

BUDGET COMMITTEE

Minutes of January 9, 2007

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Chairman, Michael Harris at 7:30 PM.

Members present: Michael Harris, Chairman; Chris Hyde, Vice Chairman; Melinda Willis, Selectmen's Representative; Bill Beauregard, School Board Representative; Scott Bartis, Tom Jambard, Mark Johnson, Mort Goulder; Deborah Adams, Secretary

Also present: Mellinee Capasso, Business Administrator; Rich Pike, Superintendent; Gail Paludi, Principal; Carol Thibaudeau, Principal; Bob Kelly, Special Education Administrator; Harry Haytayan, Jennifer McLeod, Venu Rao, School Board Members

Presentation of School Budget

Bill presents the BudCom with several handouts. The first is the same format as was presented during the December 12, 2006 meeting, with new figures included. The second is an inventory of all computers and the third is a summary of the budget with explanations of items.

The proposed budget is 11,030,493, which is an increase of \$967,329 or 9.61%. The formula used is by taking last year's operating budget, less special revenue, food service, debt service, special education non-administrative, early intervening services and early intervening new positions (early intervening is a federal mandate from the No Child Left Behind) to equal a recommended base. This recommended base was then increased by 3.9%. Special revenue, food service, debt service, special education and early intervening were added back in to give a Total Recommended amount. He explains that the early intervening program already had a reading program in place at the schools. This has been very effective. This is accomplished with a low student to teacher ratio. Throughout the year the needs of all students are assessed and addressed. Mort questions why this will be more expensive if the program is already in place. Bill explains that they are currently doing this process for reading, yet will now need to add a remedial math teacher for the program, as well as a .5 teacher for kindergarten.

Bill explains that on the 1st page of the budget handout, line 12 reflects teachers that have been covered under regular education in the past, that will now be designated as early intervening. They are taking the cost from one area and showing it in another. This will help to show the full impact. The bottom line is to have control over this mandated program. They are treating these costs the same as they do special education, by removing the cost items from the base. There are 30% of students that fall into this category for reading and 15% for math. Mike comments that this is designed to assist the low achieving students. He points to line 14, column K, which lists the total budget amount that is outside BudCom guidance for the 2007 budget. Column L is the amount for the 2008 budget. Line 15 shows the recommended base. The 3.9% increase allows for a \$295,034 increase and they are proposing a \$339,341 increase, which is \$44,307 above the recommended. Line 17 then adds the proposed increase to the base, line 18 adds back in the previously pulled out items and line 19 shows the Total Recommended.

Bill breaks down the increase to the recommended base.

Salaries and benefits (including federal mandate for 504 plans)	\$117,710
Transportation	11,385
Special Education Administration	2,260
Subtotal – Commitments Outside District Control	\$131,364
Maintenance	113,111
Curriculum programs	94,866
Subtotal – Additional maintenance and curriculum	\$207,977
Total Increases	\$339,341

Bill explains that the increase to maintenance includes \$36,500 for repairs to the water system, which is shared with the town and the coop, and \$9,125 for town use of the schools on nights and weekends. The electricity usage at the upper elementary is almost double the usage at the primary school due to the additional usage of the building for recreational programs. A janitor is needed to be on duty during this time. Rich comments that they have looked at other options, yet those did not turn out as they had hoped. Bill mentions that the increase in curricular programs includes costs associated with a federal mandate for ICT.

Mort questions whether salaries and benefits include expenditures for step increases, pension, etc and whether this line includes all personnel. Bill explains that some of this is included within line 12. If lines 12 and 24 were added together, this would show the total staff salaries and benefits. The reading recovery teachers that were previously labeled as regular education are now being shown as early intervening. Mike questions the amount of increase being proposed for all salaries. Bill directs them to look at line 51, column M to see the increase to regular instruction employees

(\$117,719), line 81 for early intervening services (\$251,069) and line 82 for new positions for early intervening (\$111,717). Mike stresses that this is still not showing him the total increase from 2007 to the proposed 2008. Bill indicates that he does not have this figure. Melinda points out that line 81 is actually a combination of what currently exists for 2007 and the proposed increase for 2008. The BudCom needs to know the delta from 2007 to the proposed. Bill directs her to line 563, which shows a \$8,983 increase for early intervening. This should be added to the \$117,719 to give the total increase over last year for negotiated salary and benefits. Chris does not agree with these figures. He feels it doesn't add up.

Mike stresses that he would like to know the total salary increase including steps and benefits. Bill indicates that lines 560 and 561 show the teachers and support staff increases. Chris comments that this does not reflect tract steps.

Mike comments that he thought the BudCom gave clear direction about what information they wanted. The budget being presented shows shifting of resources from high achieving students to low achieving students. He is not seeing what they wanted to see. Bill indicates that they have built this budget based on what he heard the BudCom recommend. Mike sees a \$1,000,000 problem. Mark states that he previously heard that this budget is only \$44,000 over the recommendation. Mike states that if they look at line 5, this clearly shows a \$1,000,000 increase. He feels this is funky math that is being presented to them tonight. Bill stresses that the intent of his presentation is to show that they are only over by \$44,000 if the BudCom accepts that early intervening should be removed as part of the guideline base, similar to special education. If the BudCom does not agree to this, then these figures should be added back in. Mike feels that these items were previously included in the budget and should not be treated any differently. Bill argues that lines 24-31 are new items.

Melinda states that if they do not allow special consideration for the early intervening program, the budget comes out \$407,093 over the recommended amount. Mike stresses that the \$251,000 should not be removed from the base. Mort asks if the total includes all warrant articles. Bill indicates that it does. Mike asks if this will be the 2nd year of the 2-year contract. Rick states that this is correct.

Melinda revises her previous figures. If the BudCom does not allow consideration for the early intervening program, the proposed budget is \$295,376 over the target. It appears that the \$251,000 figure was being used twice in the figures. Mike agrees with these figures. He feels that the school should not be penalized for the water problems or the town use of the buildings. He suggests reducing the \$295,376 by \$36,500 and \$9,125, leaving a total of \$249,751 over the target. Melinda agrees in principle with these items, yet feels the expense for the water system must be done, whether expensed by the school, the town or the coop. Perhaps the school should pay upfront, then have reimbursement from the town and coop. Mike feels this would make things too complicated. He still feels they should not be penalized, as this is something that must be paid. Melinda agrees that the \$9,125 is for the recreation program, yet she is concerned about what this figure should be. She suggests that the recreation commission could take this out of their fees.

Bill comments that when the formula is adjusted, there is an increase outside the formula and an increase inside the formula and they all come to the same total increase.

Mike feels that this is an extremely large increase to the special education budget. Rich comments that from what he is hearing from the BudCom is that they are leaning towards allowing the new position for early intervening to be outside the formula, but not the grandfathered, existing positions. If this is the case, he questions how this will be handled next year. Mike comments that the school has a federal mandate that it must meet and that there are increased costs to meet the mandate, however the existing teachers that were already within the budget are not increases. Mike points out that special education is more defined. In this case, with early intervening, there has been a long term goal over the past several years to assist numerous students. This is unlike special education with new children entering the district with a need for services. Rich states that the administration put these programs into place because they felt the students needed the help; like reading recovery. He feels these should be grandfathered.

Mike stresses that those teachers are already within the budget and will remain so. They cannot merely take this expense out of the equation just by calling it a new mandate. Rich questions how they will look at the new portion of this mandate next year. Chris states that it will become part of the base next year. Melinda explains that it is similar to them starting a new program, such as foreign language. The first year they get special consideration for the new program, the following year it is included in the base budget. Mike adds that special education is treated differently as this program can be so volatile with no way of predicting what will be needed.

Melinda points out that historically they did not pull out the special education expenses, yet recently this has taken a drastic increase. The school board argued that they could not absorb this into the operating budget. The BudCom agreed to allow this to be pulled out and not be subject to the CPI increase. Rich mentions that they are trying to be consistent from year to year with the items they must include or not include. He asks if this will change next year. Mike states that the BudCom tries to be consistent, yet when new items are brought to their attention, sometime they are able to make special arrangements.

Harry arrives at this time.

Rich asks if new costs for collective bargaining are automatically in the budget. Mike indicates that this is true. Any increase due to inflation should be included. Rich points out that the negotiated agreement between the board of education and the teachers association is binding. When the voters approved this last year, they were embracing this increase. Mike stresses that only the year that is being voted is binding. He agrees that if the voters approve the first year, all years in the contract should also be approved, yet the law does not allow for this. This must be voted upon each year.

Chris points out that he did not support the BudCom's guidance for the budget because of the large increases in the past. He feels they need to look at the impact to taxes and the burden to taxpayers. The last few years items have been approved that will continue to impact taxes. Now is the time to balance this by not allowing a large increase. Mort comments that many communities are taking a stand by not allowing any increases as high as inflation.

Bill comments that during this meeting he has changed his spreadsheet to include the BudCom's changes. This shows their proposed budget to be \$249,751 above the target. Rich questions what items the BudCom prefers to have listed as separate warrant articles. Mike explains that they have traditionally asked for warrant articles for contract negotiations, and new programs. For this year he would like the new positions for early intervening listed as a warrant article, which will give them the opportunity to fully explain this new program to the public. This will help in the future when discussing this program.

Bill mentions that they also have an increase to maintenance of \$67,486, which is \$113,111 (as listed on line 29) less \$36,500 and \$9,125, which the BudCom has given special consideration. Mike asks if these maintenance items are part of the multi-year plan. Bill explains that this amount is included within the proposed budget, yet there are other extraordinary items that are not included. These are items that have been postponed for many years and now need to be addressed. If they do not seal the pavement now, then they will need to totally replace the pavement in the future, which will cost so much more. They need to do this now and not wait for 3 more years.

Bill would like to create a \$100,000 expendable trust in order to begin some of these maintenance items this year, then the remainder will be retained for the following year. Mike asks if this could be done as an annualized program to help spread costs over several years. He states that a trust is merely a means of financing. He asks how much the current budget has for contingency. Bill indicates that they have \$95,000 in this year's budget. Mike questions if they are asking to add another \$100,000 to the budget for these items. Bill indicates that they would like to add this to the budget, so they can reserve the contingency funds in case of an emergency. Mike agrees they need to keep the contingency, as they cannot run the school if they go over budget. He does understand the need for some of the items on the 5 year maintenance plan.

Melinda comments that many of these items could fall within the regular maintenance line item. She points out a \$4,000 increase for painting and questions the need for this. Bill explains that this line item is to seal the foundation and to fix cracked corners. Melinda again questions \$1,500 for painting at the upper elementary. Mellinee explains that they are trying to incorporate this into the budget to keep up on the need to repaint the walls. Tom points out that they have already mentioned the budget contains \$36,000 for water system repairs, yet the maintenance sheet has another \$10,000 for water pipes and \$8,000 for Skillings. He questions if these are included in the \$36,000. Mellinee explains that those are separate items. The pipes from the pump house to the building are in need of replacement. She has been trying to anticipate what could be large problems and plan for the future. Mike agrees it is a good idea to plan ahead. Melinda agrees, yet feels they should be included in the base budget.

Melinda questions why the electric is up \$20,000 for the upper elementary. Mellinee states that they are behind on plant usage and are now trying to catch up. She will be researching these numbers to determine why they have this fluctuation. Mike asks about the possibility of going with the self-funded health insurance. Mellinee indicates that they are still working towards this. They are most concerned about keeping the coverage comparable. Melinda mentions that the town has been experiencing some problems with the administration of their insurance and how claims are being handled. The town was sold a package that was supposed to be identical, yet has proven not to be. They are currently working to correct these issues. Mellinee states that they are watching what happens with the town before making any decisions. Mike encourages the town not to get discouraged as they go through this process. He points out that many companies can handle the administration of the plan.

Melinda questions the heating and ventilation services (lines 488 and 489), which are listed as increasing by \$11,000 and \$8,000 over last year. She asks if there is anything specific driving this increase. Mellinee directs them to the handout titled "Maintenance Major Increases". Looking at the 3rd and 4th items down, this shows a breakdown of these costs. A new filtration is being installed, which also includes maintenance costs for the full year. Bill mentions that some of these line items will be reduced back to merely maintenance figures for next year.

Chris asks about the building and grounds supervisor. Mellinee explains that this is a shared position with all 3 school districts. Revenue is received for a portion of this. Chris states that he heard concerns from previous school board members that the time being spent is not equal. He would like to see an accounting breakdown of this. Mellinee states that this is a salaried position and the time spent working at various schools is not tracked. It all depends on the needs at the time.

Mike asks for BudCom comments on the overall budget being presented. Bill states that they are looking for an additional \$100,000 for maintenance, therefore they are over the target by \$349,000. Scott asks if the figure shown on line 29 for maintenance is included in the budget. Bill explains that the \$113,000 has been included in the budget, yet this is an increase over last year's maintenance budget. The \$100,000 has not been included. Melinda points out that the budget shows plowing expenses, that when broken down, seem to show a cost of \$2,096 per storm. She is concerned that this is expensive, based on the amount of parking area being plowed. She suggests looking more closely at this contract.

Mike comments that it appears the school has a \$100,000 problem related to maintenance, which he feels would be prudent to support given the safety implications of many of these items. They are also \$250,000 above the BudCom's target. Tom states that if a business has a plant, they must maintain it. Money should be set aside every year to take care of these problems. He feels the \$100,000 should be included in the base and above the percentage increase that was set. The school should also look at the other \$250,000 and attempt to decrease this more.

Mort points out that the Hollis BudCom gave a target of 3.9%, while the coop allowed a 3.4% increase. They are already giving more for inflation

that the coop. He questions the amount used for maintenance this year and what the contingency was used for. He does not support the additional \$100,000 for maintenance. They have contingency for some of these items. Mike states that they will not know what is needed for contingency until the end of the year in June. If these funds are needed for special education, they need to retain this for that purpose. The school must be prepared. Mort feels they should reduce the budget by \$450,000.

Mark feels this to be a reasonable budget. He is troubled with the fact that it took so long for the BudCom to determine what was in or not in the budget. The BudCom sets a target relative to what the economy can sustain and he would like to see them hold firm to that target. Mike stresses that they did have a firm formula and target, yet tonight the school had a new item to throw at the BudCom. Mark is concerned about cutting the meat out of existing programs in order to fund these unfunded mandates, yet also agrees that while the target is not set in stone, every attempt to meet this goal should be done. He feels the \$100,000 should be included in the budget. Melinda points out that the school board knew the target prior to tonight, yet tried to work the figures to their benefit.

Scott would like to see a better presentation of the budget. He felt the target and guideline from the BudCom was very clear, yet they clouded this with their presentation. He likes simplicity. Every year there seems to be an extraordinary item that causes the BudCom to change the target. He feels they need to reduce the budget by \$350,000.

Melinda supports having the \$36,000 for the water issues outside the target. She questions whether the \$9,125 for town use of buildings is in addition to the budget, or has this been extrapolated out of the budget. Bill explains that this figure has been included within the budget. Chris suggests doing background checks on the coaches, then issuing keys to this one area of the facility, which would then avoid the need for an employee to come in. Melinda mentions that this is how it is handled at the town hall. She does not agree with pulling out the \$9,125. She does support the \$63,000 for the new math teacher for early intervening, but not for the new position for kindergarten, and she only supports an additional \$50,000 for major maintenance. She comments that the new position will become part of the base in the future, but she is concerned with having this increase for maintenance becoming part of the base in the future. She recommends the school reduce the budget by the \$250,000 that is over the target, add \$50,000 for major maintenance and attempt to schedule another \$50,000 in major maintenance to be handled with any contingency funds that are still available at the end of this year.

Bill argues that the amount that they are over the target does not cover the increases that are outside of their control, such as benefits, negotiated salaries, transportation and special education. They have already increased the regular maintenance budget. The only thing left in the budget that they can work with to meet the guidance is curriculum programs, which is already well within the 3.9%. He recommends that perhaps they can sharpen the pencil on some of the maintenance items, such as the snow plowing.

Chris is concerned that there has been a declining population in the school, with an increase to the budget. He would really like to see the fte spreadsheet data that was requested last year and again this year to help the BudCom grasp an idea of what funds are allocated to administration and what has been allocated to student education. This information would be very helpful to him and the rest of the BudCom. Bill is not sure what would change if they had this data. He stresses that the administration is already thin in the district. Chris points out that they may be looking at a 1:1 increase in taxes to budget increase this year. The proposed budget is a 9% increase. This is too much. The taxpayers cannot afford this. He feels they need to prune more. He agrees with Melinda on the staffing for the early intervening program. He does not understand the need for more kindergarten staffing. He feels they can manage with the existing teachers. He also agrees with the \$63,000 for the math position. He supports \$50,000 for major maintenance and also agrees with the additional \$50,000 from contingency for maintenance.

Mark amends his position to agree with Melinda's recommendations.

Venu stresses that the emphasis is on taxes, yet nobody is looking at what is needed to educate the children. The director of education has determined what is needed for this mandate and the superintendent also has much expertise with these issues. He feels that the BudCom cannot merely state that there is no need for a position. There is no reasonable way to reduce this budget. He would like to see data collected to help them in the future to make logical decisions on ways to reduce the budget. They only have 2006 actuals, yet who knows how accurate these figures really are. Mike believes that the current allocation of resources is not in the best interest of the children. He stresses that they need to look at the level of service being provided to the children and the ability of the taxpayers to pay for it. The BudCom's job is to look at taxes and the school board's job is to look at the education. Venu stresses that this way of allocating money and the current tax structure is not fair to taxpayers.

Mark reminds everyone of what happened last year at the coop level. The taxpayers voted against the school board's budget. He would like to see a compromise between the BudCom and the school board so there is less of a chance that taxpayers will not support the proposed budget. Melinda explains that what is being presented are the 2006 actuals and many of the BudCom members do have much history beyond this to make their decisions. Many members are concerned about the allocation of funds, especially in the area of how much is spent on special education and how little is spent on advanced student education (gifted students).

Harry stresses that the problem is beyond their control with federal mandates for special education funding. If the school does not act on these mandates, they will be sued. They also have collective bargaining agreements, that have step and track increases built right in. This accounts for \$400,000 in increases that are built right in. Mort argues that these are not really built in, these are expenses that the school board has created. Harry stresses that these are the facts. The difficulty is having 1 foot already in the hole before even starting the budget process. They have this ball and chain. The system is broke and there is nothing they can do about it. They understand the target, yet school funding has been going down and there is nothing they can do about it. Jennifer adds that they are between a rock and a hard place. She echoes the other school board members' comments.

She promises they will try again to make some reductions.

Rich comments that this is only his 2nd year in this process. Last year the school board and BudCom came to an agreement with relative ease. He understands that the BudCom has a task to perform and must look after the fiscal concerns. The school board, administration and central office are not driven by an agenda. They collaboratively set goals for the district. Everything in the proposed budget is driven by those goals. All members support this. He feels this is a huge gap to overcome. Hollis is #1 in the state in a number of areas and he would like to maintain this. There are many issues that are out of their control and many items that must be addressed by legislature. As passionate as the BudCom is about their target, the school board and administration are equally as passionate about providing education to the students. The \$350,000 the BudCom is asking to cut will not come from pens or pencils, but from staff.

Melinda moves that the BudCom adjust the formula to include \$50,000 for major maintenance, \$62,840 for new positions for early intervening and \$36,500 for water system repairs, for a new bottom line of \$10,772,740 and a percentage increase of 7.05. Seconded by Mark. Voting in favor were Tom, Mark, Scott, Chris, Melinda, Mike. Voting in opposition was Mort, Bill. The motion passes 6-2-0.

Mark moves to adjourn. Seconded by Chris. Motion unanimously approved.

Next Meeting will be held January 18, 2007 at 7:00 PM in the Hollis Primary School Library

Meeting adjourned at 11:00 PM.

Respectfully submitted,

Deborah Adams, Secretary