

DARIEN PUBLIC SCHOOLS

Richard Rudl

Director of Finance and Operations

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 TEL: 203-656-7405 FX: 203-656-3502

DATE: May 4, 2020
TO: Board of Education
FROM: Dr. Alan Addley, Superintendent of Schools
 Richard Rudl, Director of Finance & Operations
SUBJECT: Updated FY21 Budget Reduction Recommendations

On April 23, 2020, the Board of Finance provided the Board of Education with FY21 Operating and Capital Budgetary guidance. This guidance suggested two scenarios:

1. A total reduction of \$971,000
2. A total reduction of \$1,633,000

This memorandum outlines two scenarios on how the district might achieve these guidance levels and the impact these reductions would have on the district. The scenarios reflect the maximum amount the administration feels it can eliminate or defer without adversely impacting staffing or programs.

Before we outline budget mitigation strategies it is important to highlight known existing budgetary shortfalls for FY 21 as well as unknown budgetary implications.

Existing Budget Shortfalls:

In addition to these budget reduction considerations, we will have to address the following items, which are likely to create a budget shortfall in FY21 largely due to school closures:

RC	Location	Line	Object	Account Description	BOE Operating Budget	BOE Capital Budget	Proposed Change	Revised Budget	Comments
11	Athletics		102006	Summer School-Use of Fields	\$ (35,000)		\$ 35,000	\$ -	Assumes cancelation of DSS
12	Maintenance		102009	Use of Fields	\$ (140,000)		\$ 35,310	\$ (104,690)	Loss of Field Rental revenue due to closure in summer
13	Music		21201	Director	\$ 129,124		\$ 55,352	\$ 184,476	Change of Music Director to 1.0 FTE
3	MMS		21301	Music Teachers	\$ 613,211		\$ (33,908)	\$ 579,303	0.3FTE Reduction due to change in Music Director
23	DSS		2410	Adult Education	\$ 20,000		\$ (5,500)	\$ 14,500	Less Adult Education Students in Stamford Cooperative
23	DSS		12001	Consultant Services	\$ 435,000		\$ (435,000)	\$ -	Cancellation of DSS
23	DSS		24003	Summer School Teaching Supplies	\$ 51,800		\$ (51,800)	\$ -	Cancellation of DSS
23	DSS		13012	Office Supplies	\$ 6,000		\$ (6,000)	\$ -	Cancellation of DSS
23	DSS		31005	Revenue-Summer School	\$ (630,120)		\$ 630,120	\$ -	Cancellation of DSS
25	Fixed		52001	Regular Pupil Transportation	\$ 2,349,436		\$ 88,452	\$ 2,437,888	Addition of Bus to Fitch Avenue/Renshaw Road Area
16	District Administration		12001	Consultant Services	\$ 43,500		\$ (25,000)	\$ 18,500	Removal of Bus Study
Total							\$ 287,026		

These shortfalls total \$287,026 from the existing \$103,521,534 budget approved by the Board of Education.

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Unknown Budget Implications:

In addition to these items, we have potential costs for unknown items including:

- Special Education costs due to school closure.
- Excess Cost Entitlement Cap Adjustments. (FY 20 Entitlement cap was changed from 74.8% to 70.89%). FY 21 entitlement cap was budgeted at 75%.
- Year-End excess cost adjustment, which will affect Educational Cost Sharing (ECS) revenue.
- Re-opening of school costs including, but not limited to, cleaning and sanitizing buildings, curriculum changes, and additional teaching staff should schools re-open but still need to social distance, which would potentially require smaller class sizes.
- Repairs to any Chromebook that were used during the closure period.
- Migration of employees onto the district health insurance plan who previously waived insurance.
- Enrollment variability.

Given the concerns of unknown budget implications, we are reluctant to reduce or eliminate budget control now.

The primary methods to achieve reductions will be based on the following:

1. Seek approval of the Board of Education and Board of Finance for the use of a **non-lapsing account**.
2. Defer **capital items** where appropriate,
3. Reduce **operating items**, which will be the least impactful to the district, including but not limited to RFP savings, contractual efficiencies, new sources of revenue, and deferral of expenses.

Budget Scenarios								
			Reductions/Deferrals					
Scenario	Use of Non-Lapsing Account	Non Lapsing Fund	Capital	Operating	Staffing	Total	Shortfall	Total Reduction
1	Yes	\$880,000	\$300,000	\$309,494	\$77,231	\$1,566,725	\$287,026	\$1,279,699
2	No	\$0	\$523,750	\$348,494	\$77,231	\$949,475	\$287,026	\$662,449

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Scenario 1: This scenario focuses on a budgetary reduction of \$971,000 plus \$287,026 of known shortfalls for a **total reduction of \$1,258,026.**

Enact with approval of the Board of Education and Board of Finance a non-lapsing account pursuant to CGS 10-248a. Based on the March Financial Report we are forecasting a year-end surplus of \$880,013. The following items would be recommended as reductions but items to be funded out of the non-lapsing account:

Non-Lapsing Account:

RC	Account	Description	Amount
15	123021	Technology Equipment-iPads	\$177,500*
19	22001	Textbooks	\$170,000**
Capital	Capital	MS Security Cameras	\$160,000
Capital	Capital	Lockdown Enhancement	\$100,000
Capital	Capital	Replacement of DAR42	\$49,750
Capital	Capital	Replacement of DAR59	\$49,750
Capital	Capital	Replacement of HS Library Carpet	\$40,000
Capital	Capital	Replacement of MS Library Carpet	\$30,000
Capital	Capital	Repave access road at MS	\$35,000
Capital	Capital	Curbside and Blacktop at Hindley	\$50,000
Capital	Capital	Widen roadway and blacktop at Tokeneke	\$19,000
Total			\$880,000

*Portion of iPads would remain in operating budget.

**The administration would not recommend deferring the purchase of the MS Textbooks of the iPads.

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Once funded out of the non-lapsing account the items listed would then be eliminated from the operating and capital budget.

In addition, to the items to be funded from a non-lapsing account the following items would be reduced or deferred.

Capital Deferrals:

RC	Account	Description	Current Budget	Reduction Amount	New Budget	Comment
Capital	Capital	HVAC Design	\$300,000	\$(300,000)	\$0	Defer HVAC Design Costs
Total Capital Deferrals				\$(300,000)		

Operating Reductions:

RC	Account	Description	Current Budget	Reduction Amount	New Budget	Comment
1	102007	Parking Fees	\$(11,000)	\$(14,300)	\$(25,300)	Currently the student activities account collects roughly \$26,000 in parking fees with \$11,000 transferred to the BOE. The balance is used to fund orientation, senior send-off and memberships. This would transfer the balance to the BOE and require other student activity funding to cover these expenses. This change in practice would mirror that of New Canaan, Westport, Ridgefield, Wilton and Weston. This would not increase the current fee for parking.

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5,7, 8,9, 10	Various	Elementary Allocation of Resources	\$281,145	\$(23,545)	\$257,600	Based on historical expenditures and review of the current elementary allocation of resources formula we believe an adjustment to formula will provide resources needed while still making this reduction. The primary area of flexibility in this formula has previously been classroom libraries.
11	New Account	Gate Receipts	\$0	\$(10,500)	\$(10,500)	Currently athletic gate receipts remain in the student activities account. Districts such as New Canaan, Ridgefield, Weston, and Wilton deposit these funds into the BOE operating account as a contra expense. This would follow that practice.
12	62001	Refuse Collection	\$110,000	\$(29,242)	\$80,758	RFP was issued for Trash Services. This RFP has yielded savings of \$29,242
12	73010	Maintenance Equipment	\$19,790	\$(19,790)	\$0	Defer maintenance equipment
15	13035	Software Maintenance	\$821,740	\$(40,000)	\$781,740	Remove Lightspeed web filter. The State of CT is now offering web filter services to school districts.
16	13016	School District Membership	\$21,850	\$(300)	\$21,550	Elimination of IMG Dues

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19	25003	Professional Development	\$125,850	\$(12,000)	\$113,850	Keep professional development flat year over year. Additionally, Title 1 Grants have received an extension of carry-over funding, which could support this reduction.
20	12001	Consultant Services	\$30,000	\$(30,000)	\$0	Defer chart of accounts revision
20	12005	Auditing Services	\$23,007	\$(457)	\$22,550	RFP was completed for Auditing Services
24	52002	In District Transportation	\$879,989	\$(34,701)	\$845,288	Pending renegotiated First Student Contract
25	52001	Regular Pupil Transportation	\$2,437,888	\$(86,859)	\$2,351,029	Pending renegotiated First Student Contract
25	64003	Telephone	\$75,000	\$(7,800)	\$67,200	Telephone audit was completed recently, yielding monthly savings of \$650.
Total				\$(309,494)		

Staffing Reductions:

RC	Account	Description	Current Budget	Reduction Amount	New Budget	Comment
1	110118	Teacher	\$1,711,116	\$(56,313)	\$1,654,803	We have achieved turnover of 3 secondary teachers, which allow us to accelerate the 4.5 to 5 classes. The current BOE budget assumed two, this would be third.
24	21605	Transportation/Driver	\$89,545	\$(11,083)	\$78,462	Vacant driver position would change from 261 days to 238 days similar to other driver position.

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25	82003	Health Insurance	\$12,291,001	\$(9,835)	\$12,271,331	Reduction of insurance benefits for teacher reductions from 4.5 to 5 classes.
Total Staffing Reductions				\$(77,231)		

Total Reductions: \$880,000 (non lapsing account) + \$300,000 (capital deferrals) + 309,494 (operating reductions) + \$77,231 (staffing reductions) total \$1,566,725.

With an expected operating budget shortfall of \$287,026 this would be a **total reduction of \$1,279,699** (\$1,566,725 less \$287,026). This amount would **exceed Board of Finance Guidance scenario 1 by \$308,699** but be **short of Board of Finance Guidance Scenario 2 by \$640,327** (\$1,633,000+\$287,026-\$1,279,699).

If we needed to reach the high end guidance of \$1,633,000 plus the shortfall of \$287,026 this shortfall would clearly result in significant reductions across many area's of the budget. The administration would anticipate this balance coming from a combination of items that will need further administration review including athletics and extra-curricular (\$200,000), programs \$(460,000) and staffing \$(1,281,000). This would require difficult decisions, which could potentially change the landscape of the Darien Public Schools. We would need to provide advance notice to potentially affected staff prior to announcing any potential reductions for consideration.

If all items above are accepted this would bring the current operating budget of \$103,521,534 down to \$103,074,335 which would be a 2.95% increase.

FY 2021 BOE Approved Budget	\$103,521,534
FY 2021 Known Shortfalls	+287,026
iPads moved to non lapsing account	-177,500
Math Textbooks moved to non lapsing account	-\$170,000
Operating Reductions	-\$309,494
Staffing Reductions	-\$77,231
Adjusted FY 2021 Budget	\$103,074,335

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The capital budget of \$1,380,868 would be reduced to \$547,368 reflecting only the Tennis Courts at DHS \$525,368 and Edwards Fire Alarm at Tokeneke \$22,000.

FY 2021 BOE Approved Capital Budget	\$1,380,868
MS Security Cameras moved to non lapsing account	-\$160,000
Lockdown Enhancement moved to non lapsing account	-\$100,000
Replacement of DAR42 moved to non lapsing account	-\$49,750
Replacement of DAR59 moved to non lapsing account	-\$49,750
Replacement of HS Library Carpet moved to non lapsing account	-\$40,000
Replacement of MS Library Carpet moved to non lapsing account	-\$30,000
Repave access road at MS moved to non lapsing account	-\$35,000
Curbside and Blacktop at Hindley moved to non lapsing account	-\$50,000
Widen roadway and blacktop at Tokeneke moved to non lapsing account	-\$19,000
Defer HVAC Design	-\$300,000
Adjusted FY 2021 Capital Budget	\$547,368

Scenario 2: This scenario focuses on a budgetary reduction of \$1,633,000 plus \$287,026 of known shortfalls for a **total reduction of \$1,920,026**

Should the Board of Education and Board of Finance not wish to enact a non-lapsing account the following recommendations would be made to achieve budgetary guidance of \$1,920,026. We would **not recommend** deferring iPads, Textbooks, MS Cameras, Enhanced Lockdown System, and

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Replacement of DAR59 vehicle that are listed in the non-lapsing account under the previous scenario should a non lapsing account not move forward.

Capital Deferrals:

RC	Account	Description	Current Budget	Reduction Amount	New Budget	Comment
	Capital	Carpet Replacement DHS	\$40,000	\$(40,000)	\$0	Defer carpet replacement
	Capital	Carpet Replacement MMS	\$30,000	\$(30,000)	\$0	Defer carpet replacement
	Capital	Repave Access Road at MMS	\$35,000	\$(35,000)	\$0	Defer repaving
	Capital	Curbside and Blacktop paving at Hindley	\$50,000	\$(50,000)	\$0	Defer repaving
	Capital	Widen blacktop and roadway at Tokeneke	\$19,000	\$(19,000)	\$0	Defer repaving
	Capital	Defer Replacement of DAR 42	\$49,750	\$(49,750)	\$0	Defer vehicle replacement
	Capital	HVAC Design	\$300,000	\$(300,000)	\$0	Defer HVAC Design Costs
Total Capital Deferrals				\$(523,750)		

Operating Reductions:

RC	Account	Description	Current Budget	Reduction Amount	New Budget	Comment
1	102007	Parking Fees	\$(11,000)	\$(14,300)	\$(25,300)	Currently the student activities account collects roughly \$26,000 in parking fees with

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16	13016	School District Membership	\$21,850	\$(300)	\$21,550	Elimination of IMG Dues
19	22001	Textbooks	\$223,532	\$(39,000)	\$184,532	Reduce the MS Math Subscription from 6 years to 3 years.
19	25003	Professional Development	\$125,850	\$(12,000)	\$113,850	Keep professional development flat year over year. Additionally, Title 1 Grants have received an extension of carry-over funding, which could support this reduction.
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25	82003	Health Insurance	\$12,291,001	\$(9,835)	\$12,271,331	Reduction of insurance benefits for teacher reductions from 4.5 to 5 classes.
Total Staffing Reductions				\$(77,231)		

Total Reductions: \$523,750 (capital deferrals) + \$348,494 (operating reductions) + \$77,231 (staffing reductions) for a total reduction of \$949,475 less the shortfall of \$287,026 leaves a **total reduction of \$662,449 or \$308,551 short of the low end guidance of \$971,000 or \$970,551 short of the high end guidance by the Board of Finance Guidance of \$1,633,000.**

This significant shortfall would clearly result in significant reductions across many area's of the budget. The administration would anticipate this balance coming from a combination of items that will need further administration review including athletics and extra-curricular (\$200,000), programs (\$460,000) and staffing \$(1,281,000). This would require difficult decisions, which could potentially

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If all items above are accepted this would bring the current operating budget of \$103,521,534 down to \$103,382,835 which would be a 3.26% increase.

FY 2021 BOE Approved Budget	\$103,521,534
FY 2021 Known Shortfalls	+287,026
Operating Reductions	-\$348,494
Staffing Reductions	-\$77,231
Adjusted FY 2021 Budget	\$103,382,835

The capital budget of \$1,380,868 would be reduced to \$857,118 reflecting only the Tennis Courts at DHS \$525,368, \$160,000 for MS Replacement Cameras, \$100,000 Enhanced Lockdown, \$49,750 for replacement of vehicle DAR 59 and Edwards Fire Alarm at Tokeneke \$22,000.

FY 2021 BOE Approved Capital Budget	\$1,380,868
Defer Replacement of DAR42	-\$49,750
Defer Replacement of HS Library Carpet	-\$40,000
Defer Replacement of MS Library Carpet	-\$30,000
Defer Repave access road at MS	-\$35,000
Defer Curbside and Blacktop at Hindley	-\$50,000
Defer Widen roadway and blacktop at Tokeneke	-\$19,000
Defer HVAC Design	-\$300,000
Adjusted FY 2021 Capital Budget	\$857,118