

Budget and Finance Committee Notes
Monday, January 14, 2008

Attending: Board Members Burke, Garrity, Strickland and Wetmore; Administrators Duncan, Mikos and Petrizzo.

New Funding Formula – '08-'09 Budget: We are still struggling to fully understand the new state funding formula. We are slated to receive a 10 % increase (approximately \$291K) in state aid. As we understand it, the full availability of the increased state aid is based on two factors.

The first is how our actual 2007/08 budget compares with a state-determined “adequacy” budget. In our case, our \$47.9 million 2007/08 budget exceeded the “adequacy” level by \$5.8 million. Some possible contributing factors are:

1. The state assumes a \$63K average teacher salary statewide. Our staff is more senior, so we pay \$3 million more than the “average” allows.
2. The state shows us as having a lower percentage of “classified” students than we in fact do. Mr. Rosenberg and Ms. Gill are calculating our actual classification percentage, but it’s not clear what, if any, appeal process exists to correct the state’s calculation.
3. The state expects us to have a lower transportation costs than we do, based on DRTRS (District Report of Transported Resident Students) report.
4. The state projects our enrollment as dropping, while we see it as flat.

Districts whose budgets exceed “adequacy” must use for tax relief any state aid increase which exceeds CPI growth (2.89%) unless the second factor applies, as in our case.

The second factor compares the state-calculated “local fair share” (\$48.8 million) vs. actual 2007/08 HBOE tax levy (\$44.4 million). Since our 2007/08 actual tax levy is less than the state-calculated “local fair share,” the entire 10% or \$291K state aid increase may be fully utilized to meet our costs.

We should have our state budget “download” on or about 1/23. This year’s amount will include our extraordinary state aid for special education. In the past, we have not received this extraordinary aid until the end of the school year.

Caveats: We don’t know for how long the new “adequacy” formula or \$\$ amount will remain in use. History suggests not very long. Also, we don’t know whether we will be able to appeal the “adequacy” amount.

2008-09 Budget: Revised budgets are coming in, and “wish lists” for items not included are being developed. The state budget software download, expected 1/23, will let us calculate our waiver amounts. Our local data should be ready for input by then.

The state has not yet provided the rate for our '08-09 PERS pension liability. Those who follow past trends closely recommend we plan for a 15% increase. That increase, plus the mid-year increase we received in '07-08, would raise our PERS cost to roughly \$900K (based on 1/17/08 MCASBO roundtable this amount could be \$1.1M), more than exhausting this year’s entire state aid increase. Effective '08-09, school districts will bear the full cost of PERS pension costs. There is no cap waiver for this expense.

New State Health Benefit Plan (SHBP), Section 125: Costs for the new SHBPs are in. For planning purposes, we assume all employees will opt for the Direct 10 plan, which offers a lower co-pay and higher reimbursement level than the alternative. While premiums will be lower (9.3%) the first year (4/1/08 – 12/31/08), we’re told to expect a 12%

