

BUDGET COMMITTEE

Minutes of February 3, 2005

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

Members present: Mike Harris, Chairman; Melinda Willis, Vice Chairman; Vahrij Manoukian, Selectmen Representative; Anita Moynihan, School Board Representative; Mort Goulder, Chris Hyde; Deborah Adams, Secretary

Also present: Lee Ann Blastos, Business Administrator; Ken DeBenedictis, Superintendent; Carol Thibaudeau and Gail Paludi, Principals; Candy Fowler and Sue Astone, Assistant Principals; Doug Cleveland, Kathy DeLacy, Harry Haytayan, Janet Listowich, School Board Members; Bob Kelly, Special Education Director

Public Hearing of Hollis School Budget

Doug explains that there are three parts to this budget; professional staff contract, support staff contract and operating budget. This is the second year of a 2-year contract for professional staff. The base salary increases 3% each year. This year's warrant article for \$183,626 covers all step increases, FICA and retirement benefits. This is a 2.13% increase to the budget. This contract also includes staff development reimbursement of \$1,100. There is also an early retirement incentive for staff members with 15 or more years of service and have attained the age of 55 to receive 25% of their last full year's salary. This was increased from 20%. The number of retirements is limited to 4 per year.

Doug explains that the maximum health insurance cost for the district is \$960 per month for this year of the contract. Staff members also have a minimum contribution of 10%. This year a health insurance buy back provision was instituted. Any staff member who elects not to receive health insurance through the district shall receive compensation of \$1,500. The district portion of dental insurance premiums has also increased to be \$60 per month for single and \$75 per month for a family. Mike questions the relationship of the \$960 cap to the total premium cost. LeeAnn explains that there are several different plans that the employee can subscribe to. For Matthew-Thornton a family plan will cost \$1,274 per month. The cap is \$960, therefore the difference of \$314 is the responsibility of the employee.

Doug explains that Anita and him have been involved with contract negotiations with the support staff. At this time they have not reached an agreement. He would like to present \$84,862 as a warrant article that will fund a possible agreement. He explains that he cannot discuss this any further as it is confidential. Mike stresses that it is not appropriate to consider this warrant article until negotiations have finished. Ken states that there are legal issues regarding the final date to complete negotiations. Today was that final date. He suggests keeping the warrant article as it was anticipated, then hopefully discussions could continue and an agreement reached prior to town meeting. He states that they have reached the conclusion of negotiation options. Without money for a warrant article, this would mean that no money is funded for salary increases, therefore the support staff will continue with their existing contract when school resumes in September.

Mike thinks that would be appropriate. He does not feel they should put a warrant article forward for this, as the warrant article is a constraint of the negotiations. Ken states that they could create a warrant article that the school board would be responsible for the final negotiation. This would enable the conversations to continue, not as a negotiation, just discussions. Mike is uncomfortable with doing that. The BudCom cannot support a warrant article without an agreement. Anita explains that there is some precedent of other districts doing this. Ken explains that if the warrant article fails, fact finding would then begin. Mike is not sure that proceeding without a settlement is within the labor board standards. Ken states that the school board has the authority to continue. The warrant article will allow the conversation to continue up until the time of posting the warrant. Mike understands. He suggests another possibility would be to raise the dollar amount from the floor during the annual meeting. Ken points out that today was the deadline date. If nothing is listed in this warrant article today, hard working people will not receive salary increases next year. Using this figure sets a limit and a deadline date. Mike is concerned about doing this and setting a limit. Doug mentions that they could always increase the dollar amount from the floor at the meeting.

Mike states that since today was the deadline and negotiations failed, there is no reason they cannot discuss details of the negotiations. It is no longer confidential. Doug and Anita stress how uncomfortable they are without first discussing this with town counsel. Chris comments that this sets precedent and may put the district at a disadvantage during bargaining. Mike explains that this will not be the first time. They have always taken the position that if a settlement is not reached, the prior agreement would prevail.

Anita discusses the main operating budget. The proposed budget is \$8,928,267. This is a \$297,779 increase or 3.45%. She presents a graph showing where the money is spent.



Anita highlights the major items that comprise the increase. Special Education is up

\$271,571 and new positions for special education increases the budget by \$71,398. Bob Kelly explains that the increases are mainly for an increase in preschool population and early intervention. The new positions include 2 paraprofessionals at the upper elementary and 2 paraprofessionals at the primary. They will be increasing a part time clerical position to full time to help support both schools. This person facilitates paperwork, sets up meetings and other clerical duties necessary. Mike comments that 14% of last years budget was for special education, while this year special education comprises 16% of the budget. He questions if this increase is due to the decrease in enrollment, coupled with an increase in special education children. Ken agrees with this assumption.

Bob points out that the increase is predominately in the lower grades, mostly in the preschool population. The district must provide services to these children. Mort asks about the exact number of students. Bob explains that there are 3 projected preschool aged students that will be serviced out-of-district. In the past they have not had any out-of-district students other than preschool, yet now there will be several students. Bob stresses that the budget is not prepared hypothetically. This is a picture of this year and what is known. Mort asks if the parents are happy with the special education program now. Bob hopes so. They are not experiencing any problems at this time. Ken comments that they added some staff, which has made a big difference in the coordination. Mort states that he knows that changes have been made, but he is curious to hear that the parents are happy with these changes. Ken believes they are satisfied. The problems that were encountered last year were associated with a lack of coordination. They now have additional staffing to assist with this. Chris asks if the additional staff is in-house or out-of-district. Bob indicates that this is all in-house.

Anita continues explaining major line item increases. Employee benefits are way up due to mandated increases from the Local Government Center for health insurance and retirement. They are in the process of choosing a new language arts program. This will include textbooks. Gail explains that they have been visiting other districts that are currently using the programs that are being looked at. They have narrowed their options down to a few. They are looking to change the core element, which all other elements will coordinate with. This is a one time expense for the core, which should stay in place for 8-10 years. Mike asks about teacher training of the new core program. Gail explains that the cost is for materials and textbooks. Many of the programs have built-in staff development, which is included in the price. This will all depend on which one is selected.

Anita explains that the bulk of the contingency line item is for a 1st grade teacher. They are not sure what the 1st grade enrollment will be, as registration is not until next week. Therefore the additional teacher has been placed in contingency just in case the enrollment pushes the need for another class. The operation of the plant has increased by \$66,262. Most of this is due to the increased price of oil and electricity. Lee Ann points out that she does pre-buy 50,000 gallons of oil in September to lock in the price. This cost alone has increased by 20%. The entire budget for operation of the plant is up by 11%.

Anita explains that new positions are increasing the budget by \$39,900. These are 2 half-time positions. One reading specialist and one library paraprofessional. Carol explains that the reading specialist is currently working part time, this position will become full time. This person is currently working in the primary school and will now help out in the upper school as well. She stresses that this is very important to offer reading assistance to students entering the upper school. The library now has more teaching being performed. This position will also increase from part time to full time. Mike agrees that this sounds useful, yet it appears that the school is increasing staff while decreasing enrollment. He points out that this is backwards. Carol stresses that they will only have 10 less students and those students moving to the upper elementary have more needs. Chris asks if there has been a decline in volunteers assisting at the schools, such as in the library. Carol indicates that this is part of the problem. More people have jobs outside of the town. Doug stresses that they are not increasing staff, they are merely increasing the number of hours worked. Mike argues that this is the same thing.

Anita states that the office of principal services is increasing \$25,159. This is mainly for salaries. The SAU assessment is up \$23,261. Hollis pays for 35.6% of these costs. Chris comments that he would like to see more budget committee involvement in the SAU budget. There currently is no

oversight on this. Anita states that she will attempt to schedule the review of the SAU budget at a time when the BudCom can attend. Mike comments that although there is no legal basis to have BudCom oversight of the SAU budget, he suggests contacting the Coop BudCom and Brookline Finance Committee to see if they have any interest in this as well. Chris will contact them. Anita comments that several line items also saw substantial decreases this year. The bond principal has been reduced \$304,839 as the result of one bond for the renovation at the Upper Elementary school being paid off. Regular instruction is also down by \$197,537, partially due to the decrease of 1 teacher in the 2nd grade. Food service and computer supplies are also down slightly. Computer prices have been coming down and they have also been able to negotiate better deals.

Anita summarizes the budget. The operating budget is up by \$297,779 or 3.45%. Of this 56% of the line items are flat, 16% of the line items have been reduced, new language arts textbooks are added, a reading specialist and library paraprofessional have increased hours to full time, a 2nd grade teacher has been decreased and special education has increased to service new children in the district. Enrollment has decreased 2.9% in all grades. It is difficult to predict Kindergarten and 1st grade. Mort questions how many are attending private schools. Ken indicates that he does not have this figure. The State does not collect this data and he can only guess, however he does feel this number is quite low.

Anita states that the total budget, including professional staff negotiated increases, yet not including an increase for support staff has increased \$481,405 or 5.42%. The bottom line is \$9,362,393. This is a low increase compared to the average increase over the last few years. The average Hollis increase over the past 3 years is 5.7% and 7.6% over a 7 year period. The average State of NH increase for the past 3 years is 9.1%. This proves that this year's proposed budget is much lower than in recent history. Mort comments that it would be more meaningful to show the increase on a per pupil basis. Much of the previous increases were due to higher enrollment, yet this year there is lower enrollment. Ken states that Hollis spends roughly \$6,800 per student, which is close to the State average. Melinda states that State calculates this differently by removing elements from the calculation. She calculates the total amount a Hollis taxpayer will be paying per student. She has a figure closer to \$11,000 per student. Mike agrees that the State uses their figures more for comparison purposes, yet this does not help for the BudCom purposes.

Public Comment

Dan Peterson, 22 Shedd Lane – He no longer has a student in the Hollis School system. He was shocked with the change at the Coop level for reduced periods and start times. The public in general did not know anything about this. The budget committee also did not know. He questions whether the Hollis BudCom has had any discussion regarding this change and any affect it may have on the other schools. If the hours have decreased by 5%, should there also be a 5% decrease in salaries? Will this affect future negotiations? Mike points out that these questions would be more appropriately discussed with the Coop School Board and Coop BudCom. He comments that years ago whtn the school day was increased, there was also a salary increase instituted. He agrees that this decision was made in deliberations that were held in non-public session. He does not know any of the details.

Chris questions if there is a potential salary issue from one school district, will this have any affect on the Hollis district. Mike states that this is a contract issue. The start time of the school is a school board decision, yet should not affect the hours the teachers will be working. He points out that this issue was voted on during last year's coop annual meeting and was defeated by the public. Ken points out that this was done as part of staff negotiations, therefore the discussion was not held in public. He stresses that there will be degradation to the education. Mike strongly disagrees.

Harry mentions that the Hollis School Board has no plans to change the hours at the Hollis school district. Ken points out that discussions with parents will begin in mid-February. There will also be a public hearing of the Coop budget on February 10th in the High School Music Room. He states that questions on this will be answered at that time. He points out that no adjustments will have to be made to the Hollis transportation schedule to accommodate the changed start time at the coop level. Mike highly stresses for all parents to attend the public hearing and to voice their opinions and concerns at that time. He feels this to be a major travesty that a major decision of this kind was made without public or parent input.

Liz Garrett, 50 Flint Pond Drive – She is looking over the list of revenues and credits, yet Medicaid funding is not listed. Anita explains that they have not received this information yet. Bob Kelly explains that the third party billing has not provided this information to the school yet.

Mort comments that the cost per pupil is up 3.8%, while the cost of living is only up 3%. This is all increasing without seeing any improvement in education. Anita stresses that the new language arts program is improving education. Harry stresses that special education needs, language arts improvements and the increase in hours for the reading specialist are all items that will help to increase the education of the students. Ken points out that there are also many mandated increases for retirement and health. The school has no control over these. Doug mentions the increased price of oil and electricity. Chris questions the status the potential in-house preschool program that was mentioned at previous meetings. Harry states that there has been no change in policy regarding how to service preschool students. Whatever is decided will meet the needs of those students.

Melinda presents information regarding the tax impact of the proposed budget.

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	Approved 2004-2005	Requested 2005-2006	\$100,000 Multiplier	\$350,000 Home	Percent Change
Professional Staff	\$ 216,727	\$ 183,626	\$ 18.13	\$ 63.45	-15.27%
Support Staff	\$ 67,345		\$ -	\$ -	
Petition W.A. - Architectural Fees	\$ 25,000	\$ -	\$ -	\$ -	
Operating Budget	\$ 8,596,916	\$ 9,178,767	\$ 906.24	\$ 3,171.85	6.77%
Total Request	\$ 8,905,988	\$ 9,362,393	\$ 924.37	\$ 3,235.31	5.12%
Anticipated Revenue	\$ 549,368	\$ 430,920	\$ 42.55	\$ 148.91	
Anticipated State Education Grant	\$ 1,069,114	\$ 1,339,192	\$ 132.22	\$ 462.78	
To Be Raised by Property Taxes	\$ 7,287,506	\$ 7,592,281	\$ 1,553.01	\$ 2,329.52	4.18%
Anticipated Tax Rate	7.41	7.50			1.20%
Number of Students	817	812			-0.61%
Total Cost per Student	\$10,901	\$11,530			5.77%
Hollis Assessment per Student	\$8,920	\$9,350			4.82%

Chris questions how the proposed budget compares to the guidelines set by the BudCom. Melinda states that without any figures for support staff increase, they are \$51,000 below the guideline. If they were to include the assumed support staff increase, they would be \$33,000 over the guideline.

There being no further public comment, the Chairman closes the Public Hearing at 9:00 pm.

BudCom Vote on Warrant Articles

Melinda moves that the BudCom recommend \$183,626 for the Warrant Article for Professional Staff increases. Seconded by Chris. Motion unanimously approved.

Melinda moves that the BudCom recommend \$9,178,767 for the Warrant Article for the Operating Budget. Seconded by Anita. Motion unanimously approved.

Melinda comments that she was pleased with the school board presenting a budget that was so close to the BudCom's guidelines. Mike states that he is disappointed that they were not able to reach a satisfactory settlement with the support staff. He points out that the BudCom cannot take a position on a figure that has not been negotiated. Ken states that the BudCom can vote to approve, not approve or to not take a position. Mike asks if there would be time to have another public hearing on this warrant article. Debbie points out that there would not be time to have another public hearing properly posted. Ken agrees. There is time on the calendar to actually hold another public hearing, yet there is not time to have the hearing legally posted. He feels that they have met the obligation to have a hearing on what the proposal might be. Mike strongly disagrees. There must be a public hearing on the outcome of the negotiations and the time has passed. Ken states that tonight they introduced a concept to attempt saving a dollar amount in case a settlement is finally reached, yet he is not sure that was accomplished.

Capital Reserves

Mike explains that Paul has indicated that he would prefer to change the formula to be 3% of the operating budget, less any bonding. Otherwise this percentage could become too volatile. Melinda agrees to reduce the figure by only the proposed bonding amounts, not any bonds that has already been approved. She thinks this will work.

Melinda moves that the Capital Reserve items be required to meet a threshold of 3% of the total recommended budget for the year, not including new bonded items. Seconded by Chris. Motion unanimously approved.

Vahrij moves to adjourn. Seconded by Chris

Next Meeting will be held February 8, 2005 at 7:30 PM in the Town Hall Community Room for the Public Hearing of the Town Budget

Meeting adjourned at 9:20 PM.

Respectfully submitted,

Deborah Adams, Secretary