

Questions & Answers re the FY24 Nauset Regional School District Budget Components

Orleans Finance Director Cathy Doane asked the Orleans Finance Committee to send any questions/comments re the Nauset Regional School District (NRSD) FY24 Budget to the NRSD Director of Finance and Operations Giovanna Veneditti ahead of time (before the Wednesday, March 22, 2023 joint meeting of the Orleans Finance Committee and Select Board with representatives from the Orleans Elementary School, Cape Tech and NRSD) so that any additional information could be gathered, if needed.

In getting ready, Finance Committee Chairman Nick Athanassiou and former Chairman Lynn Bruneau reviewed all of the “components” of the NRSD FY24 Budget as well as the Cape Tech and OES budgets - including the presentation document for the OES Budget “public hearing” on Monday, 3/20/23. Likely at least some of the “NPS - Nauset Public Schools” pages from that presentation document will be “recycled” for the Wednesday 3/22/23 Orleans Select Board/Fin Comm meeting.

In reviewing the NRSD material, Fin Comm discovered that that the budget detail that we have is out of “sync” with the latest District-wide summary. The NRMS and NRHS Budget totals on the detailed budgets (at earlier dates) don’t match the totals shown on the NRSD Budget Changes document or the FY24 Operating Budget - both dated 3/9/23. Here’s what we used for our review process:

- NRMS (Middle School) - Version 1 dated 1/4/23 - budget worksheets as well as “Budget Justification” pages
- NRHS (High School) - Version 1 dated 1/9/23 - budget worksheets as well as “Budget Justification” pages
- Region Shared - Central Office - Version 3 dated 1/10/23 - budget worksheets as well as “Line Item Descriptions & Justifications”
- Region Only - NHS/NMS - Version 1 dated 2/2/23 - budget worksheets as well as “Line Item Descriptions & Justifications”
- NRSD Capital Article Plan - 6 pages - received 3/6/23
- NPS Enrollment Comparison 10-1-22 and 10-1-21 (4 pages)
- FY2022-2023 Grants (January 1, 2023 - 4 pages)
- NRSD Budget Changes dated March 9, 2023
- FY24 Operating Budget - Version 3 dated 3/9/23 (3 pages)

Review Process. Despite the challenges - here’s what we did:

- Line-item review of all NRSD Budget components, supported by the appropriate “Budget Justification” pages, noting in particular the biggest year-to-year up-ticks in line items. The Central Office “Budget Justifications” win the prize for clarity and helpfulness. Some of the “Region Only” explanations were helpful - but not when the notes simply said “various cost increases”. Similarly for NRMS and NRHS.
- For each of the Budget components, we identified a number of specific questions. The presentation material tee’d up for Monday’s OES meeting was helpful in outlining “NPS -

Focus & Needs” for key cost drivers such as Transportation, SPED (Special Education) and Technology - and several line items were called out in the “General Information” section (eg, utilities).

- We used the “NRSD Budget Changes” dated March 9, 2023 to ID line-item budget changes for NRMS and a few changes for NRHS and the “Region Only” budget. However, 2 NRHS budget reductions were labeled as “Various Line Item Reductions” - thus no way to dig into those weeds.

Answer: These “various line item reductions” reflect savings due to projected retirements (5) at this time. Reductions taken in the teacher salaries line. We have also taken reductions in the Region Only budget to reflect two (2) family plans as a result of these retirements.

After all of this - here’s where we are:

Region Only

Using the 2/2/23 numbers - the Region Only budget of \$15.7M includes \$1.4M (8.8%) for Transportation, \$2.95M (18.7%) for Choice and Charter School Tuition; \$3.56M (22.7%) for SPED-related costs; \$7.17M (45.4%) for Benefits/Insurance/etc. and \$700k (4.4%) for other/misc. costs. Very little of this is discretionary. In the “Budget Changes” dated 3/9/23, a total of \$210k was cut from this Budget component - from the Employer’s Share of Health Insurance and Retired Health Insurance - likely based on better information or sharpened calculations. But as noted in the presentation material for the OES meeting, in the “NPS - Focus & Needs” pages, the District is aware of and working on Transportation needs and costs.

Answer: The reduction in the Region Only budget in the health insurance line was due to updated health insurance costs once the final rates were provided from the Cape Cod Municipal Healthcare. Increases of 4% and 2% (high deductible plan) respectively. We have also taken reductions in the Region Only budget to reflect two (2) family plans as a result of these retirements.

Re the increase in Choice Tuition and Charter School Tuition - these numbers may stay high while NRHS is under construction. But Cape Tech saw a recovery of its enrollment with the completion of the new Cape Tech building. Perhaps Nauset will see something similar in a few years when the new building is completed.

Account 8734 - SE Contracted Svcs Transportation Parent Reimbursement - up \$166k this year - based on the number of kids transported by parents. Question - does the District also pay for seats on regular school buses for the SPED kids? If so, is the District paying twice for these kids?

Answer: No, the District is not paying twice for transportation. The Special Education students who are required to be transported within the District and to any out of district schools per their IEP. Parents are transporting their students due to the lack of available drivers.

During last year's discussion (joint meeting to discuss the NRSB budgets) - Orleans Select Board member Kevin Galligan asked about the OPEB liability (account 8772). It was explained that "a sub-committee w/be looking at this soon, when the actuaries (would) come in and give their recommendations". Where does that process stand at this point?

Answer: The OPEB actuarial report was presented a couple of years ago by the Actuarial Consultant from Segal and that is how the Budget and Finance Subcommittee determined the amount currently budgeted at \$450,000 (during the FY21 budget season) based on the subcommittee discussions and information received from meeting with the actuary. The Budget and Finance Subcommittee will continue to assess and have another meeting with the actuary to discuss the most recent report findings and determine if any changes need to be made with respect to the amounts being budgeted in the Region Only budget going forward.

Central Office

No specific questions. "Budget Justifications" well documented.

NRMS (Middle School)

Looking at the Budget Changes dated 3/9/23 - a couple of the Technology-specific proposed increases have now been cut - 8111 - Contracted Svcs Instr Equipment (proposed \$35k add essentially eliminated) and 8032 - Classroom Instructional Hardware (budget zeroed out altogether). The 8111 account had included upgrading the vent system in the kiln room to remove fumes and heat. Is that what was eliminated? Why was that in the operating budget instead of listed as a capital project? Will the "Chromebooks" upgrade in account 8032 be deferred? Or funded another way?

Answer: #8032 Instructional Hardware removed and will be funded utilizing the ESSER II and ESSER III Funds.

Answer: #8111 Contracted Services Instructional Equipment eliminated the upgrading the vent system in the kiln room to remove fumes and heat. Will utilize capital articles, general repairs.

Account 8027 - Contracted Svcs Other Instr Svcs - the budget cut cleared the line except probably for "Translation Services" (\$690) - so no funding for field trips.

Answer: In version 1 of the FY24 budget documents, field trips were included as part of this line item. Line item removed, will seek alternative funding through PTO.

Account 8100 - Tutor Salaries - the budget cut cleared the line. Nothing was needed in FY22 but funding was needed in FY19 and FY20. If funds are needed, where will funding come from?

Answer: If additional funds are needed, it would necessitate a reduction of other budgetary line items

Account 8034 - Guidance Counselors - budget cut seems to have eliminated the proposed additional adjustment counselor (\$79k). Account 8095 - SE Contracted Svcs Psychological - budget cut cleared the line yet \$25k was spent in FY22. If funds are needed, where will funding come from? Account 8039 - budget cut seems to have eliminated idea of an extra 0.5 FTE nurse; will continue w/ 1.5 FTE nurses.

Answer: Position of Guidance Counselor was included in version 1; however, the position was eliminated during the budgeting process; the same for the additional .50 FTE nurse. With respect to SE Contracted Services, if additional funds are needed, it would necessitate a reduction of other budgetary line items.

Account 8076 - SE Salaries - Therapeutic - budget cut of \$27.6k leaves this line item at about \$105k - well below what has been spent in FY22 and FY21 and FY20 and FY19 (earlier years \$150k-160k; in FY22 - \$137k). If funds are needed, where will funding come from?

Answer: Changes in staffing resulting in a decrease in this line item for FY24. If additional funds are needed, it would necessitate a reduction of other budgetary line items.

Capital Budget information notes that the project to replace the obsolete Fire Alarm System will be addressed through “separate funding” - but when will we see what that is? The Orleans Warrant is closed to any new/more Warrant Articles. Would that be a “Budget Change” for Orleans? Or will that wait for Fall Town Meeting?

Answer: We are reviewing and discussing this with our Member Towns on how best to proceed going forward, inclusive of discussing options available to us. More details to follow.

NRHS (High School)

Looking at the Budget Changes dated 3/9/23 - we understand, from an earlier conversation w/ NRSD School Committee member (from Orleans) Judy Schumacher, the need for the change to Account 8320 - Contracted Svcs Instr Technology (eliminating duplicate funding).

Answer: Line item amount was removed due to duplication (\$69,811)

Presumably the reductions to the Retirement/Replacement accounts (8311, 8372 and 8380) were based on better information or tighter calculations.

Answer: Reductions based on retirements/replacements of staff in these line items.

As noted above, the references to “Various Retirements” and “Various Line Item Reductions” couldn’t be tied to specific accounts during our review.

Answer: Reductions taken in the teacher salaries line.

Account 8322 - Textbooks - increase of \$26k to \$54k including \$12k “for year one of three to rebuild the library collection”. Does it make sense to be doing this during construction? Or is the Library not impacted by the construction project?

Answer: Items will still be needed during the school year.

Account 8360 - Contracted Services Grounds and 8361 - Contracted Svcs Buildings - why increases in these budgets (\$9k and \$14kk - 48% and 90% respectively) when the campus is under construction?

Answer: Yes, these funds will be needed for any repairs/maintenance needed to the existing buildings while under construction. Increased costs due to the changes in the current economy has resulted in increases for labor, materials, etc.

Operating Budget

Please remind us about the source(s) of the various lines of “Income” and how they are determined - particularly if they vary from year-to-year (eg, what’s the basis for “State Aid” and “Transportation”).

Answer: Chapter 70 Aid—Funds received by the State, State Aid based on a formula. Charter School Aid—based on a formula. The District receives the following aid based on the number of students leaving the Nauset District to attend various Charter Schools. Formula is 100% year 1; 60% year 2; and 40% year three.

State Transportation Aid—Aid is based on the actual amounts spent in the prior year, calculated at a rate of 70-91% reimbursement rate to the District.

Estimated Receipts—Interest and Medicaid receipts, interest on our investments and any miscellaneous receipts that do not fall within these categories.

Remind us about the timing of the Truro/Provincetown tuition contract - when is that next up for discussion? Notes from last year’s meeting indicated that the contract expires June 30, 2024 - so when will the discussion begin - under whose leadership?

Answer: In prior years the negotiating team consisted of the Superintendent and the Chair of the Regional School District, and a member of the Region School Committee. Negotiations will start at a time yet to be determined.

The Operating Budget that we have is dated 3/9/23 - how accurate is the “Construction Debt Service” number for FY24 - as of March 9?

Answer: The debt number has since been updated to reflect a consensus amongst the Four Member Towns' Administrators/Town Managers after consulting with our financial advisor on the timing of the borrowing (BANS) and future bonding.

Capital Projects

Why so much spending at the High School when the School is under construction? Is this absolutely required to keep the surviving building alive? \$245k seems like a lot of maintenance work.

Answer: Yes, these funds will be needed for any repairs/maintenance needed to the existing buildings while under construction. Increased costs due to the changes in the current economy has resulted in increases for labor, materials, etc.

Why "firewall upgrades" as Middle School and High School capital projects when these are elsewhere in the Operating Budgets? Are the interactive classroom boards for the High School movable into the new building?

Answer: The firewall upgrades are included in the capital plan for FY24 for both the Middle School and the High School and are not included in the operating budgets. The interactive classroom boards are movable and are not required to be fixed to the walls.

E&D as a Source of Funds

Last year, Orleans Finance Director Cathy Doane asked about the use of E&D funds to support the school budgets, noting that her concern was re the use of \$1M in E&D funds to balance the school budgets. In the Operating Budget summary dated 3/9/23, in the Income Section, there's a "Transfer from E&D" of \$1M for FY24 and then right below the "Construction Debt Service" line, there's another E&D line for \$975, netted against the "Construction Debt Service" total. Likely this topic will come up again during this year's meeting - with someone asking what the E&D "balance" is, after the balancing of the FY24 budget.

Answer: The E & D balance certified in February is \$1,470,376. Current E & D as of February 28, 2023 is \$2,000,046; Amount to be utilized in FY23 to cover deficits in the Region Only, Middle School and Central Office budgets \$400,000 (See Monthly Dashboard Reports); Amount voted to be used is \$1,000,000 and the \$975 (premium on prior bonds that needs to be amortized annually); leaving a projected estimated balance at June 30, 2023 of \$999,071. (this is subject to change during the next four months based on the need for substitutes, utilities, student needs, special education costs)

Lynn Bruneau / on behalf of the Orleans Finance Committee