

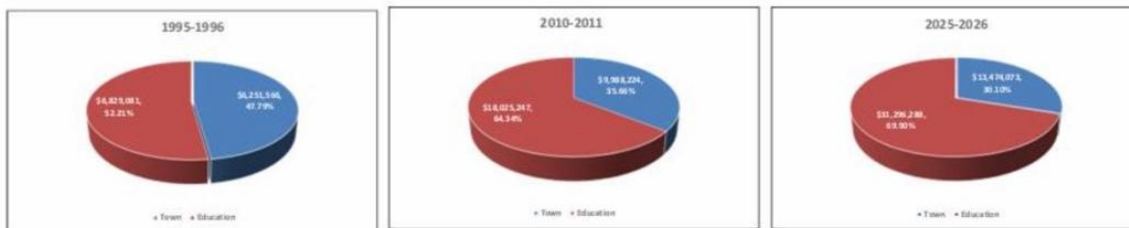
## Budget Questions Questions re: FY 23-24 Budget surplus:

1. There is a perception among some that R15 is over budgeting. Can you please explain the difference between what happens if R15 underbudgets and runs out of funds vs if this happens in the town government? Are there options available to towns that aren't available to the Region?
  - a. As a Region School District, the district functions as its own fiduciary agency, meaning that the Regional District is fully responsible for all financial obligations and, unlike municipal school districts, should the district fall short of meeting its obligations, it cannot request a special appropriation from the towns. The district's funding is allocated only through referendum.
  - b. Until last year, the district was legislatively restricted in our non-lapsing account, to only one-time capital expenses. Legislation changed last year that will allow regional school districts to establish a reserve account. While still restricted, it does allow the potential for reserves to be established like the structure towns have. Currently the district is working on a policy that would establish this account for the district but has not allocated any reserve funds to the account.
2. The salary line has been under budget for the past several years (for example, salaries + benefits were under budget by \$1.2 million in FY 23-24). Was this taken into account in the budgeting for an additional 3 FTEs?
  - a. The annual budget projections are based on actual staffing, obligated contractual salaries, and any other known salary implications. [Finance Committee Meeting November 1, 2023](#)
  - b. When looking specifically at the salary line, the certified substitute line also needs to be accounted for as teachers on long term or unpaid leaves require certified substitutes. Unfilled vacancies and unpaid leaves create unallocated funds in the certified salary line that are reallocated to pay the salaries of certified substitutes.
  - c. Additionally, there are times when staff salaries are included in the proposed budget but between the budget presentation and the start of the school year staff leave the district and are replaced with those earning different salary amounts. In the past a district could expect that retiring teachers would be replaced with less experienced teachers lower on the salary scale. The national teacher shortage and more competitive employment market mean that this is not a practice that can be counted on. Region 15 has evolved our hiring process to identify and hire the most qualified person and not the least expensive.
3. Can you please explain the increased spending at the end of FY 23-24? For example, the May 2024 financial report indicated a potential surplus of almost \$1.4M for FY23-24 (this took into account incumbrances for salaries, benefits, etc.). How did this go from \$1.4 M to \$642K (the actual amount the region was under budget)?
  - a. The May 2024 Year-end projection of \$1.4 million is before the loss of state revenue. See page pages 2 and 3 of Enclosure 2 of the finance committee agenda. Highlighted in yellow at the bottom of page two, highlighted in yellow, is the net balance after revenue shortfall of \$881,601. On page 3 of the exhibit is the revenue breakdown detailing the shortfall of the excess cost grant. [June 2024 Finance Committee Meeting Minutes](#)

- b. The repairs to the AC unit for the main gym unit at PHS were \$300,000. Full replacement of this was estimated to be about 1.5 million. There was also a replacement of the district's management system for HVAC for \$120,000. Major projects are delayed, when possible, to the second half of the year once the district has a stronger knowledge of other fiscal volatilities that may need to be prioritized.
  - c. The finance committee meeting, June of 2024 outlined these projects as well as others. The HVAC management system was originally proposed to be replaced at one site for \$45,000. The scope grew to \$120,000 and included all schools based on an economy of scale. [Finance Committee Meeting June 2024](#)
4. How was the decision made to transfer \$232K of this surplus to the reserve at the end of FY 23-24?
- a. Once the annual school district audit is complete and the year-end balance has been verified, the Board of Education approves a transfer to the non-reoccurring capital account. By statute, the transferable year-end balance cannot exceed 2% of the total operating budget. [April 24, 2023 Regular Meeting of BOE](#)
  - b. The transfer for 2023-24 has not yet been completed due to the State of Connecticut adding an educational expense fund. The Board of Education is working to complete the policy that will govern the account. Our 2023-24 audit does reflect those funds, and the Board has until June 30<sup>th</sup> 2025 to transfer them into the new account.
5. Do you anticipate a similar surplus in this budget?
- a. Annually there are multiple factors that determine the year-end balance. Each month the Board of Education's Finance Committee reviews the projected balance and any unanticipated budgetary pressures to evaluate and prioritize capital repairs or address any need to reprioritize funding allocations.
  - b. Repairs and any year end projects are shared with the Finance Committee and itemized for discussion.
6. Can you explain the discrepancy between the debt service budget of \$1.58M vs the actual \$655K? How was this number so far off? How were these additional funds used?
- a. The surplus funds were transferred out of debt service into our capital account at the June 2024 Board of Education meeting.
  - b. The unallocated balance has been a frequent conversation and presented at several meetings. The Board is currently undergoing a study as to the conditions and repair/ replacement options for Pomperaug and Gainfield Elementary Schools. Whatever the conclusion of the study, we expect that it will result in renovations or replacement at a funding threshold that will require a bond. Reducing the debt service line now will exacerbate the potential impact when the eventual bonding occurs. In the years between now and any future project, the unallocated bond debt can be leveraged to address other large capital projects and avoid additional repair bonds. A basic estimate of a bond structure instead of the pay as you go model would generate an additional \$450,000 in annual debt service payments and 2 million in interest payments for a 5-million-dollar roofing bond. See slide 3 of the [March Capital Presentation](#).

7. The FY 23-24 revenue also appears to have been under budget by \$410K, what accounts for this, and has it been corrected in the current budget?
  - a. The shortfall was directly related to a drop in the State of Connecticut's excess cost grant for special education. This revenue was adjusted in the 2024-25 budget and the 2025-26 budget as well.
  - b. Once the State passed legislation in February 2025 the revenue assumptions for next year were updated and are reflected in the current proposed budget accounting for downward adjustment of 0.5. While the Governor's proposed biennial budget does not currently carry forward the funding increase, we feel that the current indicators will reflect at least this year's allocation and have adjusted revenue projections accordingly.
  
8. **Questions re: growth of budget over the years:** There has been a series of graphs circulated throughout the Middlebury community showing that the Region 15 budget has grown at a more rapid pace and percentage than the town budget.

**Over the past 30 years, Education's share of the Town of Middlebury budget has shifted from about half of spending (1995-1996: 52.2%) to almost 70% of spending (2025-2026: 69.9%).**

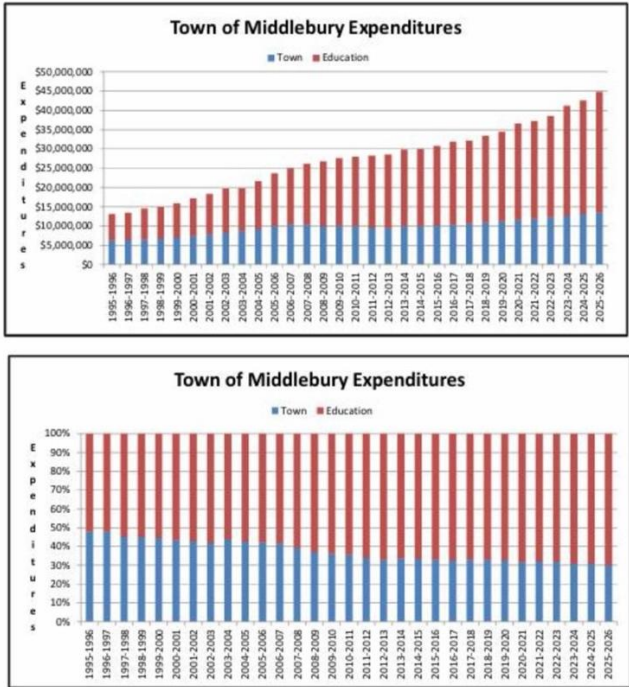


**For FY 1995-1996, the Total Middlebury budget was \$13.1M, with Education representing 52.2% of the total.**

**For FY 2010-2011, the Total Middlebury budget was \$28.0M, with Education representing 64.3% of the total.**

**For FY 2025-2026, the Total Middlebury budget was \$44.8M, with Education representing 69.9% of the total.**

Middlebury's share of the Education budget has been the primary driver of total Town spending over the past 30 years.



Over the past 30 years, the Town budget has grown at a 2.6% CAGR. During this time frame, the Education budget has grown at a 5.2% CAGR.

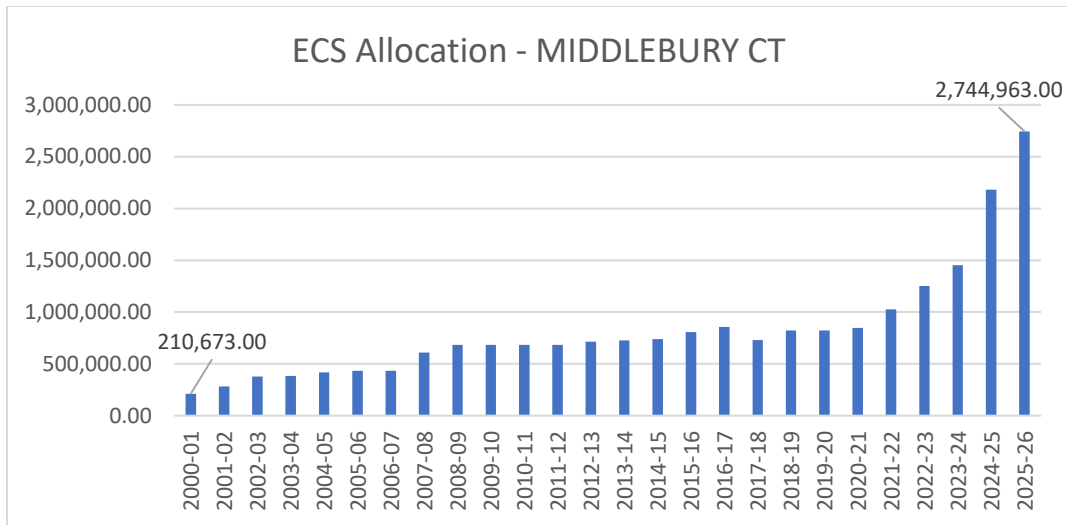
Cost/Resident grew at a 1.7% CAGR while Cost/Student grew at a 4.4% CAGR.

FY	Town Budget			Education Budget			Share of Budget			
	Town	Population	\$/Resident %Chg	Education	# Students	\$/Student %Chg	Total	%Chg	Town	Education
1995-1996	\$6,251,566	6,100	\$1,025	\$6,829,081	933	\$7,319	\$13,080,647	47.8%	52.2%	
1996-1997	\$6,406,322	6,164	\$1,039	\$6,969,208	943	\$7,390	\$13,375,530	47.9%	52.1%	
1997-1998	\$6,543,069	6,001	\$1,090	\$7,976,530	990	\$8,057	\$14,519,599	8.6%	45.1%	54.9%
1998-1999	\$6,720,101	6,069	\$1,107	\$8,188,364	1,038	\$7,889	\$14,908,465	2.7%	45.1%	54.9%
1999-2000	\$7,033,110	6,107	\$1,152	\$8,837,754	1,061	\$8,330	\$15,870,864	6.5%	44.3%	55.7%
2000-2001	\$7,424,059	6,453	\$1,150	\$9,709,278	1,123	\$8,646	\$17,133,337	8.0%	43.3%	56.7%
2001-2002	\$7,868,423	6,613	\$1,190	\$10,452,226	1,148	\$9,105	\$18,320,649	6.9%	42.9%	57.1%
2002-2003	\$8,200,929	6,648	\$1,234	\$11,513,538	1,178	\$9,774	\$19,714,467	7.6%	41.6%	58.4%
2003-2004	\$8,682,072	6,745	\$1,287	\$11,120,913	1,145	\$9,713	\$19,802,985	0.4%	43.8%	56.2%
2004-2005	\$9,176,712	6,846	\$1,340	\$12,454,897	1,189	\$10,475	\$21,631,609	9.2%	42.4%	57.6%
2005-2006	\$9,983,261	6,974	\$1,431	\$13,715,412	1,221	\$11,233	\$23,698,673	9.6%	42.1%	57.9%
2006-2007	\$10,374,486	7,146	\$1,452	\$14,640,597	1,249	\$11,722	\$25,015,083	5.6%	41.5%	58.5%
2007-2008	\$10,267,773	7,252	\$1,416	\$15,904,783	1,307	\$12,169	\$26,172,556	4.6%	39.2%	60.8%
2008-2009	\$9,943,120	7,343	\$1,354	\$16,817,012	1,328	\$12,663	\$26,760,132	2.2%	37.2%	62.8%
2009-2010	\$9,974,870	7,394	\$1,349	\$17,606,265	1,367	\$12,879	\$27,581,135	3.1%	36.2%	63.8%
2010-2011	\$9,988,224	7,606	\$1,313	\$18,025,247	1,369	\$13,167	\$28,013,471	1.6%	35.7%	64.3%
2011-2012	\$9,568,875	7,563	\$1,265	\$18,677,886	1,386	\$13,476	\$28,246,761	0.8%	33.9%	66.1%
2012-2013	\$9,406,782	7,572	\$1,242	\$19,093,395	1,351	\$14,133	\$28,500,177	0.9%	33.0%	67.0%
2013-2014	\$10,052,636	7,571	\$1,328	\$19,774,403	1,309	\$15,106	\$29,827,039	4.7%	33.7%	66.3%
2014-2015	\$9,969,887	7,591	\$1,313	\$19,951,990	1,257	\$15,873	\$29,921,877	0.3%	33.3%	66.7%
2015-2016	\$10,153,880	7,634	\$1,330	\$20,616,453	1,226	\$16,816	\$30,770,333	2.8%	33.0%	67.0%
2016-2017	\$10,404,408	7,641	\$1,362	\$21,479,288	1,223	\$17,563	\$31,883,696	3.6%	32.6%	67.4%
2017-2018	\$10,606,320	7,725	\$1,373	\$21,518,877	1,194	\$18,023	\$32,125,197	0.8%	33.0%	67.0%
2018-2019	\$10,939,178	7,731	\$1,415	\$22,438,773	1,180	\$19,016	\$33,377,951	3.9%	32.8%	67.2%
2019-2020	\$11,242,315	7,798	\$1,442	\$23,170,483	1,191	\$19,455	\$34,412,798	3.1%	32.7%	67.3%
2020-2021	\$11,544,345	7,577	\$1,524	\$25,056,109	1,261	\$19,870	\$36,600,454	6.4%	31.5%	68.5%
2021-2022	\$11,900,000	7,739	\$1,538	\$25,300,502	1,175	\$21,532	\$37,200,502	1.6%	32.0%	68.0%
2022-2023	\$12,255,288	7,764	\$1,578	\$26,234,267	1,204	\$21,789	\$38,489,555	3.5%	31.8%	68.2%
2023-2024	\$12,668,502	7,825	\$1,619	\$28,509,280	1,209	\$23,581	\$41,177,782	7.0%	30.8%	69.2%
2024-2025	\$13,035,511	7,875	\$1,665	\$29,516,061	1,175	\$25,120	\$42,551,572	3.3%	30.6%	69.4%
2025-2026	\$13,474,073	7,927	\$1,700	\$31,296,288	1,171	\$26,726	\$44,770,361	5.2%	30.1%	69.9%
30 Year % Chg	115.5%	30.0%	65.9%	358.3%	25.5%	265.1%	242.3%			
30 Year CAGR	2.6%	0.9%	1.7%	5.2%	0.8%	4.4%	4.2%			

These graphs and tables seem to be missing some important context. Can you help provide context by responding to these questions, and adding any other relevant material you may have?

9. It appears that ECS funding is not included in these calculations, is it possible to get some of these numbers?

a. ECS



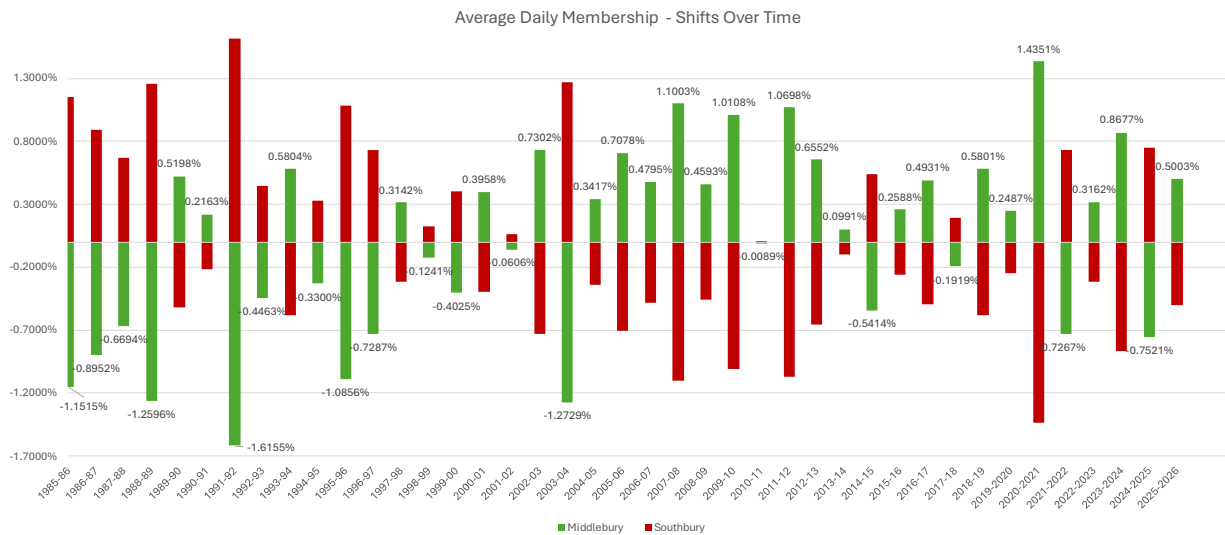
b. The primary reason for the disproportionate rate of growth is related to Middlebury's ADM (Average Daily Membership). This is the number of Middlebury students that attend Region 15 and the proportional obligation of the budget to each town. Over the past 20 years Middlebury has seen the student population grow as outlined in the chart below. (slide 22 of 28 in the presentation of the 2025-2026 proposed budget, but included in the annual budget projections since February of 2020)

10. At the start of the chart, 1995-96, Middlebury's ADM percentage was 26.3776%. In the proposed 2025-26 budget (the ADM calculation as of October 1, 2024) Middlebury's percentage has grown to 34.3603%. The finance impact is not linear as both the annual budget and the ADM allocation grew, meaning that the proportional obligation of Middlebury for the 2024-2025 Regional Budget. The Region 15 Budget 1995-96 was \$25,249,512. Middlebury's portion was \$6,787,877\* (26.3776%) the 2024-25 Regional Budget was \$87,166,507, Middlebury's proportion was \$29,516,061 (33.8600), Middlebury's ADM will increase to 34.3603% in the 2025-26 budget. According to the meeting minutes, the 1995-96 proposed budget ADM shift created a relative budget increase to Middlebury of 0.45 and a 12.14% increase for Southbury.

c. It is also difficult when comparing the town and school budgets because towns often budget their capital projects independent of their operating budget, but the Region 15 budget includes our operating capital.

\*The minutes, school budget records and town records are all close but do differ slightly

11. The ADM is calculated based on the official October 1<sup>st</sup> student enrollment number submitted to the State Department of Education. The report is sent to member towns and reported to the Board of Education annually at the October Finance Meeting. [October 4, 2023 Finance Committee Meeting](#)



## Average Daily Membership

Presented to the R15 Board of Education 2/24/2025

22

12. How has the increase in state regulations and requirements accounted for some of the increased growth in the R15 budget?
  - d. While these costs are probably dispersed throughout budget lines, they tend to show up in certain places (eg special education, testing requirements for dyslexia that were instituted during this time -period).
  - e. In 2016 there was a commissioned study identifying some of the more costly state mandates: [Unfunded Mandates](#)
  
13. Is the proportion of the budget made up of costs over which we have little control greater in the R15 budget than in the town budget (ex-contractual pay increases, transportation, fuel, etc.?)
  - f. Yes. The school district has many more mandated services and requirements based on state and federal laws.
  
14. **Medical Pooling and Health Care:** Given the rising health care costs and their impact on the budget, can you explain medical pooling, how it is handled, whether the towns participate as well, and its effect on the budget? What benefits do the region, and the participating town(s) get from this set up? What options, if any, do we have to manage these costs?
  
15. Can you provide the historical staffing totals since 2018?
  - a. The positions below came from the annual enrollment and staffing reports and budget presentations. The full presentations include the supporting rationale and are available on the district's website.
  - b. The positions are listed independent of the funding source and include positions that were required by state or federal mandates and/ or funded through local and grant funds.
  - c. Some of the positions included other cost offsets or shifting programs from outsourced to locally run to create cost efficiencies. The offsets are not represented in the chart below.
  - d. \* indicate positions tied to mandatory support services.

Position	2018 Totals	2019 Totals	2020 Totals	2021 Totals	2022 Totals	2023 Totals	2024 Totals
Admin	22.60	22.60	23.00	24.00	24.00	24.00	24.00
Accounting/Coor.	5.50	5.50	6.00	6.00	6.00	6.00	6.00
Cust/Maint/Grou nds	37.00	38.00	38.00	39.00	38.00	38.00	37.50
Library Tech.	4.00	4.00	4.00	4.00	4.00	4.00	4.00
Nurses	9.75	10.75	10.75	11.75	11.75	11.75	11.75
Paraeducators	102.50	108.50	114.00	128.00	135.50	145.50	143.50
Secretary	36.50	35.50	35.50	34.50	34.50	36.00	36.00
Certified	327.60	331.90	337.75	338.90	345.00	347.20	350.80
Technology/ Web	3.50	4.50	4.50	4.50	4.50	4.50	4.50
Therapist/ BCBA	7.00	7.00	8.50	8.50	10.00	10.00	11.00
Security	10.00	10.00	10.00	10.00	10.00	10.00	10.00
Total	565.95	576.25	592.00	609.15	623.25	636.95	639.05
	<b>2018: New Positions:</b>	<b>2019: New Positions:</b>	<b>2020: New Positions</b>	<b>2021 New Positions</b>	<b>2022 New Positions</b>	<b>2023 New Positions</b>	<b>2024 New Positions</b>
		2 Social Workers 2 Elem Teachers Elem. Instuc. & Data Coach Para*(IEP/Stud. Supp)	5.5 Paras* (SPED need) 5.0 Elem Teachers 1 PS Registrar 1 BCBA* 1 SPED Teacher .5 PreK Teacher .4 EL* Teacher	14 paras* (SPED need) 1 Asst. Princ. 3 Elem. Teachers 1 Elem. Art Teacher .5 Elem. PE/Health Teacher 1 SPED* Teacher 1 LPN*	1 PES Teacher (4th) 1 GES Teacher (5th) 1 MES Teacher (4th) 2 PHS SPED Teacher .2 Tech Ed Teacher 1 BCBA* 7.5 Paras*	4 RMS Teachers (additional team) 1 LMES Secretary (pre-k support) .5 PHS Secretary (facilities) 10 Paras* (SPED & Gen Ed Support) - 1.4 PHS Teachers (math & science)	1 Culinary Teacher 1 ML Teacher* 2 Math Coach 1 LC Teacher* .5 Elem. Music Teacher 1 OT* -3 Elem. Classroom Teachers (GES,PES,MES)

16. Are there non-reoccurring expenses or cost centers that can be addressed through current year funds to reduce the proposed budget?

- Revenue adjustment to earned interest as discussed at the March Finance meeting.
- Increase in technology Lease can be offset through equipment purchase (\$40,000)
- Some of the Athletic Property can be purchased this year (\$35,000)

Moody's Press Release: Release went out this week to the local papers.

Regional Bond ratings and reserves: I had a question from a Board member about other Regional School districts. I have included their bond ratings below as well as their reserves. The reserves come from their CAFR as reported in their most recent audit.

Regional School District's Rating Information (apologies, the chart formatting isn't play nice)

	Moody's	S&P	Capital Reserves	Budget	Reserve %
Regional School District 4	Aa3		\$ 770,827.00	\$ 22,034,390.00	3.5%
Regional School District 5	Aa1		\$ 2,225,252.00	\$54,552,759.00	4.1%
Regional School District 8	Aa3		\$1,241,471.00	\$ 30,485,991.00	4.1%
Regional School District 9		AAA*	\$1,051,401.00	\$ 24,811,367.00	4.2%
Regional School District 10	Aa2		\$2,038,525.00	\$ 45,959,531.00	4.4%
Regional School District 12	Aa1		\$2,629,047.00	\$ 23,653,375.00	11.1%
Regional School District 13	Aa2		\$5,020,913.00	\$ 39,297,814.00	12.8%
Regional School District14	Aa2		\$2,557,704.00	\$ 40,149,274.00	6.4%
Regional School District15	Aa2		\$1,245,870.00		