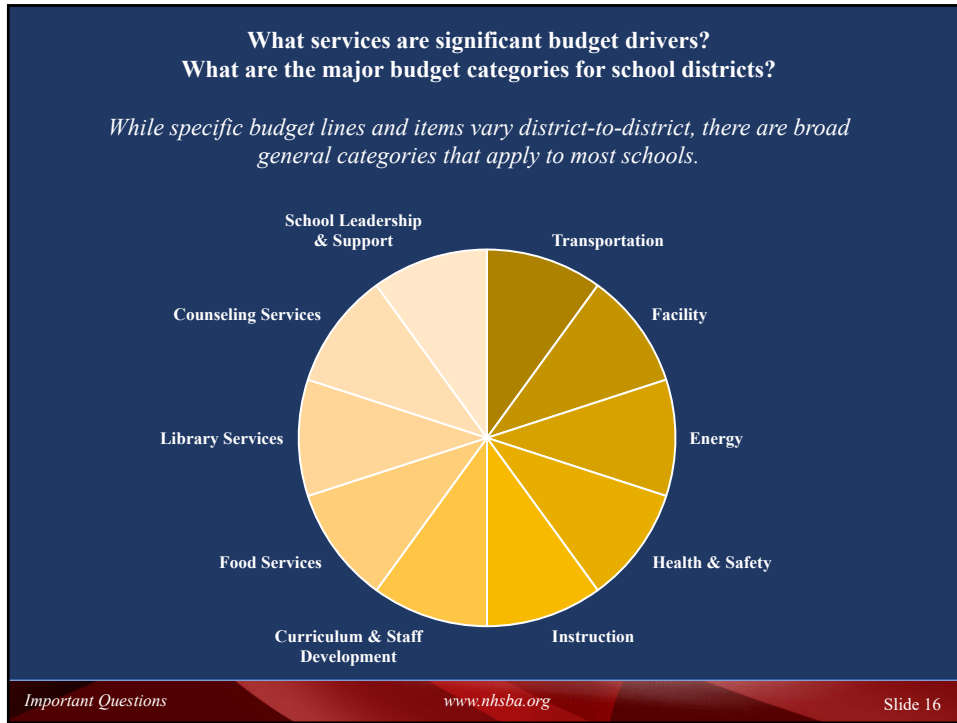
Are any of the items in your budget things voters have been requesting?

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



Important Questions www.nhsba.org Slide 15

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Default Budget Considerations for SB2 Districts

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RSA 40:13, IX(b) 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.

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NHSBA Comment

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



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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?

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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.

Default Budget Considerations
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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?

Default Budget Considerations
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NHSBA Budget Presentation

Thomas J. Ambrose
Superintendent of Schools
Sanborn Regional School District

Relationships

The foundation of successful budgeting lies in relationship building with all stakeholders.

Trust is a critical component in the budgeting process.

The following presentation will provide you with strategies to improve relationship building and trust in your organization and community.

Historical Perspective

1. Number of Failed Contracts (Permanent Loss of Steps for Staff)
2. Potential Tax Caps
3. Failed Budgets
4. General Distrust within the Community (this leads to reasonable requests failing and frustration for everyone)

Four “Buckets”

1. Listening/Analyzing
2. Transparency
3. Trust
4. Core process:
 - a. Enrollment
 - b. Facilities/Technology
 - c. Professional Development
 - d. Justification for increases or reductions

Listening/Analyzing

1. Entry plan
 - a. Listening to understand first, then to be heard
 - b. Sharing facts then to be heard
 - c. Apply the Collaborative and Proactive Solutions (CPS) approach
2. PLC meetings (teachers, administrators)
3. Talk to the board individually about the budget proactively
4. Look at the whole picture:
 - a. Community expenses (Police, Fire, Municipal)
 - b. Overall tax burden
 - c. Potential collective bargaining agreements (teacher, paraprofessional, administration, etc.)

Transparency

Transparency is the cornerstone of trust.

We take the following steps to increase transparency:

1. Administration develops a budget
2. Budget is shared with the budget committee and the board in the first week of November
3. School board and budget committee submit questions to administration approximately a week later
4. Administration answers all the questions from the school board and budget committee in a second joint meeting by the end of November
5. The School Board then meets to deliberate and adopt a budget
6. The School Board adopted budget is then deliberated by the budget committee
7. Budget committee adopts a budget
8. If necessary the board and budget committee may “negotiate” as they prefer to agree on a budget

Accountability

The board and administration must work collaboratively to ensure that money is being spent carefully.

Facilities and Finance Committees need meet regularly with a focused agenda on past expenses and current needs (Bakie Boiler)

*Public Bidding Process for big purchases (this is critical for trust)

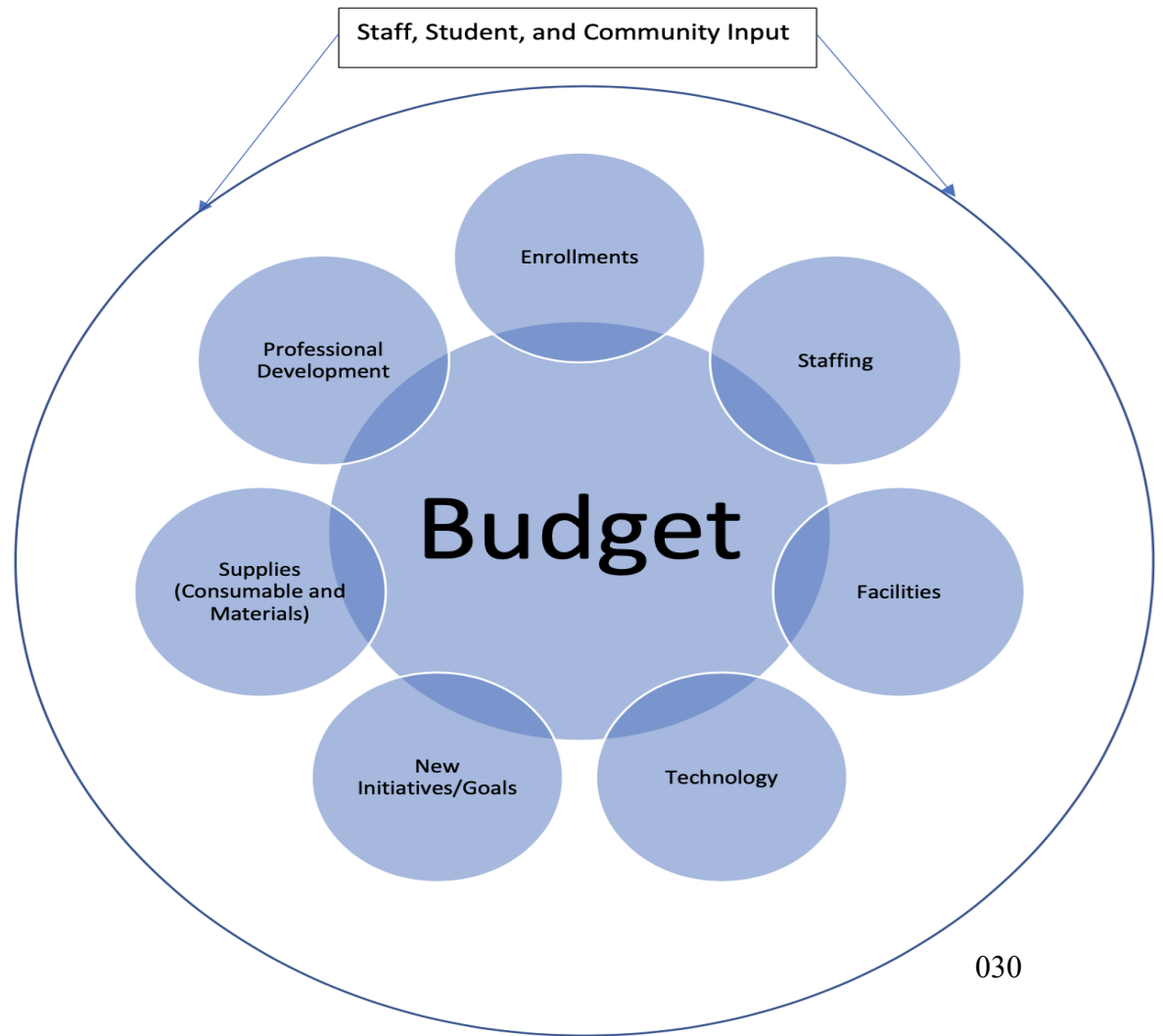
Administrative Considerations

1. Enrollments
2. Staffing
3. Facilities
4. Technology
5. School Board Initiatives
6. Supplies (textbooks, consumables, etc.)
7. Professional Development

All of these items fall under the scrutiny of a high standard:

Continuous improvement of student achievement

Summary Graphic



Closing

Relationships, Trust and Transparency lead to effective and essential budgeting.

The administration and the school board must work collaboratively to balance the needs of the district with the overall needs of the community.

If this process is conducted properly, the community will understand the requests and needs of the district and support the budget at the polls.

Top 3 School Budget Challenges

John Freeman

1

Well, maybe not the “top” 3, but pretty near the top!

- 1 - State funding
- 2 - Mandate: “no bottom line increase” or “no tax impact”
- 3 - Short term thinking

2

Student Success Ladder, developed by Bill Bryan

- 9 rungs
- Model of systemic approach to school development
 - Student-centered approach
 - Readiness for post-secondary education
 - Each rung dependent of rungs beneath
 - Supports long-term planning and implementation
 - Acknowledgement of resource needs
- Bill Bryan, The Bryan Group and the Center for Secondary School Redesign

3

Rung 1 - People, Leadership

Focusing, directing, and motivating around what is most important to student success

--- Board development, needs assessment, strategic goals and plans, change leadership, performance management

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

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Rung 2 - Policy

Formal guidelines that facilitate the adoption and implementation of practices

--- Competencies, equity, flexible schedules, heterogeneous grouping

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

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Rung 3 - Process & Structures, Management

Focusing, directing, and motivating around what is most important to student success

--- Administrator evaluation system, budgeting, capacity assessment, continuous improvement, organizational structure

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

6

Rung 4 - Performance Standards

Formal guidelines that facilitate the adoption of and implementation of practices

--- Curriculum articulation, performance assessment, PK-12 alignment, rigor

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

7

Rung 5 - Public Understanding, Support & Demand

Focusing, directing, and motivating around what is most important to student success

--- Partnerships, communications plan, advisory teams, community forums, planning teams

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

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Rung 6 - Positive Support for Whole Child Development

Formal guidelines that facilitate the adoption and implementation of practices

--- Academic and social-emotional support services, access to technology, co-teaching, co-curricular teams

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

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Rung 7 - Parent / Family Engagement & Support

Focusing, directing, and motivating around what is most important to student success

--- Family education programs, personalized parent outreach, school improvement teams, student-led conferences, transition programs

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

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Rung 8 - Personal Voice & Agency for Students

Formal guidelines that facilitate the adoption and implementation of practices

--- Club membership, climate & culture team, personal learning plans, student-led school governance council

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

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Rung 9 - Personalization / Student-Centered Learning

Formal guidelines that facilitate the adoption and implementation of practices

--- Advisories, alternative learning plans, collaborative project based learning, flexible schedules inquiry based learning

--- Examples: *Choose Love*, middle school advisories, extended learning opportunities

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So what?

- Can't solve all the budget challenges
- Can solve some of the budget challenges
 - Think long term
 - Identify hidden & multi-year costs
 - Invest wisely