

BUDGET COMMITTEE

Minutes of January 19, 2006

Meeting was held in the Community Room, Hollis Town Hall and was called to order by Chairman, Mike Harris at 7:35 PM.

Members present: Mike Harris, Chairman; Scott Bartis, Vice Chairman; Melinda Willis, Selectmen's Representative; Anita Moynihan, School Board Representative; Mort Goulder, Chris Hyde, Lorin Rydstrom; Deborah Adams, Secretary

Also present: Lee Ann Blastos, Business Administrator; Rich Pike, Superintendent; Carol Thibaudeau and Gail Paludi, Principals; Doug Cleveland, Kathy DeLacy, Jennifer MacLeod, Harry Haytayan, School Board Members

Presentation of School Budget

Harry presents a handout to each BudCom member showing the breakdown of the 4% guideline. Two methods are shown; last year's and this year's. Using last year's method, the budget is \$177,574 below the target. Using this year's method, the budget is \$153,794 below the target. These figures do not include any negotiated settlements. Last year's method excludes benefits for existing employees. Mike points out that this gives them \$150,000 to work with for the negotiated settlements. BudCom members were confused over the calculations and how these were presented.

LeeAnn presented several handouts to the BudCom.

1. Budget Change Sheet

This shows all changes that were made to the budget following the December meeting with the BudCom.

- Legal Services – a line item has been created to track special education legal services. This is being done for all schools in the SAU.
- Legal Services – This has been increased by \$5,000. Additional legal services are needed to handle an issue that was discussed in non-public session at the last meeting.
- Negotiations – Need to cover costs of professional negotiator.
- Transportation, HPS & HUES – The contract for bus services is in negotiations at this time. Additional funds have been added for anticipated increases.
- HPS & HUES Adjustments – Reductions were made to individual line items.
- New Positions – a .5 kindergarten position and associated benefits has been removed.
- Heating/Ventilation Services, HPS & HUES – recently had a contract with a vendor that expired last August. They were not pleased with the services provided by this vendor. Currently they are working with a new company without a contract, but as an on-call service. This seems to be working. The budget was reduced slightly to reflect this.

Total increases to the budget, including the recent changes, result in a 2.24% increase over last year. This does not include negotiated settlements. The increase is on the entire budget, including all items.

2. New Positions Summary

The .5 kindergarten position has been removed. All positions shown on this sheet are included in the proposed budget.

3. Budget Overview Sheet

This sheet has been used for several years for the elementary school in both Hollis and Brookline for years. It was recently used at the Coop, where it was well received. This sheet shows how little control they have over the school budgets. Only 6% of the budget they have control over; supplies, text books, other expendables. They have no control over the negotiations, yet do their best to keep it reasonable. The sheet also shows a comparison to the current budget.

One teacher is retiring. The retirement benefit is included in the budget. Contingency has been reduced to \$50,000. Mike asks what the contingency had been budgeted at. Doug states that it was at \$80,000, plus an additional \$37,000 for a potential teacher. It has been reduced \$67,000. LeeAnn comments that she had an agreement with the BudCom several years ago that additional funds could be added to contingency for a new teacher that they were not sure would be needed. There was the potential for this need, but it would not be known until school started. They have always tried to keep the BudCom informed on this issue. The contingency item has historically fluctuated between \$50,000 and \$100,000. Mike asks if they have had occasion to spend more than the contingency. LeeAnn indicates that this has not been an issue. Mike questions whether the \$50,000 will be adequate. LeeAnn states that this should be enough.

Mort asks how they are able to save so much on supplies. Harry stresses that they have a very lean budget. Gail explains that last year \$80,000 was included in the budget for core curriculum for the language/arts program. This year's budget has been reduced by this one-time expense. Mike asks if anything that improves education to the students has been included in the budget. Gail explains that this budget will be the 3rd year of phasing in the new core language/arts program. There are some funds included for hiring of consultants and for staff development. Mike asks if this will enable the program to be used in all classes. Gail and Carol both indicate that this is correct. This has been their focus for the last year. They are currently in the 2nd year of this program. Next year will be the last year to phase in the program.

Mike asks about the status of the foreign language program. Gail explains that Spanish is being taught in grades 1-6. Two levels (introduction and intermediate) being taught in the Primary School and more at the Upper Elementary. Mike mentions that there were discussions regarding expanding this program. Carol agrees that this was discussed, however she does not see how they can physically squeeze anymore into the children's school day. There just isn't time.

Mike asks if there are any essential items that the administration did not allow them to leave in their budgets. Gail and Carol both indicate no. Gail states that the school board has been very supportive to their needs. Harry points to the mandated items that are driving the budget. Operation of the plant is up 27% with increases in oil prices, snowplowing, etc. Lorin points out a difference between the figures shown for special education between the 2 sheets presented. Anita explains that the discrepancy is shown under new positions.

Chris questions the use of the gymnasium for recreation programs. Gail indicates that this is not an issue at the Primary School. Rich states that he has a meeting scheduled with Parks & Recreation to discuss creative ways to have oversight at the facility without causing overtime for school janitors. He has some ideas on how to work this out. Chris is concerned that each time building renovations come up for discussion, it is mentioned that the facilities should be made more available for the community to use. He is concerned that there have been problems that have prohibited this, yet he agrees that the school budget should not be overburdened for this.

Mike agrees that the intent is to have the facilities used by the community but not funded by the schools. Anita states that it was suggested that they could charge people that utilize the facilities. The Recreation Department was opposed to increasing their fees to cover the school's costs, as they felt it would be counter productive to the program. Rich states that they will need to begin by looking at the facilities usage policy and possibly restructuring the fees. He does not believe this has been reviewed for a while. Mike states that they need to keep the school budget, just for the school. Recreational use or other uses of the facilities should be funded elsewhere. He does however agree that the facilities should be made available for use. LeeAnn states that there is a fine line between the town and the school. She has some ideas that seemed to work well at another school district she worked at in the past. These ideas may work here in Hollis.

Harry mentions that they are also going to ask families to begin funding field trips. This is partially done now, yet will have this done for all field trips. Anita points out that they do have a special fund to cover the costs for those families that cannot afford it. Chris mentions that this should not become a money making item, yet it should cover all costs. They also need to make sure that all can attend.

Melinda asks how many students are expected for both schools next year. LeeAnn states that they have 826 students now and are expecting the same for next year. Gail states that kindergarten registration was done last week, yet they usually add another 20 students throughout the remainder of the year for those that did not register on time.

Melinda asks if the nurse also works with the preschool students. Harry explains that they have a .5 nurse for the preschool, which is separate from the full time nurse at the Primary School. Melinda asks if this .5 nurse could also been used for the Primary School when not needed at the preschool. Gail explains that if they did not have the preschool, they would not have this .5 nurse. Funding for this position is included in the costs for the preschool. Mike asks if they have any figures on preschool costs vs. revenue. Harry states that they talked about this before. Melinda stresses that this may have been discussed, yet the BudCom asked for actual figures which were never received.

Mike asks if they looked into going with a self funded insurance. LeeAnn states that the Brookline School District formed a study committee who met with several vendors to discuss this issue. Currently it would not be cost effective for Brookline. The Hollis School District has meet with Paul Calabria and Nikki Fisher-Quitmeyer for fact finding. They are still reviewing and comparing with their current insurance. Mike asks if Brookline would be able to do this if it was an SAU wide change. LeeAnn indicates that it may be possible.

Mort asks if the new preschool is affecting the private preschools. Chris explains that the BudCom did meet with members of the Hollis Preschool, who indicated that this is not impacting them at this time. Anita stresses that Hollis is legally bound to educate these children, which is what they are doing. How this impacts any private preschools should not be their concern. Harry mentions that this is roughly a \$87,000 savings to the district. Chris asks if there are any transportation costs associated with the program. Gail explains that most of the transportation is handled by the parents. There are 2 students being transported by Hollis. All costs for this are included in the budget.

Melinda states that she agrees with the figures used in the spreadsheet, yet she questions whether the guideline they are using is really what was discussed by the BudCom. She does not feel they had a thorough discussion on this. She recalls not having a School Board representative at those meetings. Mort recalls allowing a 4% increase, plus an increase due to population. Melinda states that they always remove the special revenue for food, debts service and benefits for existing employees. Chris comments that this does not make sense. The 4% should also include any employee benefits. Melinda recalls that they agreed to remove any special education non-administrative costs. Harry reads letter from the BudCom to the SAI

requesting a 4% increase. Mike points out that this letter was addressed to just the SAU, not to the school.

Rich questions if the BudCom remains consistent from year to year when setting these guidelines. He is concerned about rules changing as they go along. Mike states that they do try to remain consistent. One year the BudCom did make an exception based on circumstances. They do not like to include debt service or special education costs in the base. Melinda states that they have done this consistently for the past 4-5 years. There are a few items that just don't make sense to use with the inflation multiplier and those items are removed before using the CPI. After, those items are added back in. Rich asks if they should expect to use the same template next year; CPI and population growth (+/-). Mike states that they have tried to do this the same for many years. They have had the school board approach the BudCom with a special need that is one time only. Many times the BudCom asks that these special items be put on a separate warrant article to allow the voters to make the decision. Rich appreciates the attempt to maintain consistency. He asks about how the COLA is calculated. Mike explains that the BudCom likes to use the August CPI and the October 1st enrollment. They like to use the same timing to maintain the consistency.

Harry comments that he is always confused as to why they chose to use the CPI. They could use the Dow-Jones Stock numbers or the producer price index rather than the consumer price index. He feels that the increases are coming from different means than the CPI. Mike states that he is open to suggestions on changing this.

Melinda states that she has been doing some new calculations to the guidelines. The benefits for existing employees that was removed from the calculations previously, she has put back in. The new total recommended amount is \$10,063,786, which gives a \$266,195 delta from what has been proposed. This guideline should include all costs, including negotiated settlements. Chris agrees with these figures.

Mike comments that they should anticipate the State education funding to start going down. Harry states that there is a safety valve built into this bill, yet they should expect this grant to reduce, yet this has not been confirmed.

Mike asks for BudCom comments on the proposed budget.

Mort states that if they end up with a 3% negotiated contract, they will be \$30,000 short. If they are short they should go with a special warrant article, yet he realizes that the town will approve it anyway.

Lorin is all set with what was presented.

Scott stresses that the negotiations need to be completed on time this year. LeeAnn agrees. She indicates that this must be done by February 1st.

Melinda is all set with the proposed budget.

Chris is also okay with what was presented.

LeeAnn thanks the BudCom for their cooperation and understanding. There have been many times that there were differences of opinion, and she has always tried to be the peacemaker. She likes when it ends like this. She appreciates the process this year.

Other Business

Chris mentions that he has been very concerned about the lack of oversight they have on the SAU Budget. The RSA does allow for the SAU to be posted on the warrant for each school district for review and passage. The SAU Budget would have to be approved by members of each district, then the budget could be placed on the warrant for each district. This would allow the voters to choose this process. Debbie asks for clarification on this, that this year, 2006, an article would be included on each school district warrant to approve the process to have the SAU budget as a warrant article on each district warrant in the future. Chris indicates that this is correct.

Rich states that he would be happy to discuss this more in depth at a later time, however he does see that this would be problematic. With 3 districts taking a vote on the same budget. If 2 districts approve the budget and 1 disapproves the budget, this will create problems. Mike sees how this would work with only 1 district in the SAU. Rich states that he understands how people feel that they cannot get at the SAU budget as it is incorporated into the operating budgets of the school districts. They have tried to keep their increase low to avoid problems. He points out that nobody shows up at the hearing to make comments.

Chris mentions that he previously suggested having a representative from the Hollis and Coop BudCom and from the Brookline Finance Committee to sit on oversight of the SAU budget, yet this idea was turned down. If they allow this to be done, he does not see a problem with going forward as before. Barring this suggestion, having the budget on the warrants of each district is the only way he can see to bring the SAU budget out for voter approval. He would like to have some mechanism to oversee this budget. Harry asks if there is any RSA that would allow for BudCom oversight of the SAU budget. Chris indicates that there is not.

LeeAnn mentions that when Rich was recently hired as the Superintendent, it prompted her to look back over the last 10 year, feeling that she may have done something wrong during this time. She created a 10 year spreadsheet that was very interesting. She would be glad to share this with the BudCom. Mike indicates that he would like to see this information. He agrees with Rich that having the budget on each district warrant would be problematic. LeeAnn points out that they have one of the lowest SAU budgets in the State. It is hard to compare SAU's, as they are all done

differently. Ours includes a Special Education Director position, while others have the Food Service Director included. It would be like comparing apples to oranges. Rich mentions that he will always be open to having people come in to the office to look over the budgets and procedures.

Mike states that he sees no need to have the BudCom's regular meeting next week. The next meetings will be for public hearings of each budget; Town on February 14th and School on February 16th.

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

Next Meeting will be held February 14, 2006 at 7:30 PM in the Town Hall Community Room for the Public Hearing of the Town Budget

Meeting adjourned at 9:35 PM.

Respectfully submitted,

Deborah Adams, Secretary