



"Intelligence without ambition is a bird without wings." C. A. Danielson

FY2018 Budget Frequently Asked Questions (FAQs)

Carry Forward Funds

Q:

Gardner Public Schools have always had Carry Forward funds to support the following year's expenses. Why is that no longer the case?

A:

Background

The Carry Forward provision in MGL Ch. 70 s 11 mattered when the schools were being funded at the Minimum Required Net School Spending level. Since it is virtually impossible to spend the total amount appropriated, and you cannot spend more than you have (appropriated), there will always be something left over at the end of the fiscal year. In that case the District would be spending at less than the Minimum Required. This law provides for the required spending to be "caught up" the following year.

To boil down Section 11: "If in any fiscal year ... actual expenditure ... is less than the (minimum required net school spending) ... the difference shall be spent for education the following year". If you collect arcane details the limit you can swing is 5% of the Minimum Required NSS. Pretty extreme.

Happily, this is no longer relevant. The Gardner Schools are now funded above the Minimum Required NSS.

FY18 Budget Development

Now a different rule comes into play: If the district has spent at least its Minimum Required NSS in its General Fund budget, then any unspent or unencumbered funds revert back to the General Fund of the City at the end of the fiscal year.

A side benefit of being able to fully meet Minimum Required NSS each year is that all funds can be budgeted and transparently accounted for. Carry Forward funds were used outside of the current year's budget so their use was essentially invisible to the taxpayer.

An additional benefit is the normalized process in preparing the annual End of Year Financial Report to the State. Business office staff would have to sort through hundreds of invoices paid out of "Carry Forward" in order to report the expenses in the correct category.

Circuit Breaker Revolving Fund

Q:

During the budget process, how do you project the anticipated Circuit Breaker Reimbursement for the next fiscal year?

A:

Background

The state special education reimbursement program, commonly known as Circuit Breaker, was established in FY04 to provide additional state funding to districts for costs that exceed the state identified threshold for any given student.

Calculation of costs for individual students is based on the actual costs of the student's program. Services included in the calculation are supported by documentation of the student's IEP and associated student records.

The threshold for eligibility is tied to four times the state average foundation budget per pupil as calculated under the Chapter 70 program, with the state paying a percentage of the costs above that threshold. In FY08, the state average foundation budget per pupil was \$8,852 and the reimbursement rate was 72%, so if a special education student cost a district \$50,000, the district's eligible reimbursement for that student would be $(\$50,000 - (4 * \$8,852)) * .72 = \$10,506$. The foundation, or threshold, amount has increased annually and this in turn impacts the number of students whose expenses meet the threshold for reimbursement.

Due to the changing nature of IEPs, student enrollment and foundation amount, and reimbursement percentage, projecting reimbursement is challenging.

Since any projection of the reimbursement amount inevitably results in a wide margin of error, Districts that plan to use the reimbursements in the same year they are received must develop their projections carefully and conservatively.

FY18 Budget Development

"Best Practices" in budgeting this funding stream calls for carrying the amount of one year's reimbursement revenue forward to the next year, and to avoid expending reimbursement revenue in the same year in which it is received if at all possible.

	Year 1	Year 2	Year 3	Year 4
Opening Balance	100	150	125	175
Revenue	150	125	175	150
Expense	-100	-150	-125	-175
Net for Year	50	-25	50	-25
Ending Balance	150	125	175	150

This accomplishes two very important things:

1. It provides an amount readily available should some unforeseen event. This could include:
 - a. a new, and expensive, out of district placement is required.
 - b. State funding to education is cut midyear. Fiscal commitments to Special Education students is not reduced so practice would continue support.
2. It provides for a known and stable budget development.

Members of the Massachusetts Association of School Business Officials (MASBO) recently conducted a survey on this very practice:

“What portion of CB reimbursement you receive in one year do you carry over into the following year?”

All CB Carried-forward to Next Year	77.8%
Decide Annually	8.3%
All/Nearly All CB Used in Year Received	13.9%

The Gardner School District is moving to adopt this “Best Practices” model.

Helen Mae Sauter Operating Expenses

Q:

How much does it cost us to keep HMS operational?

A:

Background

The Helen Mae Sauter building was used for classroom education until the end of the 2015 school year. Building operating costs for that year totaled \$98,193. Since the consolidation of schools effective with the 2015 – 2016 school year the building has not housed classroom education.

FY18 Budget Development

The HMS building now houses the Pupil Personnel Services Department, including Special Education, as well as our Before School and After School programs. For FY18 \$45,158 has been budgeted for building operating costs.