

RSU 4 Budget Discussion

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From davidblocher@me.com

To James.Hodgkin@rsu4.org, scott.eldridge@rsu4.org

[Financing ...mbursement.xlsx 22.23 KB](#), [Sped Reimb Plan.xlsx 173.01 KB](#)

Dear Jim and Scott,

Here are some points I would like to discuss with you this afternoon. I plan to propose one or amendments to the warrant articles on June 3 in order to reduce the impact on Litchfield tax payers. The Litchfield Budget Committee is meeting on Wednesday night to formalize its position on Town and School warrant articles.

As the Budget Committee stated in our letter to the School Board, we are concerned about two major issues - the growth of school expenses over the past two years and the financial impact on Litchfield taxpayers.

Growth in school expenses:

Budgeted expenses have grown by about 4% per year over the actual expense in 2014. The student population has dropped from 450 in Oct 2013 to a projection of 1417 for Oct 2015. There appears to be little increase in the level of services offered. Inflation has remained low.

What justifies this significant increase in cost per student?

I would like to go over the following cost centers with major increases with you:

- Instruction Related Technology - increasing by \$189,000
- Fiscal Services - increasing by \$189,000
- Special Ed Self Contained Placement - increasing by \$111,000
- Special Ed Administration - increasing by \$170,000
- School lunch - why are taxpayers subsidizing this at \$125,000 per year?

Impact on taxpayers:

Local assessments have grown by \$1,018,559 (13.8%) over the past two years. For 2016, Litchfield's proposed share will increase by \$159,406 (4.6%). Given that we may also be facing a significant increase for road maintenance, this is a killer. I propose amortizing several current expenses to smooth variances and match expenses to benefit:

Funding Special Education is very problematic, the amounts spent are increasing significantly, vary from year to year and are reimbursed with a two year lag. I have done some analysis to find ways to smooth the variances and would like to share them with you. This involves taking out an annual loan for a portion of the difference between budgeted expenses and state reimbursements. Amortizing the difference between current expenses and State reimbursement could reduce the 2016 local share by \$241,000. I am attaching two spreadsheets so you will be able to see the internal workings.

- Is such 12 month borrowing legal?
- Are banks willing to finance this?
- Do we need a warrant article to implement it?

The cost of retirement stipends/incentives is an investment to reduce future expenses. I propose we borrow the amount and pay it back as the benefits accrue. This would reduce the current local amount by up to \$99,000.

I wish to thank Scott for his help in getting me data and educating me in school finance.

I am hopeful that we can find ways to make the school budget more palatable to our tax payers.

Best regards,

David

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