

**OFFICE OF POLICY AND MANAGEMENT  
MEMORANDUM**

**To:** Members of the MARB  
**From:** Julian Freund, OPM  
**Date:** April 1, 2019  
**Subject:** Summary of 3/28/19 Sprague Subcommittee Meeting

The Sprague Subcommittee met on March 28 to discuss the Board of Education Recommended Budget for FY 2020 and to review information provided by the Town in response to requests made at the March 1<sup>st</sup> subcommittee meeting.

Board of Education FY 2020 Budget

Superintendent Erwin provided an overview of the recommended budget for FY 2020. The budget request represents an increase of \$867,440, or 13.7%, over the current year adopted BOE budget. The major drivers of the requested budget increase include:

- Approximately \$358,797 increase in salary and benefit costs across all employee groups.
  - Embedded in the above increase is the restoration of a 3<sup>rd</sup> grade teacher and enhancements to three non-teaching positions.
- An increase of \$303,676 in tuition costs (net of anticipated grants). Of this amount, \$257,053 represents additional Special Education tuition net costs.
- An increase in transportation costs of \$59,711.
- An increase in funding for speech/audiology services of \$53,097.

Projections for the current fiscal year showing a budget overrun of approximately \$112,000 were also reviewed. The projected budget overage appears to be driven by Special Education instruction costs, speech/audiology services, physical/occupational therapy services, transportation costs, and tuition (particularly Special Education tuition). These shortfalls have not been reflected in the most recent monthly year-to-date budget report.

Members and attendees discussed the challenges of balancing the needs of the BOE within the capacity of the Town to fund education. The BOE budget represents the majority of the Town of Sprague budget, and the five year plan will need to reflect the five-year plan for funding education. Further analysis will be needed in order to determine to what extent the prior year budget overrun was the result of mismanagement and the extent of any structural deficit in the BOE budget.

Review of Materials Submitted

The subcommittee reviewed materials submitted in response to information requests from the prior meeting. Among the items provided was a list of BOE invoices from the prior year that remain unpaid. A total of approximately \$500,000 in unpaid invoices remain from FY 2018. Related to this item is the

Town's cash flow projection for the current year, which illustrates a cash flow challenge surfacing by the end of April. OPM has approved the early remittance of the next installment of ECS funding in order to alleviate the immediate cash flow issue. Additional items provided to the subcommittee included Budget to Actuals data for FY 2017 and FY 2018 for both the Town and BOE.

#### Next Steps

- April
  - Review of comprehensive budget – Town and BOE
  - Review BOE plan for mitigating current year deficit
  - Further review of recovery (5-year) plan
- May
  - Potential action on budget and updated recovery (5-year) plan