



Town of
AMHERST
New Hampshire



Town of
MONT VERNON
NEW HAMPSHIRE



Souhegan High School

Souhegan Advisory Finance Committee

Report and Recommendations on The FY 2022 Budget
December 16, 2020



Special thanks to our SAFC volunteers:

| Member Name | Budget Section | Board Liaison |
|----------------------------------|-----------------------------------|---|
| Mark Vincent/ Amherst | Food & Transportation | Stephanie Grund, SAFC Ex-officio |
| Dan Veilleux/ Amherst | Administration | Laura Taylor |
| Jeanne Ludt/ Amherst | Facilities | Amy Facey |
| John Stover/ Amherst | Technology | John Glover |
| Charlie York/Mont Vernon | Special Education | George Torres |
| Joel Gordon/ Amherst | Curriculum | Steve Coughlan |
| Howard Brown/ Mont Vernon | Athletics & Activities | Pim Grondstra |
| Peggy Harris - Amherst | Alternate - Secretary | |
| John Bowkett/ Amherst | Alternate | |



Key Metrics 2021-2022

- Enrollment

- 2019: 736 actual
- 2020: 752 actual +2.2%
- 2021: 734 budgeted -2.0%
- 10/2020: 709 Actual -3.4%
- 2022: 733 forecast +3.4%

- Enrollment projected flat over FY21 budget

- Inflation (CPI)

- 2020 – 1.9%
- 2021– 2.0%
- 2022 - 1.5%

- Budget

- 2021 Budget - \$18,776,509

- Adj Proposed 2022 - \$19,550,692*

4.1% increase YOY

- 3 Year Average Actual:
\$17,393,513

11.4% increase over 3 year average

*Adjusted post proposed changes plus \$163k warrant article



SAFC Recommendations

- Continued articulation of the SAU strategic direction should be incorporated into the budgeting process such that readers can make the connection on how the proposed budget implements the strategic plan.
 - Would better connect future programming goals with staffing requirements and qualifications.
- The SAFC believes that a high-level, multi-year forecast is critical in assessing the current year budget and informing voters on the adequacy of the current year budget.
 - A multi-year plan would provide a tool to evaluate the follow-through on stated prior year priorities.
 - A multi-year plan would allow for the scheduling of salary growth under the PPC, and the cost of transitioning qualification of teaching staff envisioned under the strategic plan.
- A comprehensive set of metrics should be developed and applied over time to be able to focus on, manage, and report on services provided. (i.e: student/teacher ratios, student facing
- The SAFC is concerned that without the master schedule in place as part of budgeting process, the need for teacher staffing is not transparent and fully supportable, especially in a declining enrollment environment.
- In response to the significant increase in NH Retirement obligations, the SAFC recommends that a multi-year assessment be prepared to inform votes as to the potential future impact of the retirement obligations over time, as well consider actions that would mitigate the growth in this line item.



SAFC Recommendations

- The SAFC recommends that the SCSB address the approximately \$400k funding shortfall needed to replace the turf field within the next 4-5 remaining years of its useful life.
- The SAFC supports the use of the professional development budget for certifications required of the food service staff.
- The SAFC supports the proposed Administration Department restructuring.
- The SAFC process, supported by the SAU, the SHS Board, and the Administration, improved this year. We acknowledge and appreciate the active participation by members of the SCSB during this process.
- **The SAFC recommends the budget as proposed, including the proposed changes through December 15, 2020 with all members present in favor.**
 - To the extent there are changes to the budget at the December 17, 2020 SCSB meeting, or prior to the Deliberative Session, we would expect to revisit our recommendation at that time.



Souhegan Advisory Finance Committee

Subcommittee Presentations



Technology

Financial Summary

- FY22 Budget:
 - \$802,781 / 4.2% of total budget
- Change from FY21:
 - +\$1,054 – minor increase
 - Staff reduction with software increases
- Change from 3-year average:
 - \$ (91,000) = a reduction of 10.1%
 - Staff reduction with continued software & infrastructure additions



Technology

- Spend changes:
 - 10.1100.738 (+\$14,000) – laptops
 - 9th grade student laptops
 - Teacher laptops – more robust
 - Buy additional 30 for replacement / warranty
 - Information, Theater and Tech Personnel
 - Decrease of \$24,000
 - Responsibilities split among others



Technology Summary

- 9th grade laptop program assessment needed
 - Track the \$75 per incoming student (4 grades, last 4 years)
 - Is there a surplus or deficit?
 - How many laptops needed to be replaced/repaired? What %?
- What is the 3-year plan ?
 - Longer-term plan ?
 - Hardware, software and infrastructure



Special Education: Financial Summary

- FY22 Budget:
 - \$4,793,504 / 24% of total budget
- Change from FY21:
 - +\$258,725 / +5.71%
- Change from 3-year average:
 - \$+1,559,092 / +32%
- Increase driven by policy change to move all students to in-district schooling.
- For FY22 includes add to staff of 1.5FTE in support of incoming student needs.



Curriculum: Financial Summary

Adjusted Proposed Budget:

- FY22 Adjusted Curriculum Budget: \$7,595,214/ 39% of total SHS budget
- Change from FY21 Budget: +\$406,675/ Increase YOY +5.66%
- Change from 3- year average: +\$432,414/ Increase +4.7%

Adjustments to proposed:

- Two FTE's were removed from the curriculum budget reducing that budget by \$233k.
 - \$146.6k reduction in direct salary expenses
 - \$45.5k Reduction in related benefits
 - Adjusted SHS FY222 Budget \$19,387,692



Curriculum: People Costs are the Primary Driver

| | <u>FY 2021</u> | <u>Adj FY 2022</u> | |
|---|----------------|--------------------|--------|
| • Total Curriculum Budget | \$7,188,539 | \$7,595,214 | +5.66% |
| • Total Curriculum Salaries: | \$4,415,153 | \$4,549,364 | +3.0% |
| • Benefits Expense: | \$2,119,521 | \$2,416,655 | +14% |
| • Full loaded Salaries make up 92% of the Curriculum Budget | | | |
| • 60% from Salaries, 32% from benefits | | | |
| • Benefits multiplier is now 1.6 X direct salary expense | | | |
| • Salary expense are in line with expectations under the PPC agreement | | | |
| • Benefits Expense up significantly due to 23% increase in the required contribution to the NH Retirement System obligations. Currently at 21% of salary expense. | | | |
| • NH Retirement Expense is 39% of total Benefits Expense. | | | |
| • Secondary driver of Benefits is the increase in medical insurance premium resulting in a 5.9% increase in Health Insurance Premium expenses. | | | |



Curriculum: Recommendations

- Staffing is driven by overall enrollment, course scheduling and course offerings.
 - The current budgeting process does not integrate course offerings and as such the master schedule which drives staffing is missing from the process.
 - Deciding upon course offerings and schedules should become integrated into the budget process.
- The long-term vision for the school (dual enrollment) requires different qualifications of teaching staff, which impacts rates of pay and qualification levels.
 - The current budgeting process provides little insight to the salary expense impact as that vision becomes reflected in future year budgets.
 - Teacher salaries should be projected out over a multi-year budget cycle to provide voters with a clear understanding of the impact of the vision for the school (i.e.: forecasted step and lane changes and/or higher entry level qualifications of new hires to meet the needs of the school).
 - The existing PPC agreement provides increasing wage growth with increasing longevity, such that as teachers become more senior, the increase in wages accelerates. This needs to be well understood.
- Given the trajectory of NH Retirement contributions, efforts to understand the future budgetary impacts should be undertaken.
 - Strategies and options for mitigation of future increases should be considered.



Food & Transportation: Financial Summary

- FY22 Budget:
 - \$1,253,159 / 6.4% of total budget
- Change from FY21:
 - +\$43,754 / +3.62%
- Change from 3-year average:
 - \$+214,118 / +21%

- Food service staffing has one vacant FTE position in the budget.
- 90% of food service revenue from a la carte items.
- Reduction in lunch time resulted in significant loss of revenues
 - Adding after school hours expected to improve sales
 - Goal is to operate in the black for FY22 (aspirational)



Food & Transportation

- Renewal of Bus Transportation Contracts reduced proposed budget by \$33k.
 - Cost still split with AMS
- Two new vehicles in the transportation budget
 - Main use is for transportation to community-based transition programming.
 - Replacing existing vehicles purchased in 2010



Administration: Financial Summary

- FY22 Budget:
 - \$2,842,425 / 14.5% of total budget
- Change from FY21:
 - +\$96,470 / +3.5%
- Change from 3-year average:
 - \$-1,318 / --%
- Salaries make up 35% of the Administration Budget
 - Support -5%; Guidance-13.3%; Administrators-16.6%



Administration

- The new leadership at the high school is taking advantage of some staffing opportunities over the next year to undertake a fundamental restructuring of the administrative organization.
 - New leadership roles carved out of existing vacancies at a budget neutral cost to the school will have the salary structure of administrators but will fill teaching slots as well.
- Both the compensation level and benefits for the current assistant Dean appears to be outside the normal arrangements.
- There are five guidance positions reflected in the budget
- National Guidelines suggest a 250:1 student to counselor ratio, National average is 482:1, NH average is 227:1. SHS is 142.1 (177:1 if excluding the guidance director)
 - Given current conditions with pandemic and emotional support role of counselors, cutting staff there is no plan to reduce guidance staff for FY22.



Facilities: Financial Summary

- FY21 Facility Budget - \$1,565,481
- FY22 Facility Budget - \$1,418,504 (7.2% of the total budget)
- Change from FY 21 to FY22 – Decrease of \$146,977 or -9.4% **
 - Net change without Bond & Transfer: +112k approx. +7.9%
- Three Year Average - \$1,498,006
- Change from 3 Year Average – Decrease of \$79,502 / -5.3%

** Decrease is primarily due to expiring bond (\$259k)



Facilities - Observations

- The Facilities Director's goal is to put in place a comprehensive preventative maintenance program that would address many of the deficiencies identified.
 - Immediate needs
 - 10 year maintenance program
- High Priority Items:
 - HVAC system (subject to Facilities 2.0)
 - Replacement of auditorium curtain; replace glycol in MB; replace carpeting in 3 classrooms; exterior façade repairs (\$68k)
 - Additional repairs from maintenance/capital reserve fund (JG: IS this outside of the budget because it comes from a fund?)
- JFAC Souhegan 2.0 Committee has identified 3 key projects to be considered for funding in FY 2022 – all three under the category of Facilities.”



Athletics – Financial Summary

- FY22 Budget:
 - \$754,355 / ≈4% of total budget
- Change from FY21:
 - +\$24,732 / +3.4%
- Change from 3-year average:
 - \$+122,605 / +19.4%%

Observations:

- NH Retirement increased 182%
- Continued concern is the ability to fund replacement of the artificial turf given the persistent shortfall from fees as was originally contemplated when the field was installed.
 - The average yield per year is between \$12,000 and \$15,000
 - Expected cost to replace turf is \$448k Requires approx. \$85k/yr for next five years.
- Recommend developing a funding strategy in anticipation of need.
 - Warrant Article? Year end unassigned fund balance?
 - Recreation Revolving fund – turf field is included, but not exclusive)



School Maintenance Expendable Trust Fund:

- Capital Reserve & Trust Fund (\$351k current balance)
 - \$251k original balance, plus \$100k raised for the 10 year capital plan
 - Requires school board approval for use.
- See 10 year capital plan (onsite/insight)
 - Not to be confused with Souhegan 2.0
 - Or other projects carved out of Souhegan 2.0
- And none of the above include the replacement of the turf field.



Appendix - Curriculum

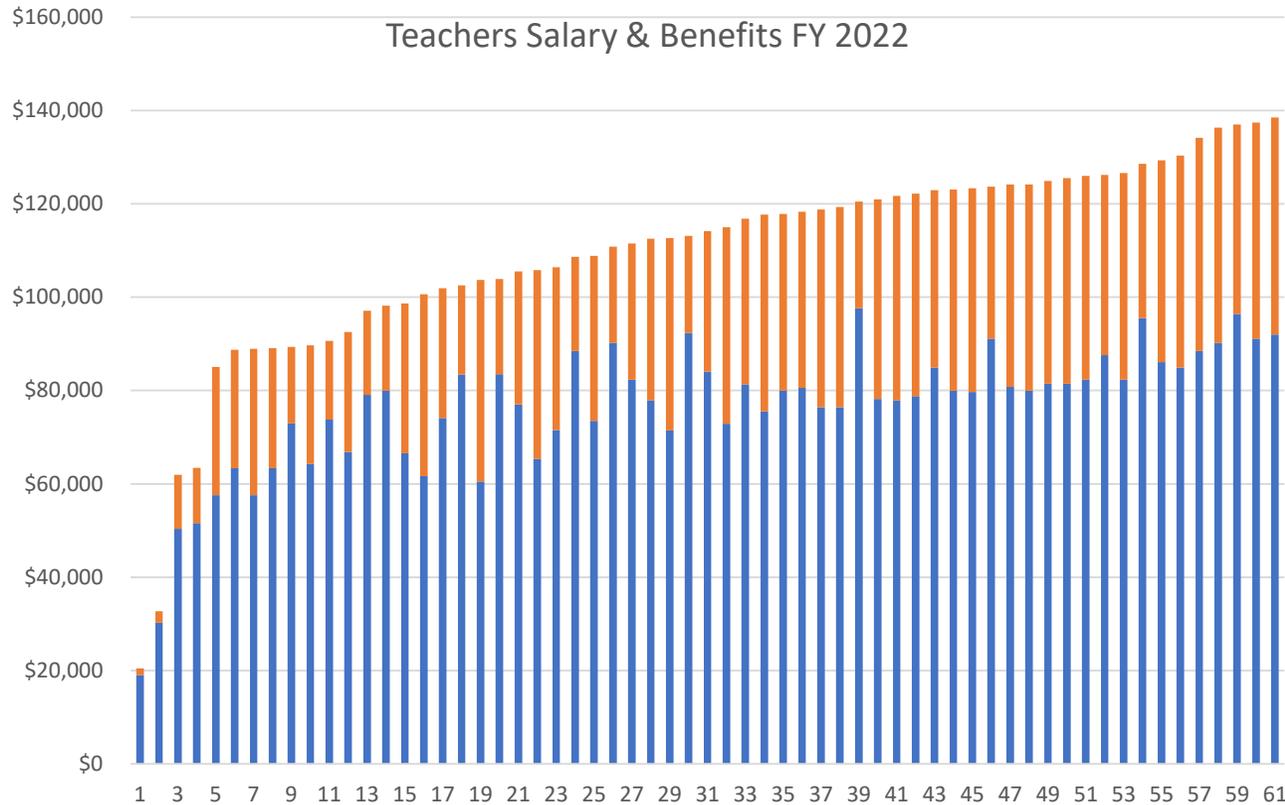


Curriculum: Teacher Salary Arrangements

- Significant driver of Curriculum Budget is the contracted increases under the Compensation Policy.
- SHS teachers do not have a formal union contract, instead the SAU operates negotiated “Policy Guidelines” specifying payments, terms, and conditions similar to a formal collective bargaining agreement.
- Compensation Policy (longevity and qualification) [here](#).
 - Teacher compensation is based upon a set of matrices using longevity and qualifications which as applied result in specific salary outcomes.
 - Salary increases for FY2022 have been calculated specifically for each teacher based upon current status, annual step up, and carry over benefit coverage.
- Although referred to as a “policy” it is treated as a fixed contract such that pay scales are adjusted as part of the default budget.
 - The only management tool to change budget levels is through changing headcount.
 - This treatment by the SAU results in evergreen salary increases to all professional staff at the high school – even upon the termination of the policy matrix.



Teacher Salary/Benefits Distribution



Proposed 59.8 Salaried Teaching FTE

| | 2021 | 2022 | |
|-----------------|----------|----------|--------|
| Average Salary: | \$75,132 | \$76,159 | +1.36% |
| Median Salary: | \$76,746 | \$79,662 | |

Total Salaries Only: \$4.64 million
 Fully Loaded Salaries: \$6.6 million
 Average Fully Loaded: \$109,195



Compensation Policy Overview

- Pay policy includes 17 levels of increasing compensation based upon longevity within the school system.
 - Each year of continued employments results in a step up in annual compensation
 - Step increases from step 0 to 16 is \$17,300 for lower qualified teachers, and \$23k for more senior teachers.
 - Step increase start at \$120 per year for lowest seniority to \$1,960 for a teacher moving onto the 16th step.
 - Longevity beyond step 16 steps compensated at 50% of the last step.. (HOW MANY TEACHERS IN THIS CATEGORY?)
 - Other teacher benefit of PPC includes increase of \$1,000 adder to base matrix with 15 years seniority, \$500 with 10 years.
- Policy includes 30 levels of qualifications resulting in increasing compensation.
 - Levels of qualifications are referred to as “Lanes.”
 - There are 30 lanes of available wage growth potential. .
 - Range is \$26k from lowest to highest -\$882 per lane
 - Qualification for advancement must be complete by June 30 of the year prior.
 - For FY2022, qualification must be complete by June 30, 2020, thus it is unclear what part of the increase will be attributed to this component.
- The average step change and lane change for FY22 would result in 4.7% wage increase for mid level teachers. A three-lane certification would result in a 7% increase.



Curriculum - Other

- Other non-salary items total \$495k, down 6.6% from FY21.
 - Professional development accounts for \$171k
 - \$80k is for Faculty Development
 - Substitute Teacher expense, up 1.7% YOY at \$99k
 - Summer school at \$48.8k, up 3.3%
 - Remaining \$177k, represents cuts from FY21 of 38% and includes items such as textbooks (-10%), classroom suppliers (-24%), and music program expenses (-76%).
- Retirement Payouts are level budgeted from last year at \$106.5k.
 - Binding retirement notices were due October 15.
 - The budget reflects the expected retirement of 8 senior teaching positions.



Curriculum -Other

- Retirement Payments at \$106,500 are level budgeted from FY21.
- Last year, the retirement of eight senior teachers was supposed to have resulted in lower average teacher costs of \$108,000.
 - As yet unclear as to the actual impact to the budget in FY2022.
- Savings in health benefits could be realized by migrating employees to lower cost HSS health plans.
 - There are still XXX teachers on the legacy plan.



Other Teacher Benefits

- 10 years of service - \$500 annually
- 15 years of service - \$1,000 additional annually
 - Support staff receive \$500 annually after 15 years (one-time year 16 \$500)
- Retirement payment \$5,000 lump, plus \$8,500 paid over the last year.
 - Requires at least 15 years of service
- Alternative Incentive retirement: \$10,000 or 30% of salary (max \$20,000) plus accrued sick leave.
- Development Reimbursement: \$900 per year, max \$2,500 if available funding.
- Tuition Reimbursement up to total \$15,000 per year graduate level, \$7,500 undergraduate level