

BUDGET COMMITTEE

Minutes of February 16, 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; Vahrij Manoukian, Selectmen's Representative; Kathy DeLacy, School Board Representative; Mort Goulder, Chris Hyde, Lorin Rydstrom; Deborah Adams, Secretary

Also present: Lee Ann Blastos, Business Administrator; Melanie Capasso, Assistant Business Administrator; Rich Pike, Superintendent; Carol Thibaudeau and Gail Paludi, Principals; Bob Kelley, Special Education Administrator; Doug Cleveland, Jennifer MacLeod, Harry Haytayan, School Board Members

Observing: James Shea and Bill Beaugard, School Board candidates for upcoming elections

Presentation of School Budget

Harry states that they have met the 4% guideline for the budget, which includes the negotiated contracts. The negotiating team was chaired by Anita and proved to be a long, spirited process and resulted in a very creative outcome for all parties.

Enrollment – Doug explains that next year the total enrollment is projected to decrease by 1.3%, although accurately projecting kindergarten and 1st grade can be difficult. There are currently 434 students in grades K-3, with a projected decrease of 7.1% down to 403 students. Grades 4-6 currently have 387 students, with a projected increase of 5.2% up to 407 students. The preschool program is expected to increase by 1 student, from 16 to 17.

New Positions – Several new positions are being proposed for next year.

- .5 registered nurse to assist the Primary School Nurse
- 1.0 special education teacher/case manager at the Primary School
- 2.0 special education paraprofessionals at the Upper Elementary
- Special education speech/language assistant at the Upper Elementary
- .6 special education reading specialist at the Upper Elementary

Professional Staff Contract – The professional staff contract was successfully negotiated. This is the first year of a two-year contract. The base salary will increase by 3% each year. This warrant article will be for \$227,929, which includes all step increases, FICA and retirement benefits. This is a 2.41% budget increase. Doug explains that some exciting changes were made to the contract this year. One new item is that the step increases can be withheld for unsatisfactory performance. This begins in the second year of the contract. This is based on performance evaluations and at the recommendation of the superintendent. Mort asks how this compares to the coop teacher contract. Doug states that the coop does not have this. Mort asks about the coop pay raises. Doug states that the coop has a three-year contract with 2.75% increase the first year, 3% the second and 2.75% the third. Hollis has a two-year contract with a 3% increase both years.

Other changes include an increase in the staff development reimbursement from \$1,100 to \$1,150. There will also be an advisory study committee formed to recommend a performance pay plan for future years. Modifications were made to the health insurance with less premiums, yet slightly higher co-pays. The maximum District cost for health insurance will increase from \$960 to \$1,000 per month for each staff member in the first year of the contract and then up to \$1,040 in the second year. This also has a minimum staff member contribution of 10% of the cost of the plan. Dental insurance will also increase from \$60 to \$70 per month in the first year for a single and two-person membership and increase from \$75 to \$83 per month for the family. The second year of the contract the family membership will increase to \$90.

Mike asks if this change will decrease the employees' take home pay. Doug is almost certain that it will not. The pay raises will make up for the increase in premium. They attempted to find a way to lower the increase to premiums for both the employee and the school. This varies depending on the plan chosen by the employee. Harry states that they were very concerned about adversely impacting the take home pay. While the increase in the cap is greater than was anticipated, other parts of the contract were more important. The school board focused on creative ways to reward extraordinary performance by staff. The new contract allows for the administration to identify areas where an employee needs help and gives them the ability to withhold their step increase while tracking their performance. Mike asks if this is subject to arbitration. Harry indicates that it is not. This would be done at the superintendent's discretion. He points out that they had a labor attorney assist with the negotiations. The attorney had many creative ideas. They did not want a repeat of last year's negotiations. The superintendent has also formed a subcommittee with Jennifer as the chairman to study the staff review process. Mort feels these negotiations create a ping-pong effect with the coop, school and town all doing negotiations and bouncing off each other.

Vahrij asks if the school has a contract with an outside vendor for health insurance or if they are self insured. Mike comments that they have been

looking into the self insurance. LeeAnn explains that Brookline has a committee currently looking into this possibility. She has also met with Paul Calabria to discuss what the town is currently doing. Vahrij stresses that the town saved more than \$20,000 last year with this insurance. He does not understand why the schools cannot do the same. LeeAnn explains that they currently subscribe to health insurance through the Local Government Center for the entire SAU; Hollis, Brookline and the Coop. To change this, they would have to get all 6 unions to agree to the change. Jennifer points out that with a self funded plan, the most expensive claim is typically maternity costs. The schools tend to have many young teachers and they always seem to have someone out on maternity leave. Mike agrees that this is a good point.

Mike states that there seem to be some significant changes to the contract. These were very creative. He is happy to see them. Chris agrees that they are moving in a positive direction with these changes to the contract. He would like to see these same changes at the coop level.

Support Staff Contract – The support staff contract was also successfully negotiated. This is the first year of a two-year contract. The base salary will increase 3% the first year and another 3% the second year. This warrant article will be for \$64,703, which includes FICA, retirement, health and dental benefits. As with the professional staff contract, the support staff contract also has the option of withholding the step increase based on unsatisfactory performance. This begins in the second year of the contract. The health insurance will remain at \$900 per month for the first year of the contract and increase to \$975 in the second year. An agreement was also reached to allow a study committee to be formed to investigate the possibility of increasing the working hours of some para-educators in the future, which would make them eligible for retirement and health insurance benefits. This was a key issue for the support staff. Their negotiating team asked for increased hours this year, yet this would have created a very large increase to the budget. Many discussions were made with the principals and superintendent on this issue. This proved to be a difficult negotiating item. It was finally concluded that they just could not afford the increase this year, but they agreed to study the issue and possibly phase in this increase.

Mike asks if the intent is to make the number of hours worked a contractual item. Doug agrees that this would have been a scary thought. Harry stresses that this was a good faith agreement to form this study committee and look at the situation objectively. Doug explains that currently these employees are working 29.5 hours per week. If this were increased to 30 hours the employee would need health and dental. At 35 hours retirement benefits become mandatory.

James O’Shea asks how many para-educators are currently working at this 29.5 hour per week level and looking to be increased. Doug indicates that there are quite a few. LeeAnn states that there are at least 25. James asks if these positions are difficult to fill. Kathy states that they tend to stay for many years. They do not have a problem keeping these people. Doug mentions that they did not negotiate the same health care change as for the teachers.

Mort stresses that this is a moral issue. The town should be ashamed that they are keeping employees working slightly under hours to that they do not have health care. Kathy stresses that these people took the position knowing full well that this was a 29 hour position. They did not have to take the job. Harry points out that the BudCom sets the budget cap, which must include contracts. This tends to tie their hands on these increases. Mort feels that they could meet the CPI if things were done differently. Chris asks how many of these para-educators are specifically for special education vs. classroom. Bob Kelly states that the majority are for special education. Harry takes exception to Mort’s comments. The school board has taken some very creative approaches to help reduce the budget. They are attempting to meet the guidelines while also meeting the needs of the staff.

Operating Budget – The proposed operating budget is \$9,700,532. With offsetting revenue of \$122,041 and self-funded food service of \$279,394 the bottom line is \$9,369,097, which is an increase of \$179,235 or 1.95%. The distribution of the main operating budget is as follows:

Salaries	42%
Special Education	18%
Benefits	17%
Bond Payment	5%
SAU/School Board	5%
Administration	4%
Operation of Plant	4%
Transportation	3%
Supplies & Equipment	2%

Major increases to the operating budget include a large bump in special education costs. There were also a few line items that decreased slightly. Gail explains that the proposed budget will be the 3rd year of implementation and adoption of a new language arts program. Mike asks if there are any major curriculum changes coming in subsequent years. Gail mentions that they are currently in the 7th year of the existing math program. This is one area that they may want to update. Bob explains that they previously had a specialized remedial reading program. This intervention existed at the coop level, yet it was later determined to no longer be needed. The position was dissolved at that time. They have now determined that there is need for this at the elementary level. The position of a speech assistant was added to supplement the current programs. He is also requesting two new para-educators to help with the ratio of incoming children.

Mike asks if the total number of teachers will remain the same. Gail states that she will go from 19 teachers down to 18 for grades 1-3. Carol indicates that for grades 4-6 the number of teachers will remain the same. Harry points out that there is a possibility that one grade may go over ed specs for student/teacher ratio, therefore they have included funding for 1 teacher in the contingency line item just in case.

James O'Shea asks why there is a decrease in the preschool budget. Gail explains that there were one-time start up costs in the current budget. Those are not needed for future budgets, there this line decreased slightly.

Doug summarizes the proposed budget.

- 22% of the line items are flat.
- 39% of the line items are reduced.
- Addition of 0.5 registered nurse at the Primary School.
- Addition of special education teacher/case manager at Primary School.
- Addition of two special education para-educators at the Upper Elementary.
- Addition of special education speech/language assistant at the Upper Elementary.
- Addition of 0.6 special education reading specialist at the Upper Elementary.

	Adopted '05-'06	Proposed '06-'07	Variance	%
Operating Budget	\$9,445,418	\$9,770,532	\$325,114	3.44%
Negotiated Increase for Professional Staff			\$227,929	2.41%
Negotiated Increase for Support Staff			\$64,703	0.69%
Total		\$10,063,164	\$617,746	6.54%

Mike questions how the 6.54% relates to the 4% target. Harry explains that if they remove the items that were agreed upon by the BudCom, the increase is less than \$5,000. Mort stresses that there was a 4% cap. Doug reiterates that special education and debt service were not to be included in the 4%. He stresses that they did meet the 4% cap. Scott points out that it would be more helpful to show this on the slide instead of highlighting the 6.54% increase and having to explain themselves. Doug states that the 2nd page of the handout shows the 3.44% increase. Mike states that if they did meet the target, this needs to be shown clearly to the public.

Vahrij questions the need for \$2,000 for negotiations. He asks if this is intended for a professional negotiator. Harry explains that this was a new budget item last year. This year it has been increased to \$4,000. This covers expenses for contract work and miscellaneous legal fees. The actual cost this year has been \$12,000. Vahrij states that the town also negotiates with the union, yet they have the selectmen sitting in on this at no charge to the town. He questions whether the school negotiations are more difficult than for the town, which is why a professional is needed. Mort states that a lot rides on the confidence level of the ones negotiating. Mike stresses that if the school board feels the need for this help, that is their decision. Harry explains that this year they had many complicated issues. He personally could not venture an opinion in many of these areas, which is why a professional, with this specialized area of law was hired. Last year they received some cloudy advice and had some problems. They feel the money was well spent. Mike agrees that it appears that the negotiations went well this year.

Rich states that this year they used the services of a very well respected labor attorney. He does not believe they would have achieved the agreement that the school board had been seeking without these services. He personally has 38 years in this business and has worked in 16 different school districts. This is the first time he has had the opportunity to work with a committee that had the ability to discuss performance pay. He does not feel that there is a contract like this in the entire state. Harry adds that the school board established a negotiating team and utilized a labor attorney to advise on serious issues. They did not want to play defense this year. They don't mind giving if they are also receiving.

Chris recalls that years ago special education was only 11% of the entire budget. Now they are seeing 18% or 1/5 of the budget spent on this. He questions whether this trend will continue or flatten out. He also questions what seems to be driving these costs. Bob states that he is not seeing a vast increase in the number of personnel or number of service delivery hours, yet this year he is adding a few. Transportation costs have been increasing for students outside the district. Some children have significant complications and programs with 1 on 1 may not be enough to address their needs. The projected population is also increasing. The average cost for servicing special education in Hollis continues to be below the state levels. The increase has only been due to increasing levels of service that are needed. Integration is best for the child, yet some have specialized needs that cannot be handled in-house. The child must then be transported out of district, which is a significant expense. These issues are impossible to forecast. It changes yearly. The transportation costs for specialized special education do not have the same increases as normal transportation costs. Jennifer stresses that it can be very expensive to transport these children out of district.

Chris mentions that he has heard that at the coop there is an issue of substitute teachers driving the budgets, with an average of 8 employees out with substitutes in every day. He asks if this is the same problem for Hollis. LeeAnn states that they are running \$10,000 over budget for the 2005-2006 year. There is a substitute account, yet if an employee is out long term on FMLA (family medical leave act), the substitutes are still charged to this account. She has discussed creating a substitute line item for a particular area, such as language arts, for these long term substitutions. They

have also increased the substitute pay to \$65.00 per day to become more competitive for this area.

Farley Building and Land – This is a non-money article. Harry explains that this authorizes the school board to convey this property to the Town of Hollis, if they chose. The coop has had discussions regarding the land surrounding the Farley Building and their use of this land. The school board has also had meetings with the selectmen about this issue. The coop lease will expire at the end of this school year. The current Hollis school board does not see any school use in the short term. This article will give the ability to convey the building and land around it to the town. If the town were to use this building, the school board feels that the town should be the one to decide how to deal with the land behind the building and the coop's desire to use it. If the land and building are going to be used for town purposes, this should be the selectmen's decision.

Access Future Aid – No discussion.

There being no further public comments, the Public Hearing closed at 9:26 pm.

Vote on recommendations of warrant articles.

1. Non money article.
2. Professional Staff Salaries and benefits – *Scott moves to recommend this article. Seconded by Lorin. Motion unanimously approved.*
3. Support Staff Salaries and benefits – *Lorin moves to recommend this article. Seconded by Scott. Motion unanimously approved.*
4. Operating Budget – *Scott moves to recommend this article. Seconded by Lorin.*

Discussion – Mort questions the percentage. He does not see anything that shows the true increase. He questions the difference between the 6.54% and the 4% cap. Mike explains that using the formula, \$10,063,785 became the target, which is 6.55%. The target of 4% does not included special education, debt service, food service or special revenue.

Vote: Motion unanimously approved with Mort abstaining.

5. Non money article.
6. Access future year state and federal aid – *Lorin moves to recommend this article. Seconded by Scott. Motion unanimously approved.*
7. Non money article.

Other Business

Harry thanks the negotiating team that worked many long hours to reach a positive agreement. Doug and Kathy are both leaving the school board this year. He stresses how much they will be missed. He also thanks the administration for their help during the process. He thanks the BudCom for their consideration. Mike recalls Rich previously mentioning how he was hoping to use the negotiations to achieve some new goals for the district. The outcome of the negotiations was a remarkable achievement. He feels this will be a major tool to help improve the quality of education.

Vahrij moves to adjourn. Seconded by Scott. Motion unanimously approved.

Next Meeting will be held February 28, 2006 at 7:30 PM in the Town Hall Community Room

Meeting adjourned at 9:25 PM.

Respectfully submitted,

Deborah Adams, Secretary