

## **Region 4 BOE 2020-21 Budget FAQ**

**(from questions asked at Region 4 Budget Workshops  
held for the development of the 2020-21 Region 4 Budget)**

On January 22nd; February 10th; February 19th; and March 2nd, 2020 the Region 4 Board of Education held Budget Workshops to develop their proposed 2020-21 budget for Regional School District No. 4. On April 1st, the Board held a Public Hearing. During those workshops and the Public Hearing the administrative staff committed to answering all questions posed by board and community members; and committed to providing the answers in one FAQ document accessible by the public. In keeping with the commitment of the Board and the current administrative team to provide effective communication and transparency, this FAQ is being made available on the website.

### **Questions asked at January 22, 2020 Region 4 BOE Budget Workshop I**

- 1.) **Q: In the context of what we offer, costs and declining enrollment, what is the process for adding new sports? Does it come to the BOE?**  
**A:** This process needs to be reviewed and formalized. Past practice has been to add sports based on student needs/interests and to include associated costs in the BOE budget workshop documents and discussions.
  
- 2.) **Q: Should we consider adding an athletic director position?**  
**A:** This is a discussion for a future budget workshop season.

**3.) Q: What is our recent and future debt service?**

**A:** The current debt service in Region 4 for 2019-2020 approved budget is \$1,468,225.  
The debt service in Region 4 for the 2020-2021 Requested Budget is \$1,539,200.

**4.) Q: Will we mothball parts of the building if we don't need sections due to declining enrollment? Can you find economies of scale in custodial duties?**

**A:** At this time, there are no plans to “mothball” any portions of our schools in Region 4. However, we will continue to analyze our needs for facilities based on enrollment trend data and programmatic needs.

**5.) Q: Will we consider adding 6th grade to middle school?**

**A:** At this time, there are no plans to reconfigure the grade levels at JWMS for the 2020-2021 school year. This addition of one grade level would also require a complementary reduction at each of our elementary schools, necessitating the reopening of our regional agreement. Moving forward, the central office will continue to engage all stakeholders in exploring the ideal grade configuration of the schools at each level.

**6.) Q: What are the enrollment numbers at the elementary?**

**A:** As of October 1, 2019, the following enrollment numbers were reported:  
Chester Elementary School: 185 students  
Deep River Elementary School: 235 students  
Essex Elementary School: 298 students

**7.) Q: Are we considering reduced related services staff in light of declining enrollment?**

**A:** We will continue to analyze staffing levels in response to enrollment trends on a continual basis.

**8.) Q: Will we use Munis for future budget work? Is there a better, more efficient way of creating and presenting budget documents and numbers?**

**A:** The method that is currently used to develop all of the budgets encompassed in Region 4, Chester, Deep River Essex and Supervisory District is manual and uses Excel as a base. Because of the amount of data and the links between the cells, the current method is subject to error. One of the changes that will be implemented by the new administration in future budget years is the use of the MUNIS Financial Management Software, which has a comprehensive budget development module, will be much more efficient and less subject to error.

### **Questions Regarding Specific Budget Categories**

#### **100s (salaries)**

**9.) Q: Cafeteria: How are we addressing the anticipated deficit? Are we anticipating a deficit? Are we appropriately budgeted?**

**A:** The Business Office is developing a Profit & Loss (P &L) spreadsheet to track revenue and expenses so we can monitor cafeteria expenses more accurately than has occurred in previous years. To ensure that a deficit does not occur in the 2020-2021 budget year, lines to the budget have been added for food service worker and administrative salaries have been added to the budget and funded appropriately.

#### **200s (employee benefits)**

No questions asked

#### **300s ( professional and technical services)**

**10.) Q: Course reimbursement....retention condition in the contract?**

**A:** There is no retention condition in the contract related to the course reimbursement benefit.

**400s (property services)**

**11.) Q: Tech Lease: why is it in Region 4 and why don't we move it to Supervision.**

**A:** The tech lease has been in the Region 4 budget for many years. We anticipate discussing the best and most appropriate placement for this lease during the 2021-2022 budget development process.

**500s (other services)**

No questions asked

**600s (supplies and materials)**

No questions asked

**700s (equipment)**

No questions asked

**800s (other objects)**

No questions asked

**Questions asked at February 10, 2020 Region 4 BOE Budget Workshop II**

**12.) Q: Did we do our due diligence in bidding out for transportation? Can we look at comparisons and limitations/conditions we placed on contract? How long is that contract?**

An invitation to bid, dated Jan 31, 2019 was mailed to six transportation vendors around the state and an RFP legal ad was published on Feb. 14, 2019. Bids for 5-year contracts were accepted until March 22nd, 2019. At the bid opening, 2 companies attended, but only one (First Student) actually submitted a bid. No other bids were received prior to the deadline.

**A:** By going to bid, advertising and inviting the big six in Connecticut to bid, Region 4 did its due diligence.

Based on Student transportation surveys which are done regularly by the Connecticut Association of School Business Officials (CASBO). Results show the Reg. 4 cost/day/bus to be among the lowest in the state. With that in mind, it is most likely other Connecticut transportation contractors did not bid because the profit margin was not worth the effort to make a bid. It is expensive for a contractor to take over a new contract. The length of the contract reflects the reality that school transportation vehicles are expensive and a return on investment for the contractor cannot be realized in less than five years.

**13.) Q: Can you share elementary and region enrollment?**

**A:** See enrollment projection included in all budget documents.

**14.) Q: Are we committed to a fixed number of buses each year? Can we reduce the number of buses in the middle of contract?**

**A:** Per the contract the number of buses is determined by the District and we may reduce the number of buses in the middle of the contract.

**15.) Q: Money for the bonds? Do you really believe that you are going to have a bond issued next year?**

**A:** This is a consideration for future discussions. We do not anticipate having a bond for 2020-2021.

**16.) Q: How is the MERF number calculated? Is it actuarially determined by the state?**

**A:** MERF is the Municipal Employees Retirement Fund. Increases are calculated by professional actuaries, approved by the state legislature and sent to the various districts included in the fund for the following year's budget.

**17.) Q: Cafeteria...eliminating the subsidies...where is the food budgeted? Supplies?**

**A:** As with state and federal grants, the cafeteria accounts are required to be kept separate. Up until recently, the Cafeteria revenue and expenses were not published. The school administration and cafeteria Food Service Director have put together a profit and loss (P & L) spreadsheet for each school district that will be published and delivered to each Board of Education monthly along with the General Fund and Medical Reserve account positions. We believe this will provide the public with a better understanding of how the cafeteria program works.

## Questions Regarding Specific Budget Categories

### 100s (salaries)

**18.) Q: How were cafeteria employees paid/budgeted prior to proposed 2020-2021 budget**

**A:** Cafeteria workers were paid, in part by the budgeted subsidies in each district. Because the budget subsidies were lower than the known costs of food service worker salaries, a portion of their pay was provided by cafeteria revenue and other sources in the budget. In the proposed 2020-2021 budget, this lack of transparency in the cafeteria budgeting of the previous years has been corrected by adding new lines to accurately reflect costs.

**19.) Q: Where was the (cafeteria) shortfall covered?**

**A:** This shortfall has been covered through the budgeted subsidy, revenue from the cafeteria and line item transfers from various lines. Moving forward, cafeteria expenses and salaries are more accurately budgeted and we do not anticipate future shortfalls.

**20.) Q: What are the cafeteria revenue figures for Region 4 budget**

**A:** The business office is developing a Profit & Loss (P &L) spreadsheet for each of the cafeteria operations to track revenue and expenses so we can better judge in the future what is needed to cover expenses. These P & L Spreadsheets are posted for your review. They will be updated monthly for each Board of Education.

**21.) Q: Did you look at other reductions such as specials?**

**A:** Yes. There was a reduction of (1.0 FTE) in Physical Education.

**22.) Q: Have you considered the associate principal position and shared staffing options? Other positions such as guidance counselors?**

**A:** We will continue to analyze enrollment trends and student need to determine the appropriate staffing levels at JWMS and VRHS.

**23.) Q: Can we begin a staffing discussion earlier in the year ahead of the budget season? Enrollment, schedule and staffing presentation and discussion early Fall 2020?**

**A:** We plan to present October 1, 2020 enrollment data in November 2020 prior to the start of the budget season to inform discussions about enrollment trends, student needs, and appropriate staffing levels..

**24.) Q: Custodian overtime? Why is it reduced?**

**A:** This line is based on actual needs and budgeted accordingly.

**25.) Q: How is custodian overtime and security billed for outside organizations and where is it in the budget? District policy? Past practice and where is it in the proposed budget?**

**A:** School buildings are considered a community asset. The building use fees are designed to cover costs, but not make a profit. The funds go back into utility and salary budget to offset expenses. These anticipated fees are included in the revenue line of our budget

#### **200s (employee benefits)**

**26.) Q: How were benefits billed for cafeteria employees?**

**A:** Benefits are billed to each town according to Average Daily Membership.

As part of union contracts, all staff contribute to their health benefit expense. We anticipate collecting \$1.4 million dollars from all staff this year as their premium share to cover health benefit expenses.

**27.) Q: What is our current healthcare reserve?**

**A:** The state of the Self- Insured Health Reserve Fund changes weekly. At the end of March the balance in the reserve account was \$600,000.

**28.) Q: How did you come up with the \$240,000 special appropriation number?**

**A:** Town leaders agreed to support a \$240,000 Health Reserve Special Appropriation, which was then divided among the five educational budgets and the two participating municipalities of Deep River and Essex. Our insurance

consultant advised us to bill each entity using a methodology based on employee participation.

**29.) Q: Will there be health reserve fund contributions built into the elementary budgets?**

**A:** Yes, the healthcare special appropriation is budgeted in each of the elementary school budgets.

**30.) Q: How are we taking care of the deficit?**

**A:** The known deficit in our capital reserve account for Region 4, will be fully known after the completion of the 18-19 fiscal audit. Once the audit is completed and reported out publicly, we can determine the best course of action.

**31.) Q: Will the health insurance fund be moved to the supervision district in future years?**

**A:** The health insurance fund has been in the Region 4 budget for many years. We anticipate discussing the best and most appropriate placement for this lease during the 2021-2022 budget development process.

**32.) Q: What is the projection for the minimum reserve for health fund for 2020-2021? Is it around \$500,000? How are you targeting this minimum reserve number?**

**A:** At this time, we are monitoring our claims for the current year. At this time we do not have a projection for where we will be on July 1st 2020.

A reserve number is developed through our Insurance Broker/Advisor. It is generally calculated at a low of 10% and as high of 25% of expected claims. Or in Region's case, between \$710,000 and \$1,700,000. Our target is to establish a reserve in this operating range. We are planning to budget supplemental appropriation in each on the next five budget years as needed.

**33.) Q: Can we begin discussing insurance options as we enter new negotiations?**

**A:** Health Insurance options are a regular part of union negotiations. Our Insurance Broker/Consultant routinely makes recommendations as to options that will help to stabilize costs. These recommendations become part of the Board's proposals in negotiations. This topic will be explored further by an Insurance Committee.



**34.) Q: Can we bond for health insurance to build the health insurance reserve?**

**A:** Bonding is not recommended as a tool to fund a health reserve account. The health reserve is an annual expense, while bonding is considered best for large capital expenses.

**300s (professional and technical services)**

**35.) Q: What happens to the gate receipts? Is it in revenues? Can you break this number out?**

**A:** It is deposited to Student Activities Account #110 Athletics (bank account at Essex Savings). That account currently has a balance of \$56,741 as of 02/11/2020. Since February 1st, 2019 only \$26.19 has been disbursed out of that account because we no longer use it to pay officials or other athletic workers (in accordance with IRS guidelines) and instead the officials fees have been paid by R4 Accounts Payable out of the “Athletics - Other Professional Services Line 4229013 Object 5330” with a project number assigned to each payment for Title IX tracking. It is not in revenues.

**400s (property services)**

**36.) Q: Why the reduction in the security line?**

**A:** The reduction in the security line is based on current need. Additional security requests will occur in the context of facilities and grounds discussion in collaboration with the security committee to determine future requests.

**500s (other services)**

No questions asked

**600s (supplies and materials)**

No questions asked

**700s (equipment)**

**37.) Q: Can you ask the R4 Foundation to fund any of these items?**

**A:** The Region 4 Foundation does not fund items that should be budgeted in the general Region 4 budget. The Region 4 Foundation typically supports new, innovative or enrichment programs.

**800s (other objects)**

**38.) Q: Can you provide a list of what we are not funding so that we understand risk and can make a more informed decision?**

**A:** We are currently conducting a Region 4 facilities and grounds review and we will discuss this at a future BOE meeting.

**39.) Q: Will you provide a list of capital projects that are needed and being deferred.**

**A:** We are currently conducting a Region 4 facilities and grounds review and we will discuss this at a future BOE meeting.

**Questions asked at or submitted for the Region 4 BOE Public Hearing on April 1, 2020**

**40.) Q: Where does all the money on the Supervision District object lines 5198- 5298- 5398- 5498- 5598- 5698- 5798- 5898, go to? 5198-5298-5398-5498-5598-5698-5798-5898, go to?**

**A:** The Supervisory Budget was set up to make certain instructional functions more flexible. Because Chester Elementary, Deep River Elementary and Essex Elementary are separate legal entities this structure help to make staff use more flexible, particularly in declining enrollment. The money that goes to the Supervisory Budget supports the following functions: All the Special Education Teachers for the elementary schools; All of the subject specials such as art, physical education for the elementary schools; All the Technology support services for all the schools; Some of the media center service; All the district support staff such as the Superintendent,

Assistant Superintendent, the Director of Pupil Personnel Services, the Business manager and all the clerical support, human resources, payroll staff, accounts payable staff for those positions.

**41.) Q: Legal fees are in the Supervision district under Object 300 line 5330 and they show only about 41k per year going back several school years, the other 4 budgets show 0.00 for that same line. Having gone to the RFP meeting for selecting a new legal provider the numbers given for those same years, by the administration, were between 180-200k a year. What am I missing here?**

**Legal Fees, Object 300 - Line 5330 Legal and Audit fees etc. in the budgets as :**

<b>Essex Elementary</b>	<b>0.00</b>
<b>Deep River Elementary</b>	<b>0.00</b>
<b>Chester Elementary</b>	<b>0.00</b>
<b>Reg. 4</b>	<b>0.00</b>
<b>Supervision District</b>	<b>\$37,500.00</b>

**Previous 4 years had about \$41,000.00 budgeted in the Supervisory District.**

**For the RFP meeting to review the legal services the previous administration had put together a excel spreadsheet showing previous years actual annual expense between \$180,000.00 and \$200,000.00. That was just legal and not the Audit which is lumped in and that is the CPAs other expenses, correct?**

**How can this line item be \$37,500.00 based on the much larger expenses for that service that are actual?  
And this includes legal and audit etc.**

**A:** Legal fees for Supervision are distributed in each of the individual budgets. In other budgets, legal expenses are budgeted for in the 300's, but may be found in lines such as "Board of Education" or "Other Services" When all of the lines are added up for legal and audit fees in the 300s category by budget, it is in line with historical use and budgeting of these lines. All of the legal, audit and other services lines have been reviewed for accuracy. There is some inconsistency in coding among the five budgets that we will correct for better tracking and transparency next

budget season.

**43.) Q: How do you see the effect of this virus on the budget?**

**A:** Regarding the current year, At this point it is too early to tell or predict the impact on the budget. Despite school closures, contractual obligations remain and the total impact on our health insurance claims is to be determined. We are routinely conducting budget projections to determine any potential savings.

Regarding the development of the 2020-2021 budget, the proposed budget represents the known costs of running our schools during the upcoming school year. At this time, we don't have any information that would indicate otherwise.

**44.) Q: Actuals on page 5 for 2019-2020 enrollment...929 students...vs 858 students...why the difference?**

**A:** These numbers on page 5 are based on official October 1st enrollment data.

On October 1, 2018 (2019-2020), there were 929 students in Region 4, including students at both JWMS and VRHS, magnet schools, vocational agricultural schools, and out of district special education placement.

On October 1, 2019, there were 868 students in Region 4, including students at both JWMS and VRHS, magnet schools, vocational agricultural schools, and out of district special education placement.

The total numbers for Region 4 on page 8 are also based on October 1st data, but do *not* include magnet schools, vocational agricultural schools, and out of district special education placement.

**45.) Q: Page 11... What is building rental insurance?**

**A:** The only building rental item on page 11 is titled reimbursement, not insurance. Line 5190 Building Reimbursement in the amount of \$3,000 is anticipated revenue from community use of our buildings. This line existed in previous budget documents, but will be removed and incorporated into the revenue line of our budget moving forward.

**46.) Q: Athletic transportation increase?**

**A:** This has been under budgeted for a number of years. The current request is an accurate assessment of athletic transportation needs.

**47.) Q: Page 17 - Athletic Dues-what are those? Why is it increasing?**

**A:** Athletic Dues have been historically under budgeted. This includes CIAC membership, athletic conference fees, and entry fees.

**48.) Q: Page 17 Plant Operations - what is causing an increase?**

**A:** This account is used for Dues & Fees. This is where the district budgets for state inspection of boilers, elevators and associated licensing fees. Historically it was underfunded.

**49.) Q: Page 17 Naviance...what is this?**

**A:** Naviance is a college and career readiness software tool that we purchased at least 8 years ago to support our work with state required Student Success Plans. This is not a new item and has been part of the annual budget for many years to cover annual license costs. It is now more clearly represented in the new budget so that is transparent and not in a general dues and fees line.

**50.) Q: Where are we with the audit? Can you let us know in the FAQ...is there a deficit projected and have you addressed that in the FAQ?**

**A:** Once the Region 4 audit for fiscal year 2018-2019 is complete, a public meeting will be scheduled to review the findings and recommendations.

**51.) Q: Has there ever been a precedent set where teachers don't get a raise (war time situation) and keeping wages flat?**

**A:** During the 2008 economic downturn/recession, contracts were not reopened to negotiate 0% salary increases. Negotiations were already scheduled for the teacher contract process during the Fall 2008/Winter 2009. It was not

reopened, but the timing aligned to the 2008-2009 time period to negotiate the 2010-2013 contract. In the Fall of 2010, the parties exercised a reopener clause that had been included in the previous contract language (wherein the parties agreed that in recognition of the economic circumstances facing the district, state, and country they would reopen to address salaries in future years of the contract). It was reopened and resulted in yearly increases in teacher salaries for the rest of the contract duration. The contract was reopened to raise salaries after the teachers had agreed to a lesser amount during regular negotiations which took place during tough economic times.