

What We Know *at this time* about the Financial Impact of COVID-19 on the ConVal School District

Introduction

The impacts of Covid-19 on the finances of the ConVal School District are not clear. The Administration and Board are in the process of determining the impacts, but at this time there are many unknowns. The District Administration and School Board are monitoring possible increased expenses and potential cost savings. When accurate estimates of these costs and savings are known they will be communicated to towns and citizens in a timely fashion.

At School Board meetings on April 7 and 21, Superintendent Dr. Kimberly Rizzo -Saunders outlined the areas that are being monitored to account for the financial impact of COVID-19 and remote learning. The School Board and Administration will assess whether summer school for reading and math programs will be necessary to keep students' progress on track, as well as what compensatory or remedial programming may need to be offered to some students for whom remote online learning was not effective. The School Board and Administration are considering what additional technology will be necessary to improve remote-learning going forward.

The federal government's Coronavirus stimulus CARES Act includes \$13.5 billion in education stabilization money for the elementary and secondary levels. The majority of that is supposed to go to school districts. The ConVal School District appears to be eligible for over \$300,000 though the details of how these funds will be obtained, and when, are not clear yet. The budget of the state of New Hampshire will face challenges and the impact the State's funding of schools is unknown; we will follow the conversation at the State legislature closely.

Our staff is fully employed. Students and staff have been engaged in remote learning five days a week since March 18. Our busses run daily, bringing meals to over 800 children in the district; they drop off supplies and technology when necessary on a case by case basis. Student attendance is being monitored, and staff and administrators are using all communication means necessary to ensure every student can participate in remote learning. Students, staff, and parents are developing new online connection skills that will expand teaching and learning opportunities when "regular" schooling returns.

The School Board and Administration are actively working to understand how COVID-19 affects our school community in terms of students' and families' health, their social-emotional well-being, as well as economic impacts, and to meet those challenges.

The ConVal Budget and COVID-19

As noted above, the impact of COVID-19 on the finances of the ConVal School District are not clear, and the Administration and Board will be determining the impacts through the remainder of the spring and summer. The effect of the COVID-19 Pandemic also affects the financial well-being of many individuals due to economic disruption, layoffs, closing of businesses, changes in purchasing habits, etc. The changes in individual finances brings into focus the issue of what will be the effect of remote learning on the school tax portion of one's property tax bill. The answer is that it is too early to know yet. To know why it is too early to know requires one to understand how the school district budget works and its time frames.

Budget Mechanics

- **Budget Year.** The school year and its budget runs from July 1 thru June 30. The budget is voted on in March preceding its July 1 start.
- **Taxes Due.** The budget is paid for, partially by taxes, in June and December of its school year. The first bill is a prepayment that is based on fifty (50) percent of the prior year's taxes. The second bill is based on the annual tax rate set in October of each year minus the pre-payment.
- **Unspent Funds.** The school district returns any unspent funds not used in the prior school year and these unspent funds are reflected in a lowering of the current portion of the local school tax on the December bill.
- **Expenses Realized.** The effect of expenses or savings due to COVID-19 for the 2019-2020 school year will be fully realized at the close of the School District's fiscal year on June 30 and be reflected in the amount of the fund balances being returned to the towns in the December 2020 bill.
- **Fund Balances 2020.** The books for the 2019-2020 school year close on June 30, 2020, and are audited at that point in time to determine fund balance. At that time, it will become clear what savings/expenses occurred during this school year.
- **Fund Balances 2021.** Any expenses or savings due to COVID-19 occurring within the 2020-2021 school year, starting on July 1, 2020 will affect the fund balances due to the towns in the December 2021 bill.
- **Recap.** Any savings or expenses due to COVID-19 incurred in the 2019 to 2020 school year will impact the December 2020 tax bill and any savings or expenses due to COVID-19 incurred in the 2020 to 2021 school year will impact the December 2021 tax bill.
- **School Board Updates.** School Board will include a discussion on the impact of COVID-19 on school budgets in each Board meeting for the foreseeable future.

Will There Be Savings or Additional Expenses as a Result of Remote Learning?

COVID-19's impact on our society transcends any one area. Every facet of our lives are impacted: social, familial, environmental, economics, business and employment, technological, educational and financial. All of these areas and more have some effect on the ConVal school system.

The transition to remote learning at ConVal is a testament to community spirit, caring, drive and expertise of all involved. The results of these attributes are obvious.

We are aware that there is speculation about what savings or increased costs the ConVal school district will incur as a result of COVID-19 and remote learning. Some of the areas where potential "savings" or "additional costs" will be monitored are noted below. At this time, these are presented as *examples*.

Examples of savings, costs and tracking items:

- *Are there savings due to reduced staffing?*

No one has been laid off. Whether in physical mortar buildings or working at home, all staff are fully engaged in recreating the educational process used in the ConVal District. The majority of the budgetary costs are for administrators, educators, and support personnel. These costs do not go away whether due to remote or in-school learning. Some staff has been re-allocated to other activities in support of remote learning. Most administrative tasks are still on-going; they are being done remotely or in the office.

- *School buildings are closed. Will the cost of building maintenance be lower?*

There are some lower costs to maintaining a closed building versus an active building, such as heat, electricity, maintenance. However, additional expense was incurred due to deep cleaning that was warranted due to COVID-19. The savings, especially with not knowing when the schools will be re-opened, are not that significant.

- *Are technology costs rising?*

The shift to remote learning has resulted in significant increases in costs for computers (Chrome Books), hot spots, Internet access, delivering equipment to homes, trouble-shooting individual issues etc. Administration has been very active in negotiating prices from vendors, discounts from service providers and keeping costs under control.

- *Is food service costing more, or less?*

Extensive food service is being provided during remote learning; over 800 children receive meals on weekdays and some weekend needs are being addressed also. Administration has been active in negotiations with our food service provider resulting in a decrease in contractual expenses.

- *Is school bus service costing more, or less?*

On the surface it would seem that this expense would be eliminated since the schools are not opened. This is not true. While administration has been able to negotiate some reductions in contractual obligations we are utilizing the bus service to deliver meals to children and to deliver

needed instructional technology equipment on a daily basis to ConVal towns. There are some overall savings to be realized but they are currently not projected to be significant.

- *Some extra-curricular activities including athletics have been cancelled this spring. What is that cost savings?*

Many extra-curricular activities are continuing. The cancellation of extra-curricular activities does result in some current cost savings but there are still fixed contractual costs that will be incurred including staff stipends.

- *Will compensatory services to students with special needs increase costs?*

Due to the elimination of face-to-face activities certain special needs services have had to be postponed. Some have been implemented by remote learning but some cannot. Since the cost of these services are mostly personnel costs the expenses have not been, for the most part, eliminated as the staff have been re-allocated to other remote learning needs. Many of these services will be re-scheduled for the summer or next fall. This affects the 2020-2021 budget.

- *Will the District receive funds to off-set additional expenses from the Federal CARES Act?*

This is a federal COVID-19 stimulus program that includes more than \$33 Million in education-related funds for NH. It appears possible that ConVal may be eligible for more than \$300,000. However, we do not know when, or how, these funds may be available. We are actively tracking all activities that can be used to justify our expenses and used for reimbursement to the district.

In Conclusion

There is a significant amount of activity due to our response to the COVID-19 Pandemic for the education of our children. While we do not yet know the total financial impact of remote learning we are actively managing and tracking all savings and expenses. Remote learning has been extended to the end of this school year which makes the tracking of savings and expenses more critical and time sensitive. The magnitude of most additional costs or potential savings are unknown, at this time. We will communicate financial impacts when we are able to accurately calculate them. As stated before, the School Board will include a discussion on the impact of COVID-19 on school budgets in each Board meeting for the foreseeable future.