



2019-2020 Tentative Budget



Questar III BOCES
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March 25, 2019

Dear Colleagues:

As you prepare a budget for the 2019-2020 school year, Questar III BOCES stands poised, ready to serve your needs and provide exceptional value through our various shared programs and services that put our core values at the forefront of all we do: Commitment to Excellence, Commitment to Leadership and Service, and Commitment to Innovation.

Together, we continue to achieve economies and efficiencies, expand educational opportunity, close gaps in student achievement, improve educational equity and serve children of all ages, abilities and backgrounds.

On behalf of the Questar III Board of Education, it is our pleasure to invite component district school board members to our Annual Meeting on April 10th at our conference center in Castleton. Questar III conducts an Annual Meeting to review its tentative operating plan, in accordance with state law.

We also invite you to learn more about next year's tentative program and service budgets by reading this document. With BOCES as a catalyst, we will continue to work together to offer hands-on programs and services that serve students and districts regardless of enrollment, income or size of tax base.

Thank you for your interest and support for our continuing efforts to serve your school districts, students and communities.

A handwritten signature in blue ink that reads "John C. Hill".

John C. Hill
Board President
Questar III BOCES

A handwritten signature in blue ink that reads "Gladys Cruz".

Gladys Cruz
District Superintendent
Questar III BOCES

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Executive Summary

Questar III continues to manage its costs aggressively. We want to ensure that we provide valuable services to all participating school districts.

Subject to the approval of component school boards, the administrative budget provides for a variety of operational and support activities of the BOCES, as well as services to school districts.

The budget chart below provides a summary of the 2019-2020 Administrative Budget as compared to the 2018-2019 Adopted Budget. **The 2019-2020 tentative administrative budget is \$194,885 below a contingency budget.** The general operations portion of the administrative budget is decreasing by 6.5 percent with 43 percent of this budget supported by other revenues generated from statewide administrative fees, indirect charges to grants and interest income. As a result of the increase in other revenues, **the Administrative Charge to Components is decreasing by 1.39 percent.**

Administrative Budget Summary				
	Adopted 2018-2019	Tentative 2019-2020	Dollar Change	Percent Change
Administrative Budget – OPEB	\$ 3,345,603	\$ 3,661,950	\$ 316,347	9.46%
Administrative Budget – General Operations	3,000,330	2,805,445	(194,885)	-6.50%
Total Administrative Budget	6,345,933	6,467,395	121,462	1.91%
Less: Other Revenues	1,002,866	1,198,851	195,985	19.54%
Administrative Charge to Components	\$ 5,343,067	\$ 5,268,544	\$(74,523)	-1.39%

The budget for a BOCES differs in several significant ways from that of a school district. The most noticeable difference is that its total budget is a collection of several independent budgets. Another difference is that BOCES budgets are strictly revenue-based. That is, they are determined by the revenue generated rather than by predetermined expenditures, as with school districts. Unlike school districts, BOCES does not have any taxing authority.

As a result, final program budgets for the 2019-2020 fiscal year will depend upon service requests from districts. Each tentative program budget is adjusted when there are fluctuations in program enrollments or district participation.

Budgets for services, programs and grants make up approximately 89 percent of Questar III's total budget. A large percentage of services are instructional programs that include career and technical education (CTE), special education programs and district support services.

The 2019-2020 tentative rent and capital budget includes funding to begin the renovations at the Rensselaer Educational Center that is anticipated to be completed within three to five years.

The Total Budget chart, on page 6, provides a summary of expenditures by object category and by program category and includes the following financial data:

- The 2017-2018 Actual Expenditures represents the final actual costs for that year.
- The 2018-2019 Adjusted Budget represents the Adopted Budget increased for any additional requests for services that have occurred to date. Unlike a school district, over the course of the year, Questar III increases its budget in order to account for requests of additional purchased services from component and non-component school districts and other BOCES.
- The 2019-2020 Tentative Budget represents Questar III's estimate of purchased services based on historical trends and projected service requests.

After districts complete and approve the Final Service Requests (FSR), due by May 1st, the 2019-2020 Tentative Budget, excluding the Administrative Budget, will be adjusted to the actual program and service requests approved.

State Law Requirement

New York State Law requires the Boards of Education of each of our 22 component school districts to convene on Tuesday, April 16, 2019 to vote on the tentative administrative budget. The administrative budget is the only portion of the BOCES budget voted on.

Total Budget – Executive Summary

EXPENDITURE CATEGORY	ACTUAL EXPENDITURES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
INSTRUCTIONAL SALARIES	\$ 16,209,024	\$ 17,322,129	\$ 16,685,252
NON-INSTRUCTIONAL SALARIES	5,997,438	6,801,445	6,730,958
EQUIPMENT	3,737,252	6,101,701	3,520,570
SUPPLIES & MATERIALS	1,838,800	2,295,993	2,062,234
CONTRACTUAL SERVICES	2,470,378	4,800,061	3,488,687
PROFESSIONAL SERVICE CONTRACTS	1,614,597	2,833,173	1,713,179
RENTAL OF FACILITIES	1,183,882	1,238,368	1,252,299
PAYMENTS TO SCHOOL DISTRICTS & OTHER BOCES	12,566,899	14,855,818	15,166,977
EMPLOYEE FRINGE BENEFITS	10,150,571	11,892,904	12,028,404
OTHER POST EMPLOYMENT BENEFITS	3,181,463	3,345,603	3,661,950
TRANSFER TO CAPITAL	500,000	500,000	1,000,000
TRANSFER CHARGES FROM OPERATIONS & MAINT	2,083,125	2,710,090	3,358,946
TRANSFER CHARGES FROM OTHER SERVICES	7,169,482	8,734,847	8,276,957
TRANSFER CREDITS	(1,803,380)	(1,894,150)	(1,293,815)
TOTAL	\$ 66,899,531	\$ 81,537,982	\$ 77,652,598

EXPENDITURE CATEGORY	ACTUAL EXPENDITURES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
CENTRAL ADMINISTRATION	\$ 5,877,648	\$ 6,805,117	\$ 6,467,395
CAPITAL (RENTS AND LEASES)	1,649,529	1,683,365	2,205,217
CAREER & TECHNICAL EDUCATION	8,383,624	10,784,890	9,766,401
SPECIAL EDUCATION	21,088,165	26,220,488	25,675,939
ITINERANT SERVICES	1,627,678	2,212,045	1,901,816
GENERAL EDUCATION	6,000,764	5,677,166	5,831,326
INSTRUCTIONAL SUPPORT	6,908,536	8,814,952	7,987,819
DISTRICT SUPPORT	10,853,404	14,205,277	13,385,789
SPECIAL AID FUND	4,510,183	5,134,682	4,430,896
TOTAL	\$ 66,899,531	\$ 81,537,982	\$ 77,652,598

BOCES Overview

Boards of Cooperative Educational Services (BOCES) are public education cooperatives that serve as extensions of local school districts. A BOCES provides programs and services that districts are unable to offer on their own or that are more economical to share with other districts.

Questar III BOCES serves 22 component districts (and one non-component) in Rensselaer, Columbia and Greene counties and provides more than 280 shared services to approximately 690 school districts and BOCES statewide.

The New York State Board of Regents and the Commissioner of Education charge the state's 37 District Superintendents and BOCES with providing leadership and support to local school districts. Questar III focuses on developing the capacity of local schools to enable students to meet the state learning standards and graduation requirements.

How Questar III Operates

Questar III BOCES' identity is defined by our core purpose of existence and our core values. Why do we exist? We exist to change lives, realize dreams and do together what can't be done alone. The core values are the foundation or backbone for how Questar III operates; they define us. They include:

- Commitment to Excellence – Excellence equals great quality and workmanship. It is quality that surpasses ordinary standards.
- Commitment to Leadership and Service – Leadership equals motivating others to accomplish great things. Service equals meeting and exceeding client expectations.
- Commitment to Innovation – Innovation is about staying relevant. As an agent of change, what may have led to our success could be the cause of failure in the future. We need to adapt and evolve to meet the ever-changing landscape of education to serve the needs of our school districts.

Questar III BOCES provides shared educational programs to the school districts served. Partnerships with districts allow for the delivery of a broad range of programs and services that help meet the evolving educational needs of students. BOCES programs and services prepare diverse populations for roles in the local, regional, state, national and global economies, provide cost-effective shared services to districts and initiate collaboration to close gaps in student achievement.

BOCES has been – and continues to be – an agent for change and a vehicle for family and student choice in our public education system. Through BOCES, school districts can provide a rich variety of learning experiences for students of all interests, ages and abilities.

Like public school districts, Questar III is governed by a policy-making board of education. The 11 members of the Questar III Board serve three-year terms and are elected by component boards through a special vote held each April. Questar III Board Members either serve or have served on local school boards. Most of them also have experience as board presidents in their districts of residence.

Our Changing Landscape

Across our region and within the state there have been several leadership changes: new Board of Education members, new Superintendents and new Business Officials, among others.

In the past five years, we have seen:

- 10 new superintendents;
- 86 new board members;
- 12 new business officials;
- 12 new chairs of special education;
- 55 new principals, assistant principals and deans of students;
- 25 new school counselors; and
- 21 new school librarians.

Questar III has developed professional learning programs to address the constant changes and to support leaders and educators in our region.

The Leading Edge

During the summer of 2016, Questar III adopted a new framework for goal-setting, innovation and growth called [The Leading Edge](#). This framework – based on *The Advantage* by Patrick Lencioni – requires answers to six fundamental questions about the organization and its work:

- Why do we exist?
- How do we behave?
- What do we do?
- How will we succeed?
- What is most important right now?
- Who must do what?

Questar III gathered its executive leadership team to answer these questions and to commit to clarity through over-communication. Ultimately, Questar III exists because we “change lives, realize dreams and do together what can’t be done alone.” This is the core of our existence and service to school districts and students.

At least annually, Questar III reviews The Leading Edge organizational goals. For 2018-2019, three thematic goals were developed:

- Develop the capacity of employees to serve students and school districts;
- Develop, improve and re-evaluate existing programs and services; and
- Create a healthy organizational culture.

Expanding further on the goal of developing, improving and re-evaluating existing programs and services, Questar III:

- Monitors the regulatory environment, the New York State Education Department and United States Department of Education for changes;
- Collaborates with local school boards, superintendent subcommittees and other district leaders to identify needs and challenges; and
- Conducts research to identify school district needs and challenges and develops solutions for districts.

The development, improvement and re-evaluation of programs and services will always be in direct response to district needs and challenges and to ensure that the programs continue to align with Questar III's core values of Commitment to Excellence, Leadership and Service, and Innovation. Questar III works hard to involve all stakeholders in the evaluation of programs, from the superintendent subcommittees to various members of district leadership. This work resulted in the establishment of a new Career and Technical Education Heavy Equipment Operations & Maintenance program, opening at the Rensselaer Educational Center in 2019-20. Through the re-evaluation process, one Career and Technical Education program (the Academy for Information Technology at the Columbia-Greene Educational Center) will be phased out over the next two years due to low enrollments and low student interest. We also expanded or re-evaluated existing services to meet the needs of districts, such as offering a new School Improvement Embedded Unit for Special Education and redesigning the Bus Driver Training service.

Questar III strives to be the program of choice through its Commitment to Excellence, Commitment to Leadership and Service, and Commitment to Innovation.

How Districts Purchase Services

All services and programs (except for administration and rent) must be requested, in writing, each year through a final service request (FSR) process approved by local superintendents. Therefore, districts only pay for their share of requested programs and services. All services offered by the BOCES have gone through the approval process of the Commissioner of Education through the submission of a proposed programmatic and financial operating plan for each service, known formally as a Cooperative Service Request, or "Co-Ser."

Every year, each local board has the option to renew, increase, decrease or cancel any service. Questar III and the component districts enter into formal contracts through final service requests. Specified in each contract are the number and types of services to be furnished by the BOCES, the number of students to be served, and the amount to be paid to the BOCES. The final service requests are final and binding.

Paying for BOCES Services

Questar III has no taxing authority. It is funded by the member school districts forming the cooperative. As an incentive to cooperate and share resources, New York State

provides aid to partially reimburse districts for participating in BOCES programs and services. Commonly known as “BOCES Aid,” these funds are distributed to districts based on a state-approved formula. BOCES aid for Questar III’s component districts ranges from 36 to 79 percent, depending on each school district’s wealth ratio. Each district’s BOCES aid rate is calculated by the State Education Department (SED), annually.

Budget History

Questar III has been aggressive in controlling and containing costs for component districts despite being faced with the same economic challenges as our region’s schools. We continue to strive for fiscal responsibility, accountability and transparency in our program and budget development efforts.

Through our shared decision-making process, we have achieved greater participation by our component school superintendents. Superintendent subcommittees continue their active involvement in program development and rate setting. Through this collaborative process, new services are developed, or existing services are eliminated and/or refined to better meet district, school and student needs. This process has allowed Questar III to gain a better understanding of the shared services districts need and value.

Questar III’s Budget Philosophy

Questar III’s core values - commitment to excellence, leadership and service, and innovation - drive how we develop, refine and evaluate our programs and services as part of our budget development process.

Through its budget development process, Questar III seeks to:

- Develop programs and services to meet the needs of our component districts and students in an efficient and cost-effective manner.
- Improve its capacity to deliver educational programs that support student achievement and high academic standards.
- Be faithful stewards and make effective use of the financial resources entrusted to us by our component school districts.
- Move resources, both human and financial, closer to our students and points of service.
- Provide the best possible service to our customers as quickly as possible.
- Increase productivity and provide districts with value for their money.

Tentative Administrative Budget

Questar III's administrative budget supports the management, coordination and leadership provided by the BOCES. It includes the Office of the District Superintendent, central administrative expenses, Board of Education expenses, and a portion of the supervisors' and administrative personnel salaries and benefits necessary to carry out the administrative duties of the BOCES.

	ACTUAL EXPENSES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
CENTRAL ADMINISTRATION			
INSTRUCTIONAL SALARIES	\$ 204,658	\$ 203,603	\$ 155,533
NON-INSTRUCTIONAL SALARIES	786,673	800,237	813,800
EQUIPMENT	5,848	125,691	6,150
SUPPLIES & MATERIALS	69,108	85,312	74,175
CONTRACTUAL SERVICES	144,161	286,379	257,772
PROFESSIONAL SERVICE CONTRACTS	289,449	565,763	296,435
EMPLOYEE FRINGE BENEFITS	473,043	545,561	503,220
OTHER POST EMPLOYMENT BENEFITS	3,181,463	3,345,603	3,661,950
TRANSFER CHARGES FROM OPERATIONS & MAINTENANCE	41,480	68,699	80,078
TRANSFER CHARGES FROM OTHER SERVICES	681,765	778,269	618,282
TOTAL	\$ 5,877,648	\$ 6,805,117	\$ 6,467,395

The administrative budget also contains funding to support activities associated with implementation of regional initiatives in advocacy, certification, communications support, district strategic planning, emergency management, grant research, superintendent searches, Superintendents' Success Network (SSN), Annual Summer Institute for Superintendents, business and operational support and professional development for boards of education, superintendents and staff.

Next year's proposed spending plan contains two components: (1) other post-employment benefits (OPEB), and (2) the general administrative operations. The increases include other post-employment benefits (OPEB), salaries and health insurance. However, there are reductions in the following: staffing due to the elimination of a Deputy Superintendent position, required contributions to the Employees' and Teachers' Retirement Systems, and information technology provider costs.

Questar III's tentative administrative budget for 2019-2020 is \$6,467,395, which is \$194,885 below a contingency budget. The other post-employment benefits (OPEB) costs account for 57 percent of the total administrative budget and is increasing by 9.46 percent. The general operational costs make up the remaining 43 percent of the

budget and is decreasing by 6.5 percent. The resulting net increase for the tentative administrative budget is \$121,462 or 1.91 percent from the previous year's budget.

However, the actual administrative charge to districts is \$5,268,544, representing a decrease of \$74,523 or 1.39 percent from the previous year. The administrative charge for individual component districts is derived from the administrative budget of \$6,467,395 and is reduced by \$1,198,851 in revenues earned from administrative fees for statewide services, indirect costs from grants, interest income and other miscellaneous revenues. These revenues support 43 percent of the general operations of the administrative budget.

Administrative Budget Summary

	Adopted 2018-2019	Tentative 2019-2020	Dollar Change	Percent Change
Administrative Budget – OPEB	\$ 3,345,603	\$ 3,661,950	\$ 316,347	9.46%
Administrative Budget – General Operations	3,000,330	2,805,445	(194,885)	-6.50%
Total Administrative Budget	6,345,933	6,467,395	121,462	1.91%
Less: Other Revenues	1,002,866	1,198,851	195,985	19.54%
Administrative Charge to Components	\$ 5,343,067	\$ 5,268,544	\$(74,523)	-1.39%

The revenues from administrative fees charged to non-components for statewide services, indirect costs, interest and other miscellaneous revenues help Questar III contain administrative costs for its 22 component districts. As our statewide services grow, so does our administrative revenue (net of interest income), which in turn reduces administrative charges to our components. The chart below shows how these revenues have increased approximately 89 percent since 2010-2011.

Administrative Revenues (excluding interest income)

<u>Year</u>	<u>Revenue</u>	<u>Year-to-Year % Change</u>
2010-11	\$603,651	N/A
2011-12	\$711,015	17.79%
2012-13	\$728,313	2.43%
2013-14	\$769,683	5.68%
2014-15	\$778,147	1.10%
2015-16	\$813,252	4.51%
2016-17	\$828,731	1.90%
2017-18	\$844,199	1.87%
2018-19	\$987,866	17.02%
2019-20	\$1,138,851	15.30%

Other Post-Employment Benefits (OPEB) Mitigation

Prior to the 2013-2014 school year, Questar III had a longstanding practice of setting aside funds to pay for the future expenses associated with the other post-employment benefits of our retirees. This practice, which was reported annually to school districts, was a fiscally conservative approach to manage post-retirement benefits. Over time,

our actuaries estimated it would have saved component school districts approximately 65 percent of our net OPEB obligation if we were allowed to fund this liability as we do with pensions.

A Task Force of superintendents and business officials was convened after this practice was questioned by several districts. During the course of its work the Task Force vetted a variety of options. It also requested that the BOCES meet with the State Education Department (SED) and the Office of the State Comptroller (OSC) to seek guidance on the issue. These meetings were held on February 12, 2013 and April 16, 2013 respectively, with the BOCES submitting materials concerning the matter to both agencies.

The SED did not object to the BOCES practice and deferred to the OSC. It took in excess of six months to receive a response from the OSC. The OSC's response, received on October 11, 2013, rejected the BOCES argument on the basis that the Comptroller establishes the accounting method to be used by local governments and it had chosen the modified accrual method.

The Questar III Board accepted the final OPEB Report of the Task Force, dated February 2014, at its regular meeting on April 15, 2014. This report was also shared with districts in a letter dated July 25, 2014. Please visit www.questar.org/opeb for OPEB materials.

In this report, the Task Force recommended that the BOCES conduct an independent full forensic audit of the accrual to determine the source of the funds and to determine allocations due to component districts and other entities. The Task Force recommended that the independent audit should include three scenarios for returning the funds to all contributors over a five, seven or 10-year period.

Based on the recommendations of the Task Force, Questar III issued an RFP for forensic accounting of the OPEB liability and an RFP for independent legal review. The independent forensic audit work was awarded to D'Arcangelo & Co., LLP and the independent legal review was awarded to Hodgson Russ, LLP.

On July 24, 2014, the independent auditor and attorney presented their findings to superintendents and business officials at a meeting held at Rensselaer City School District. As requested, these individuals shared three scenarios, both overall and district-specific, for liquidating the accrual over a five, seven, or 10-year period, commencing in the 2015-2016 school year.

Following the meeting held on July 24, 2014, each district was asked to submit, in writing, any questions or comments on the methodology along with their district's preference for the liquidation time period (five, seven or 10 years). Component districts submitted questions and comments and their preference on the liquidation by August 23, 2014.

The District Superintendent indicated that funds would be liquidated based on the majority responses of component districts. The majority of districts selected the five-year liquidation plan.

In September 2014, the District Superintendent recommended six actions, based upon the requirement from the OSC that the funds be liquidated and the recommendations of the BOCES-created OPEB Task Force, the report of the independent auditor, and the independent legal review. This information was shared with superintendents on September 5, 2014.

These recommendations were responsive to district concerns about “smoothing” the impact of the necessary increase in the Questar III Administrative Budget on school district budgets over time. The recommendations also sought to manage the required liquidation in a manner that would not result in future aid offsets to districts (a decision that lies with the state, not Questar III).

Questar III, which consulted with SED throughout this process, submitted its recommendations to SED for approval. A copy of the plan was also filed with the OSC. Please see page 36 for the letter from SED accepting Questar III’s OPEB proposal.

The SED letter specified that “some of the funds identified for return to school districts represented aidable expenses at the time the funds were collected by the BOCES, some reconciliation must be made to avoid an overpayment of state aid.” The Questar III Board of Education has taken the position that any reconciliation of the OPEB liquidated funds being returned to school districts should be performed by SED. A substantial portion of the OPEB funds collected were related to special education services (high cost aid) and, therefore, are not BOCES aidable.

The liquidation plan, approved by SED, provides specific actions regarding the 22 component districts (and one non-component district) in the cooperative. It also provides specific actions for other districts. These actions are described below in further detail.

The \$14,285,939.01 due to components and Hoosick Falls Central School District would be liquidated over a five-year period based on data from the forensic audit findings, the majority recommendation of superintendents, and the approval of the BOCES Board. Should any credit provided to a district exceed its share of the Questar III administrative levy in any year, the excess credit would be carried forward to the following year until exhausted.

The \$1,406,343.09 due to districts that are not part of the Questar III region would be credited to program purchases over a five-year period. Districts due credits of less than \$10,000, would be credited in one year. These credits would be subject to the same carry-forward procedures in the event program purchases do not exceed the respective annual credit.

Prior to the disbursement of funds or credits, Questar III required releases from future liability concerning the OPEB matter from any Board of Education receiving a credit. To date, Questar III has received all 22 component releases and one non-component release. The BOCES also received 623 out of 672 statewide school district and BOCES releases. **The 2019-2020 school year represents the fifth and final year of the liquidation plan for OPEB.**

Administrative Budget Cost Containment Strategies

In previous years, Questar III has reduced a number of positions and implemented a vacancy control program whereby organizational needs are analyzed as vacancies occur within the agency. In addition, the business office staff have been coordinating and performing a number of outside services, including claims auditor, grant management and purchasing agent (cooperative bidding), as a way to increase revenue and decrease the share component school districts contribute to support these positions.

Several years ago, the Questar III Board of Education adopted a compensation/salary plan for employees not affiliated with a bargaining unit. This board-approved plan established salary ranges and a “job rate” or salary range maximum for each position. The compensation/salary plan is reviewed and adopted by the Board at least annually. Questar III also implemented several cost-cutting measures related to employee benefits, working with the Rensselaer-Columbia-Greene Health Insurance Trust to:

- Migrate all employees and retirees from the Indemnity Plan product to the PPO Plan product.
- Migrated from the PPO812 to the PPO816, increasing co-pays and deductibles.
- Created a sliding scale for employee contributions based on salary, ranging from 5 to 15 percent.
- Carved out pharmacy benefits from the health insurance plan.
- Eliminated the community rate or HMO products and migrated to an Exclusive Provider Organization (EPO) product to save on commissions and to benefit from our claims history.
- Limited coverage to employees that work at least half time.
- Issued requests for proposals for a pharmacy benefits manager (PBM) that resulted in a new PBM that offered lower pharmacy prices.
- Increased vendor management and oversight over our medical and pharmacy plans.
- Automated processes when possible.

Questar III mitigated the long-term impact of post-employment benefits on our component school districts by:

- Increasing the vesting requirement for such benefits from 10 to 15 years for employees.
- Eliminating family health insurance coverage, leaving only single coverage available in retirement for employees hired after July 1, 2008.
- Matching contribution rates in retirement with those in place at time of retirement.
- Reducing instructional Local Education Agency (LEA) work (or contract work for the state) where we would be required to retain long-term instructional staff that would likely retire from Questar III with other post-retirement benefits.
- Maximizing Medicare Part D reimbursement by aggressively managing and auditing all parties involved in the Medicare Part D submission and reimbursement process.

District Superintendent Salary and Benefits

The BOCES Reform Legislation of 1993 requires the presentation of the administrative budget as separate from the rent and capital budget (rents and leases). The legislation limits the salary of the District Superintendent and mandates the separate reporting of the District Superintendent salary and benefits as follows:

State of New York portion of salary and fringe:

<i>District Superintendent Salary</i>	\$ 43,499
<i>plus all Medicare and Social Security taxes</i>	

BOCES portion of salary and fringe:

<i>District Superintendent Salary</i>	\$123,263
<i>New York State Teacher Retirement</i>	\$ 11,710
<i>Health, Dental & Disability Insurance</i>	\$ 28,265
<i>Workers' Compensation Insurance</i>	\$ 1,848
<i>Unemployment Insurance</i>	\$ 246

Budget Vote

By law, the 22 component districts' Boards of Education within Questar III are required to vote on the BOCES administrative budget on April 16, 2019. This is the only portion of the BOCES budget that component districts vote on each year.

Rent and Capital Budget

Questar III occupies a number of instructional and office spaces in the tri-county region, including space owned and leased by the BOCES. Owned spaces include the two educational centers in Hudson and Troy, the Sackett Center in Schodack and the office/warehouse facility at 1070 Route 9 in Castleton. All other spaces are leased.

The tentative 2019-2020 rent and capital budget includes two components: (1) rent for leased spaces at schools and other entities and (2) transfers to capital. Rent to other entities includes the central office building located in Schodack, Tech Valley High School® and classrooms at colleges and other private entities for New Visions and special education programs. Transfers to capital supports capital improvement needs at space owned by the BOCES.

Questar III also continues to lease instructional space with school districts for special education programs (Averill Park, Catskill, East Greenbush, Ichabod Crane, Rensselaer, Schodack). The classroom rental rate of \$7,000 per classroom (except new construction) is established by Questar III's Superintendents.

Over the past decade Questar III has worked with districts to better locate and cluster appropriate space for special education students. This work has resulted in better quality instructional space. District-based classrooms located at the Goff Middle School and the Red Mill Elementary School in the East Greenbush Central School District will be moving to the Maple Hill Middle School in the Schodack Central School District over a two-year period, beginning in 2019-2020. Program operations will

become more efficient with this effort, as there is less travel for related service personnel and resources can be deployed in a more efficient manner.

Rensselaer Educational Center Modernization Project

Questar III recognized the need to modernize the Rensselaer Educational Center (REC) in Troy. During the 2016-2017 fiscal year, after positive feedback was received from Superintendents, Business Officials and Questar III's Board of Education, an RFP was issued for the lease of a new Center. There was an extensive RFP review process that included a committee of Questar III board members, staff and component district superintendents, resulting in the selection of a developer. Questar III's Board of Education issued a preliminary award, subject to a successful negotiation of a 20-year lease. Unfortunately, we could not reach an agreement on the lease with the Developer. As a result, Questar III's Board of Education and Executive Leadership Team remained committed to a state-of-the-art facility and have explored various options for the Center's replacement.

There were three options that included issuing a new RFP, revisiting a site that was previously explored or rehabilitating the existing facility. Each option has advantages and disadvantages.

- (1) Issue an RFP - This RFP lease option included an opportunity to have a new building and expand square footage. However, this option would be expensive, the designs had lacked creativity and the sites available had limited acreage.
- (2) Revisit the Rensselaer City School District Site - This site option previously explored would have provided an integrated program within a district and had another Questar III program housed there that would have provided ease for transportation. However, this option had limited acreage and the district had limitations on financing the project.
- (3) Renovate the existing REC - This option to rehabilitate the existing REC would keep the northern region career and technical education programs together – the property includes 23 acres on which to house the second Heavy Equipment program. The cost is less expensive than the RFP option and it would be a re-investment into property owned by the cooperative. There are also opportunities to break the project down into operation and maintenance projects versus having only capital projects, which will improve state aid for approximately half of our component districts. Although the REC is a 35-year-old building, it is structurally sound. Unfortunately, there would not be an opportunity to expand square footage; however, space can be redesigned for better utilization. Furthermore, program enrollments over the past decade do not justify additional square footage.

Based on the analysis of the options, a decision to rehabilitate the existing facility was made. The project will begin in the spring/summer of 2019 and is anticipated to be completed within three to five years. The rehabilitation will be separated into three phases to include sitework and utilities, mechanical/plumbing, building envelope, reconfiguration of space, fire safety, technology and electrical improvements. Phase 1 will focus on site improvements, such as utilities to improve drainage, provide new

walkways and improve the bus loop and parking. The building rehabilitation will be broken into two phases in order to minimize disruption to students during construction. Approximately half of the building will be rehabbed under Phase 2 and the remainder of the building under Phase 3.

The estimated cost of the rehabilitation project is \$12 million versus the previous RFP lease option totaling over \$20 million by the end of the 20-year lease term. The project budget will be broken down between operation and maintenance, to be funded through the program budgets benefiting from the space, and the capital project fund, to be funded through transfers from the rent and capital budget. The capital budget transfers include an increase of \$500,000, which is the similar annual funding level for the previous lease option, except the funding level under the renovation option will be reduced based on current capital needs after conclusion of the project. The lease option included this funding level for a 20-year period. Below is a summary of the rent and capital budget for 2019-2020, reflecting the increase in the capital transfer.

Rent and Capital Budget Summary

	Adopted 2018-2019	Tentative 2019-2020	Dollar Change	Percent Change
Rent Budget	\$ 1,183,365	\$ 1,205,217	\$ 21,852	1.85%
Capital Budget	500,000	1,000,000	500,000	100.00%
Total Rent and Capital Budget	1,683,365	2,205,217	521,852	31.00%
Less: Grant Revenues	13,353	5,670	(7,683)	-57.54%
Total Rent and Capital Charge to Components	\$ 1,670,012	\$ 2,199,547	\$ 529,535	31.71%

Impact of the Administrative, Rent and Capital Budgets

Sections 1950 and 1951 of the NYS Education Law established BOCES and the requirement of member or component districts to pay a proportionate share of the administrative, rent and capital costs.

School districts pay an annual assessment toward the support of the administrative budget based upon their Resident Weighted Average Daily Attendance (RWADA). District charges vary based upon increases or decreases in student enrollment.

In summary, the administrative charge of \$5,268,544 is decreasing by \$74,523 or 1.39 percent and the rent and capital charge of \$2,199,547 is increasing by \$529,535 or 31.71 percent, primarily due to the Rensselaer Educational Center Modernization Project. The net administrative, rent and capital charge to components for 2019-2020 is \$7,468,091, representing an increase of \$455,012 or 6.49 percent from the previous year's budget. **The 2019-2020 tentative administrative budget is \$194,885 below a contingency budget.**

Administrative, Rent and Capital Budgets Summary

	Adopted 2018-2019	Tentative 2019-2020	Dollar Change	Percent Change
Administrative Budget - OPEB	\$ 3,345,603	\$ 3,661,950	\$ 316,347	9.46%
Administrative Budget – General Operations	3,000,330	2,805,445	(194,885)	-6.50%
Total Administrative Budget	6,345,933	6,467,395	121,462	1.91%
Less: Other Revenues	1,002,866	1,198,851	195,985	19.54%
Administrative Charge to Components	\$ 5,343,067	\$ 5,268,544	\$(74,523)	-1.39%
Rent Budget	\$ 1,183,365	\$ 1,205,217	\$ 21,852	1.85%
Capital Budget	500,000	1,000,000	500,000	100.00%
Total Rent and Capital Budget	1,683,365	2,205,217	521,852	31.00%
Less: Grant Revenues	13,353	5,670	(7,683)	-57.54%
Total Rent and Capital Charge to Components	1,670,012	2,199,547	529,535	31.71%
Total Admin, Rent and Capital Charge to Components	\$ 7,013,079	\$ 7,468,091	\$ 455,012	6.49%

Program Budgets and Highlights

The budget for a BOCES differs significantly from that of a school district. The most noticeable difference is that a BOCES has no taxing authority. Also, the budget is a collection of several independent budgets. Another difference is that most BOCES budgets are strictly revenue-based. That is, they are determined by the revenue generated by purchases of programs and services annually, rather than predetermined expenditures. As a result, final program budgets depend upon district requests in May of each year.

Whereas school district budgets are fixed, the demand for BOCES services leads to staff (and thus budget) increases or decreases during the year. Services are added or eliminated based on district needs and demand.

Questar III continues to work hard to contain costs and to minimize rate increases for school districts. The following chart demonstrates that the majority of program rate increases are reflective of the districts' tax cap limitations.

<u>Year</u>	<u>% of Programs with a Rate Increase \leq 0%</u>	<u>% of Programs with a Rate Increase \leq 2%</u>
2015-16	53.59%	87.05%
2016-17	79.80%	91.30%
2017-18	63.49%	86.31%
2018-19	62.23%	86.30%
2019-20	66.48%	75.64%

Career and Technical Education

Questar III's CTE instructional programs combine classroom learning with hands-on training in a wide range of high-need career fields. These programs are equipped with industry-recommended tools and equipment, have articulation agreements for students to earn college credit, and provide opportunities for students to obtain industry certification or credentials. All CTE programs integrate academic learning into the CTE instruction giving students a deeper understanding of applied math, science, and/or English Language Arts concepts and skills needed in that career area, while affording students the opportunity to earn academic credits towards graduation requirements.

	ACTUAL EXPENSES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
CAREER & TECHNICAL EDUCATION			
INSTRUCTIONAL SALARIES	\$ 3,793,796	\$ 3,883,869	\$ 4,108,696
NON-INSTRUCTIONAL SALARIES	536,403	688,387	567,954
EQUIPMENT	252,145	1,365,137	65,520
SUPPLIES & MATERIALS	316,268	393,000	352,586
CONTRACTUAL SERVICES	334,128	533,164	503,649
PROFESSIONAL SERVICE CONTRACTS	72,406	138,462	84,450
PAYMENTS TO SCHOOL DISTRICTS & OTHER BOCES	58,711	47,565	36,516
EMPLOYEE FRINGE BENEFITS	1,916,910	2,247,888	2,343,997
TRANSFER CHARGES FROM OPERATIONS & MAINT	939,237	1,341,367	1,581,961
TRANSFER CHARGES FROM OTHER SERVICES	667,888	712,498	614,662
TRANSFER CREDITS	(504,268)	(566,447)	(493,590)
TOTAL	\$ 8,383,624	\$ 10,784,890	\$ 9,766,401

Our CTE programs offer high school students the opportunity to prepare for the careers of tomorrow while earning a Regents diploma with a technical endorsement. Students who earn a diploma with a Career and Technical Education endorsement will have a "weighting" of two for school accountability under the new Every Student Succeeds Act's (ESSA) College, Career, and Civic Readiness (CCR) Index. All Questar III's SED-approved CTE programs allow students to earn a technical endorsement provided they pass a three-part technical assessment.

CTE programs include a variety of experiences that fall under New York State's definition for work-based learning. Many CTE programs have enough of these work-based learning experiences for students to earn the minimum 54 work-based learning hours for the Career Development Occupational Studies (CDOS) graduation pathway. Students who earn a Regents diploma with the CDOS graduation pathway have a "weighting" of one-and-a-half for school accountability under ESSA's CCR Index.

CTE technical assessments continue to demonstrate a high level of success with a pass rate of 92 percent for 2018. Improvement efforts are focused on looking at technology applications for careers in the future, supporting the acquisition of essential workplace (also known as “soft”) skills, and ongoing instructional improvements to better meet students’ needs.

In response to student interest (from surveys conducted in the fall of 2016 and 2018), labor market trends, and superintendent support, Questar III has worked closely with the Superintendent Subcommittee on Academic Programs to assess current programs and examine future needs. This work resulted in Questar III adding a second Heavy Equipment Operations & Maintenance Program at the Rensselaer Educational Center, beginning in 2019-20. The Information Technology program at the Columbia-Greene Educational Center will be phased out, due to continued low student enrollment. Startup costs of the new program were mitigated with this program phaseout and savings from changes in outreach methods and Perkins funding allocations.

Questar III’s four New Visions programs - Medical, Scientific Research and World Health, STEM, and Visual and Performing Arts - continue to be in high demand. During the 2019-20 school year, our students will not have the option of attending the New Visions Law and Government Program given that Capital Region BOCES is phasing out the program.

Career Studies

Our Career Studies programs provide students who need an alternative learning pace, in a smaller learning environment, the opportunity for entry-level training in a technical area. Career Studies programs have a small student to teacher ratio (12 students to one teacher and one teaching assistant) and are taught by certified teachers who have substantial real-world experiences in their given trades.

All Career Studies programs focus on hands-on learning, reinforcement of content and skills, with differentiation to assist students in the attainment of skills. Along with teaching new skills in the career area, these programs include a variety of experiences that fall under New York State’s definition for work-based learning. Career Studies programs offer enough work-based learning experiences for students to earn the minimum 54 work-based learning hours for the CDOS graduation pathway.

Students in Career Studies programs also receive integrated academic instruction within the content of their program. This gives students a deeper understanding of the math, science, and English Language Arts concepts and skills needed in that career area, while providing an opportunity to earn academic credits toward graduation requirements.

Special Education

Questar III provides an array of services for students with disabilities, based on their individual academic capabilities and social/behavioral needs in response to each student's individualized educational plan (IEP).

SPECIAL EDUCATION	ACTUAL EXPENSES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
INSTRUCTIONAL SALARIES	\$ 7,285,202	\$ 7,681,420	\$ 7,586,953
NON-INSTRUCTIONAL SALARIES	1,077,369	1,316,727	1,302,634
EQUIPMENT	265,808	99,465	102,500
SUPPLIES & MATERIALS	183,874	287,172	216,400
CONTRACTUAL SERVICES	160,481	984,427	326,368
PROFESSIONAL SERVICE CONTRACTS	48,100	134,150	129,000
PAYMENTS TO SCHOOL DISTRICTS & OTHER BOCES	1,848,065	3,540,033	3,626,353
EMPLOYEE FRINGE BENEFITS	4,254,703	4,844,533	4,964,312
TRANSFER CHARGES FROM OPERATIONS & MAINT	829,957	914,930	1,350,888
TRANSFER CHARGES FROM OTHER SERVICES	5,134,606	6,417,631	6,070,531
TOTAL	<u>\$ 21,088,165</u>	<u>\$ 26,220,488</u>	<u>\$ 25,675,939</u>

The continued focus is for programs to provide consistent high-quality instruction and behavioral interventions and supports. Focused initiatives include aligning the mental health curriculum with current instructional practices, as well as increasing staff capacity to integrate mindfulness and restorative practices into their daily learning experiences.

The cost of delivering specialized programs and services varies and has increased over time. As a result, ongoing input from the Committee on Special Education Chairs and Superintendent Subcommittee on Academic Programs is utilized to explore more effective and cost-effective ways to meet our students' ever-changing needs. During the 2018-19 school year, a Special Education Task Force was created to review current programs, analyze data of district needs, and make recommendations for program enhancement. Questar III is planning to enhance current 4:1:2 and 6:1:2 elementary classes with additional support services, such as a consulting psychiatric nurse practitioner. All programs will also continue to access the support of a consulting child psychiatrist.

In accordance with state regulations, Questar III continues to move students along the continuum of services from a more restrictive to a less restrictive environment as appropriate to meet their needs. For the 2019-2020 school year, two 4:1:2 elementary classes are projected.

The number of our students in special education programs who are integrating with the Career Studies program or CTE programs continues to increase, providing students with the skills necessary to be college and career ready. Approximately 56 percent of our students are anticipated to graduate with a CDOS credential, and we are looking to expand this opportunity to more of our high school level students.

Itinerant Services

Questar III staff members are shared between school districts through itinerant services. This includes both certified and specialty support personnel. Depending on the nature of the request or service provided, services may be provided at the local district, a BOCES site, or at another location.

ITINERANT SERVICES	ACTUAL EXPENSES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
INSTRUCTIONAL SALARIES	\$ 515,868	\$ 723,403	\$ 547,549
NON-INSTRUCTIONAL SALARIES	424,505	483,519	476,139
EQUIPMENT	9,301	2,000	3,000
SUPPLIES & MATERIALS	4,704	20,544	3,511
CONTRACTUAL SERVICES	15,428	84,822	50,062
PAYMENTS TO SCHOOL DISTRICTS & OTHER BOCES	200,655	349,826	256,359
EMPLOYEE FRINGE BENEFITS	405,412	500,643	505,201
TRANSFER CHARGES FROM OPERATIONS & MAINT	31,742	40,700	16,056
TRANSFER CHARGES FROM OTHER SERVICES	20,063	27,238	43,939
TRANSFER CREDITS	-	(20,650)	-
TOTAL	\$ 1,627,678	\$ 2,212,045	\$ 1,901,816

Instructional itinerant services include: consultant teaching, music therapy, occupational therapy, orientation and mobility, physical therapy, adaptive physical education, school psychologist, psychological counseling, speech and language therapy, speech improvement, teacher of the blind/visually impaired, and English as a second language. District services such as claims auditing, communications/public information coordinator and shared facility director are also provided as itinerant services.

The communications/public information coordinator is the largest itinerant service. It provides onsite support to 14 school districts in Rensselaer, Columbia and Greene counties.

The cost of itinerant services is primarily dependent on the salaries and benefits of the individuals providing the service. Furthermore, due to district purchases and

changes in staff, the costs of these services may have significant fluctuations from year-to-year.

General Education

Questar III offers a wide array of general and alternative educational offerings such as Tech Valley High School®, distance learning, arts-in-education, pre-kindergarten, and Odyssey of The Mind regional competitions.

	ACTUAL EXPENSES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
GENERAL EDUCATION			
INSTRUCTIONAL SALARIES	\$ 675,931	\$ 727,542	\$ 714,216
NON-INSTRUCTIONAL SALARIES	50,952	53,172	54,702
EQUIPMENT	205,856	30,007	-
SUPPLIES & MATERIALS	190,056	136,631	130,500
CONTRACTUAL SERVICES	12,650	25,433	11,450
PROFESSIONAL SERVICE CONTRACTS	180,109	194,317	178,600
PAYMENTS TO SCHOOL DISTRICTS & OTHER BOCES	4,102,985	3,850,678	4,091,913
EMPLOYEE FRINGE BENEFITS	360,374	418,382	424,086
TRANSFER CHARGES FROM OPERATIONS & MAINT	65,981	48,931	30,335
TRANSFER CHARGES FROM OTHER SERVICES	155,870	192,073	195,524
TOTAL	\$ 6,000,764	\$ 5,677,166	\$ 5,831,326

Tech Valley High School® (TVHS)

TVHS continues to grow and evolve under its current leadership team. Student and parent interest in the school is high and more districts are sending students. Along with offering students real-world, project-based learning experiences in all their course work, TVHS has increased both the rigor of the academics as well as the number of opportunities available to students by adding college credit course work and access to more course offerings online. TVHS has established partnerships with local colleges to offer students the opportunity to earn a 60 credit Associate of Science Degree through Excelsior College by the end of their senior year.

Distance Learning

Questar III works closely with the Northeast Regional Information Center (NERIC) to offer access to a distance learning network that expands the offerings of districts in our cooperative. This allows participating districts to share courses that cannot be offered in most districts and offers students the opportunity for Advanced Placement (AP) and college courses.

Currently there are 12 local districts participating in this service. Local schools host and receive approximately 120 courses, reaching more than 960 students throughout the regular school year and during the summer.

Questar III, in partnership with NERIC, also increased participation to the Expanded Distance Learning program serving seven districts. This program allows districts to grow their existing distance learning program or start smaller scale distance learning programs. Key components of the service include training, technical support, scheduling and recording of daily classes. A regional committee advises the NERIC on course planning and development.

Online Learning

The Online Learning Service was developed to respond to changes to the SED's regulations. Districts can now grant credit to students who have completed coursework using online learning courseware. Questar III currently works with eight courseware vendors to offer districts choices in service plans. Eighteen districts use the service to provide credit recovery, credit accrual, home schooling, tutoring and Regents test preparation for more than 1,200 students.

Pre-Kindergarten

Questar III has provided pre-kindergarten educational services for nearly three decades, partnering with districts to create and deliver a model program. Questar III supports two types of pre-kindergarten programs: three experimental classrooms and two universal classrooms. The experimental program, formerly known as the targeted program, provides developmentally appropriate instruction to classes having a minimum of 16 four-year-old students from families that are considered economically disadvantaged. The universal pre-kindergarten program provides developmentally appropriate instruction to classes of 18 four-year-old students. Both programs employ certified teachers and teaching assistants and incorporate high-quality curricula to prepare students for future school success through strong foundational skills in early literacy and numeracy, social interaction and kindergarten readiness skills using child-centered activities. In some classes, Questar III also works with community-based organizations to provide an inclusionary model for students with disabilities.

School Library System and Related Services

School districts may purchase shared services that assist in expanding access from the library's physical space to wherever students are learning. Services include:

- Building enhanced library collections designed specifically to meet the needs of individual schools without unnecessarily duplicating resources across the region.
- Full library automation support, including software, hardware, maintenance, technical support, cataloging and training.
- Supporting all curricular areas through online resources including databases and instructional multimedia.
- Providing a shared librarian for smaller districts.

This year the School Library System continues to migrate districts to Follett Destiny, a robust automation system that reaches beyond the library walls. Follett Destiny provides access to vetted websites, databases in one location, and a collaboration tool for librarians, teachers, and students. In addition, the Multimedia service is adding additional products to an enhanced service to include licensing services for streaming video and music.

Arts in Education, Exploratory Enrichment, and Odyssey of the Mind

Questar III coordinates arts and enrichment programs for participating districts. Content area curriculum comes alive with the integration of such programs that allow students to creatively engage in their learning experience. Through dance, media arts, music, theatre, visual arts, and writing, students learn from cultural and performing artists, authors and illustrators. Districts receive state aid on visits to aquariums, museums and theaters, as well as in-school programs.

Odyssey of the Mind is a worldwide educational program that helps students develop creative problem-solving skills through teamwork. Questar III is the New York State Region 4 coordinator of this program. In recent years, this program has reaped numerous successes as the region's schools excelled at state and national competitions. In fact, at least one team from Rensselaer, Columbia and Greene counties has advanced to the Odyssey of the Mind World Finals each year since 2007. In 2018, five teams in the region went on to the Odyssey of the Mind World Finals at Indiana University.

Instructional Support

This budget funds high-quality professional development, technology services and other instructional support services that benefit students, teachers and administrators across the region. The instructional support services include school improvement initiatives which are coordinated by the Office of School Improvement.

	ACTUAL EXPENSES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
INSTRUCTIONAL SUPPORT			
INSTRUCTIONAL SALARIES	\$ 1,262,431	\$ 1,119,415	\$ 1,080,611
NON-INSTRUCTIONAL SALARIES	818,576	868,933	716,874
EQUIPMENT	2,733,727	4,120,515	3,317,000
SUPPLIES & MATERIALS	659,558	774,026	771,956
CONTRACTUAL SERVICES	401,940	556,045	470,997
PROFESSIONAL SERVICE CONTRACTS	265,487	398,615	197,222
PAYMENTS TO SCHOOL DISTRICTS & OTHER BOCES	515,975	621,932	621,687
EMPLOYEE FRINGE BENEFITS	863,803	915,081	864,137
TRANSFER CHARGES FROM OPERATIONS & MAINT	71,472	115,163	135,470
TRANSFER CHARGES FROM OTHER SERVICES	138,951	154,960	124,956
TRANSFER CREDITS	(823,384)	(829,733)	(313,091)
TOTAL	\$ 6,908,536	\$ 8,814,952	\$ 7,987,819

Over the past decade, Questar III changed its delivery model for offering ongoing embedded professional development in mathematics, ELA, science, social studies and integration of technology for educators who serve all student populations. For 2019-20, a new special education technical and instructional support service will be offered. Our goal is to provide support where teachers need it the most – in the classroom.

There continues to be strong demand for ongoing embedded professional development, which requires Questar III to recruit, hire and retain high-quality staff. To augment our success in the School Improvement services, we will be expanding our current services to assist districts during the transition to the Next Generation ELA and Math standards, as well as the Arts standards, Next Generation Science standards and Social Studies Frameworks.

Data Coordination and Analysis

The budget continues to support the increased responsibilities of School Improvement data analysts. This service provides districts with an onsite data coordinator/analyst to help ensure that accurate reporting of data is accomplished. The data analysts are experts at providing this level of support, as well as providing analysis of the data and how it can be used for instructional decision-making. One of our largest areas of expansion is the use of Qualtrics, a powerful survey and data analysis tool. This product can be used to capture various qualitative and quantitative data from all stakeholders within a district. Additionally, due to the new ESSA accountability system, districts rely on our data analysts even more to provide understanding and insight not only into the intricacies of the accountability system, but also to provide the tools to improve student performance.

Regional Scoring of New York State Assessments

The Office of School Improvement coordinates the regional scoring of the 3-8 state assessments in ELA, Mathematics and Science and the New York State English as a Second Language Achievement Test. The service also offers the 3-8 computer-based assessment scoring. Demand for these services continues to be strong.

Technology Services

The Technology Service continues to expand its knowledge base in support of Questar III's diverse technology landscape. With over a dozen employees supporting over a dozen locations, we offer diverse expertise and experience in most areas of technology. Strategic partnerships and alliances are utilized to augment our institutional knowledge, and we leverage these relationships to provide high quality shared services to districts in need of advanced technology support. Cybersecurity, project management and technology planning services are just a few evolving areas of technology where our knowledgeable resources are available to provide customized services. Offsite hosting services are also available in Questar III's fully redundant data center. We continue to provide dependable Network Systems Engineers and Information Technology (IT) Support Technicians to many subscribing districts. Our current focus is on cybersecurity and data privacy services that will be instrumental to the roll-out of new National Institute of Standards and Technology (NIST) technology security standards that SED is proposing to adopt in 2019. We are prepared to address changing district technology needs as they arise.

District Services

Questar III's district services extend and enhance the capacity of participating districts by providing innovative solutions or a high level of technical expertise. The cost for most services will remain unchanged due to increased participation, automation and process improvements, while some services will have minimal rate increases for the 2019-20 school year.

DISTRICT SERVICES	ACTUAL EXPENSES 2017/18	ADJUSTED BUDGET 2018/19	TENTATIVE BUDGET 2019/20
INSTRUCTIONAL SALARIES	\$ 574,079	\$ 850,207	\$ 672,734
NON-INSTRUCTIONAL SALARIES	1,744,250	1,982,328	2,234,378
EQUIPMENT	186,495	333,286	26,400
SUPPLIES & MATERIALS	329,820	452,154	428,022
CONTRACTUAL SERVICES	686,275	1,574,880	1,196,278
PROFESSIONAL SERVICE CONTRACTS	552,131	1,199,451	646,650
PAYMENTS TO SCHOOL DISTRICTS & OTHER BOCES	5,761,111	6,330,503	6,418,868
EMPLOYEE FRINGE BENEFITS	1,021,376	1,327,310	1,476,372
TRANSFER CHARGES FROM OPERATIONS & MAINT	103,256	180,300	164,158
TRANSFER CHARGES FROM OTHER SERVICES	370,339	452,178	609,063
TRANSFER CREDITS	(475,728)	(477,320)	(487,134)
TOTAL	<u>\$ 10,853,404</u>	<u>\$ 14,205,277</u>	<u>\$ 13,385,789</u>

Business Office Support

Questar III provides a variety of services to support the increasingly complex school district business operations. This includes a Central Business Office (CBO) Service that offers general ledger maintenance, accounts payable, payroll processing, revenue/budget analysis and long-term financial planning.

The Questar III Purchasing Department routinely generates regional Requests for Proposals (RFP's) or bids for various goods and services. The regional RFP's and bids save our districts both time and money.

Questar III shares its expertise to ensure that all our districts and BOCES clients comply with the new Governmental Accounting Standards, which are increasingly complex. Our Other Post-Employment Benefits (OPEB) Valuation and Fixed Asset Inventory services are such examples.

The Governmental Accounting Standards Board (GASB) 75/OPEB Valuation Service serves 179 school districts and BOCES across the state in the valuation and

management of their OPEB liability. The service provides the districts and BOCES with a detailed report, that has been certified by an actuary, that meets the requirements of GASB 75. This report can be used for the required financial statement disclosures that will be included in the district's annual audited financial statements.

The Fixed Asset Inventory Service continues to be valued by participating districts. Questar III assists 72 school districts statewide comply with GASB 34 accounting standards and to accurately account and monitor their fixed assets. Moreover, Questar III has expanded the training and consulting services offered by Financial Services. This includes a Coordination of Insurance Management Service to assist districts with risk management.

The State Aid and Financial Planning Service currently serves approximately 650 school districts and 36 BOCES. Built on expertise and knowledge in the area of state aid, the service has expanded to provide information and guidance on a wide array of financial management issues. In 2018-19, the service is focusing on creating dynamic 24/7 resources for its school district and BOCES clients. Six full-time, experienced staff members ensure that superior service is available and provided no matter how small the question or how big the district or BOCES.

The Administrative, Management and Planning (AMP) Service provides training and special reviews of district operations to eight school districts and BOCES upon request.

The STAC (System to Track and Account for Children) Service supports 69 school districts across the state by providing training, data collection and data reporting services related to claiming aid for students with disabilities. The service launched a successful comprehensive training program which was provided at seven locations throughout the state and looks to expand the program to 11 locations next year. The service has continued to expand, with several additional districts looking to participate in the service in the 2019-20 school year. This year, the service has added three full-time staff members in order to serve its expanding client base and to meet the increasing requirements from SED.

Rensselaer-Columbia-Greene Health Insurance Trust

The Rensselaer-Columbia-Greene Health Insurance Trust (RCG HIT) has assisted local districts by successfully negotiating contract renewals with BlueShield of Northeastern New York below the national trend. The Trust provides health benefits to approximately 7,000 employees, retirees and dependents. By pooling resources, the Trust leverages great purchasing power to obtain lower premiums and to spread risks over a larger number of policyholders. In fact, the Trust has been able to save its members millions of dollars over the years, serving as a model for other municipalities across the region and state.

Although the medical portion of our health insurance increases has been below the national trend for over a decade, the pharmacy costs had been escalating at a double-digit rate for several years. The RCG HIT changed its Pharmacy Benefit Manager (PBM) in 2016-17 and has established several cost containment controls to ensure that pharmacy costs deescalate. We are glad to report that since these changes have

been implemented, Trust member districts have been experiencing significant decreases in their pharmacy rates.

Health and Safety

Questar III's Health and Safety Service continues to offer services statewide, ranging from on-site support to an array of safety services and trainings that can be purchased individually. The department continues to add new cost-effective services that support school safety, facility management and address compliance needs. In 2018-19, the Health and Safety Service assisted our legal department with the creation of an online training module for the newly mandated sexual harassment prevention training to assist school districts in meeting regulations. The Health and Safety Service also took over the bus driver and attendant training program that districts currently utilize. The Fire System Maintenance Service will continue to increase service opportunities in the coming year by expanding services into other BOCES regions. Additionally, districts continue to utilize the service to provide installation and maintenance services for video surveillance and access control systems in their buildings.

The department continues to partner and collaborate with law enforcement agencies in our three counties to provide a comprehensive and standardized approach to school safety within the schools we serve.

Communications

Questar III's Communications Service supports 22 local school districts throughout the year, from one-time projects to ongoing services. In recent years, the department has added new services in response to district needs and requests, including videography, website hosting and website accessibility. It also continues to redesign and maintain school websites and produce/print school district budget and capital project newsletters. The Communications Service is also available to support school districts during crises. Team members work with the organization's School Emergency Resource Team (SERT) on crisis management, communications and coordination with other agencies.

Special Aid

The Special Aid Fund accounts for state and federal grants and other contracts that should not be accounted in the General Fund. The availability of funding creates challenges for these programs, which creates budgetary variations from year-to-year.

The Special Aid Fund represents anticipated funding for 11 programs, including Special Education Summer School, Internal Audit Service, Library programs, Regional Bilingual Education Resource Network (RBERN), the Puerto Rican Hispanic Youth Leadership Institute (PRHYLI), Carl D. Perkins Career and Technical Education (Perkins IV) and Adult Education.

SPECIAL AID FUND	ACTUAL EXPENSES	ADJUSTED BUDGET	TENTATIVE BUDGET
	2017/18	2018/19	2019/20
INSTRUCTIONAL SALARIES	\$ 1,897,059	\$ 2,132,670	\$ 1,818,960
NON-INSTRUCTIONAL SALARIES	558,710	608,142	564,477
EQUIPMENT	78,072	25,600	-
SUPPLIES & MATERIALS	85,412	147,154	85,084
CONTRACTUAL SERVICES	715,315	754,911	672,111
PROFESSIONAL SERVICE CONTRACTS	206,915	202,415	180,822
RENTAL OF FACILITIES	34,353	55,003	47,082
PAYMENTS TO SCHOOL DISTRICTS & OTHER BOCES	79,397	115,281	115,281
FRINGE BENEFITS	854,950	1,093,506	947,079
TOTAL	\$ 4,510,183	\$ 5,134,682	\$ 4,430,896

Explanation of Budget Line Items

The following is a description of the budget categories presented in this document. These budget classifications are those that are prescribed by the New York State Department of Audit and Control for use by all BOCES:

- **Instructional Salaries:** includes salaries of BOCES personnel who are employed in positions requiring certification by the State Education Department. These individuals are generally members of the New York State Teachers' Retirement System. Salaries of teachers, teaching assistants and administrators would be reported in this category.
- **Non-Instructional Salaries:** includes the salaries of BOCES personnel who are employed in positions that do not require certification by the State Education Department. These positions generally are classified under the state and county Civil Service commissions, and these individuals are generally members of the New York State Employees' Retirement System. Salaries of administrative assistants, aides and custodians would be reported in this category. Also included in this category are certain positions which require licensing by SED, but which do not require certification (i.e., physical therapists).
- **Equipment:** includes costs for the purchase of equipment, furniture and fixtures.
- **Supplies and Materials:** includes items such as textbooks, periodicals, paper, tests, records, tapes, cleaning supplies, small tools, lumber, metal, paint, hardware, uniforms, gasoline, lubricants, tires, auto parts, etc.
- **Contractual Services:** contractual and purchased services such as utilities, equipment repair, insurance, legal fees, independent auditors and accountants, other professional and technical services, rental of equipment, advertising, postage and travel expenses are reported in this category.
- **Payments to School Districts and Other BOCES:** reports expenses for services purchased from districts and other BOCES, except for facility rentals.
- **Employee Benefits:** the amounts reported in each of the various categories presented represent the Board of Cooperative Educational Services' share of employee benefits. Included in this line are amounts budgeted for state retirement systems, social security, workers' compensation insurance, unemployment insurance and health insurance.
- **Transfer Charges from Operation and Maintenance of Plant:** the amounts shown in this budget category for each service program represents the share of the total costs for the operation and maintenance of Board of Cooperative Educational Services facilities that have been prorated to the particular program.
- **Transfer Charges from Other Service Programs:** represent charges to a BOCES program for the use of other services provided by Questar III.
- **Transfer Credits from Other Service Programs:** the amounts reported in this category represent credits to a particular program, due to services provided by that program to other service programs in this BOCES.

Questions and Answers

What happens if the tentative administrative budget is not approved?

Questar III must prepare and adopt a contingency administrative budget if a majority of the component school districts do not approve the tentative administrative budget, or if there is a tie vote (half approve, half disapprove). The tentative administrative budget of \$6,467,395 for 2019-2020 is \$194,885 **below** contingency.

Are there any limitations on a BOCES contingency administrative budget?

Yes. In a contingency budget for BOCES, the amount of the administrative budget may not exceed the amount in the previous year's budget, except for expenditures incurred in the supplemental retirement allowances, and other post-retirement benefits for retirees.

OPEB Letter from the State Education Department



THE STATE EDUCATION DEPARTMENT / THE UNIVERSITY OF THE STATE OF NEW YORK / ALBANY, NY 12234

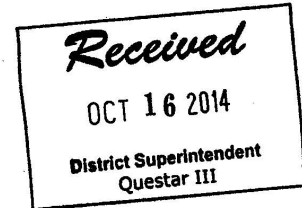
Office of P-12 Education

Charles A. Szuberla, Jr., Assistant Commissioner

Office of School Operations

Room 874 EBA

(518) 474-2238



October 6, 2014

Dr. Gladys Cruz
Interim District Superintendent
Questar III BOCES
10 Empire State Blvd., 2nd Floor
Castleton, NY 12033

Dear Dr. Cruz:

The New York State Education Department appreciates the work of your OPEB Task Force in working to bring resolution through the Other Post-Employment Benefits Liquidation Plan.

Our comments are as follows:

- The Department agrees with the recommendations for proper accounting set forth by the Office of the State Comptroller in its October 11, 2013 report. We agree with the Office of the State Comptroller that, under GASB 45, the prescribed modified accrual basis of accounting should be utilized.
- The Department is in agreement with recommendations one through six and supports the actions developed by the task force and accepted by your component districts.
- Since some of the funds identified for return to school districts represented aidable expenses at the time the funds were collected by the BOCES, some reconciliation must be made to avoid an overpayment of state aid. Questar III should develop a methodology to estimate the portion of each district's repayment that was aided in the first instance. Like other expenses refunded by the BOCES, these funds should be reported under account code A2701, Refund of Prior Year Expense, so that the appropriate state aid adjustments may be made.

Considering the concerns and strategies laid out with respect to the recommendations, the Department accepts your Other Post-Employment Benefits Liquidation proposal.

Sincerely,

Charles A. Szuberla, Jr.

Please visit www.questar.org/opeb for the full materials related to OPEB.

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