

# BUDGET COMMITTEE

## Minutes of August 23, 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, Selectmen's Representative; Christine Furman, Mort Goulder, Chris Hyde; Deborah Adams, Secretary

Also present: Paul Calabria, Finance Officer; Dick Drisko, State Representative; Vanessa Ulrich, Holly Babcock, Hollis Preschool Representatives

### School Funding Update

Dick explains that one of the problems is that the schools must have their budget approved in March, yet the school funding doesn't actually occur until June/July. To get these in sync would have to be done by a Constitutional Amendment. The Constitution states that the State budget must be completed between May 30 and June 30. It would be difficult to change the fiscal year for the State. He states that they now have a school funding Bill; some like it, others do not. This Bill will be in place for 4 years. Hollis will see a 15% reduction in school funding the 1<sup>st</sup> year, another 15% the 2<sup>nd</sup> year and so on until it reaches zero in the 4<sup>th</sup> year.

Christine comments that the State continues to approve these new Bills, yet every time another lawsuit comes along prompting yet another Bill. She questions what is happening with the recent lawsuits. Dick states that from what he has heard, the Nashua lawsuit will most likely not go anywhere, as they are alleging that the wrong figures were used and that is not the case. He agrees that the State is always at risk for a lawsuit every 2 years. Chris comments that he understood that there would be an initial 15% drop, which would then stay in place for 2 years. He did not realize that this would be a cascading reduction. Dick indicates that it was that way originally, yet has been changed. There are some donor towns that are now putting into place some new legislation that will change this. He stresses that they are always at risk for this happening.

Chris questions what Hollis should plan for. Dick feels they should plan for the 15% reduction each year. Mike states that they must go with the current law and anticipate this. Dick indicates that he has spoken with Tom Enright about the Coop and they feel that the town has learned their lesson with this issue. Chris comments that the town is not hurt by the assessment of the Coop, they are hurt by the income. The apportionment is not equitable to Hollis.

Mort questions the idea of allowing slot machines for additional revenue for school funding. Dick indicates that the Town of Salem is strongly lobbying for this, yet he is not sure if it will pass. Christine comments that there are many people in the House that are very opposed to gambling and are very vocal about it.

Melinda arrives at this time.

Mike questions when Dick may hear anything else on this subject. Dick indicates that he will stay in close touch with the authors of this Bill. Mike comments that he doesn't anticipate anything new on this until next Spring. Dick is not sure, but thinks this sounds appropriate. Chris questions whether this would effect this year's funding. Dick doesn't think so. He hasn't heard many comments about the Londonderry lawsuit. He cannot predict the outcome. He feels that the town can assume the same revenue for this year. The DRA will be setting the tax rate at the end of September.

### Preschool Program

Mike points out that they do not have a representative from the School Board again this month. It is too bad that there is nobody here from the school board to listen to the private preschool's concerns. Chris explains that he invited members from the Hollis Preschool. They have been in operation for 50 years. The President could not attend tonight, yet she sent other representatives in her place to voice concerns about the Hollis Elementary School establishing a preschool with non-special education students included.

Vanessa explains that she is the Chairperson of the Hollis Preschool. The President has had conversations with people at the elementary school, who have assured her that they will work along side their preschool. She stresses that they are a non-profit school. Mort comments that when his children attended this school there was no affiliation with the elementary school. Vanessa states that this is still the case. There is no affiliation with the public school, yet they do have an informal relationship with them to help the children with the transition from preschool to kindergarten. They have also serviced some special education students for the elementary school on a tuition basis. Holly explains that the Hollis Preschool has had discussions with the elementary school for many years. If the preschool had special education needs, the elementary school has sent over a representative to help test the students.

Christine mentions that she saw an ad in the newspaper for the new preschool. Vanessa passes around newspaper clipping of this ad. She points out that the ad misrepresents the Hollis Integrated Preschool as merely Hollis Preschool, which is their name. This has created much confusion. People reading this ad think this is for the private preschool, when the phone number is actually for the elementary school. She stresses that their school

runs on a tight budget and they have already seen a number of students leave to attend the integrated preschool. Approximately 10% of the students have left. Mike stresses that this was all done without BudCom approval.

Vanessa is concerned that the new integrated preschool will succeed at the Hollis Preschool's expense. When students leave, it hurts. Mike questions the difference in price between the two preschools. Vanessa explains that they charge \$185 for a 3 day/week schedule for 4 year olds and \$140 for a 2 day/week schedule for the 3 year olds. The integrated school is charging \$210 for a 4 day/week schedule for all ages. Christine points out that the advertisement states that this is Monday – Friday, 9:00 – 11:00. Holly states that the schools are comparable in price. Vanessa adds that they are concerned about losing both regular and special education children. They have no idea of how many 3 year olds that they are losing, as these students would not have enrolled with them yet.

Mort recalls going through this many years ago with the kindergarten. There was a problem that they had no more room at the preschool for the kindergarten students, which was the basis for the argument to approve public kindergarten at the elementary school. Melinda asks if the preschool currently has a waiting list for enrollment. Vanessa explains that they have sometimes had a waiting list, but this is mostly for parents who wish their child to be in the morning class rather than the afternoon class. Holly adds that they have not had to turn anybody away. Melinda stresses that this makes losing students more severe since they are not merely losing children from a waiting list.

Christine questions at what point this would force them out of business. She states that this would become a burden on the public school if suddenly they had many children needing this service. Vanessa states that although they are concerned right now, it has not become critical. Mike asks what number of students they require in order to break even. Vanessa indicates that they need 78 students. Mort asks if they can handle the special needs students. Vanessa states that it all depends on the severity of the need. They have in the past serviced some special education students for the elementary school. If the need is too great, they cannot handle the child.

Chris points out that the Hollis Preschool also has more overhead costs these days since moving out of the church. Mike stresses that this program is very important to the town and he does not wish to see anything happen to this preschool. Chris mentions that he has spoken with LeeAnn about this situation and has been told that the costs will be a wash. The same monies spent to send the students out of district will be spent for the integrated preschool. He is not sure that this will be the case. The intention is to keep this program cost neutral with tuition revenue for regular education students. He is concerned about the competition factor. He points out that the newspaper ad is very misleading with the title.

Mike states that he agrees that the integration factor would be a benefit to the children, yet this program is nothing that the BudCom agreed to. Chris is concerned about what will happen when the integrated school reaches maximum capacity. He questions who would get bumped out when the additional student comes along. Melinda is also concerned about the need for future building expansion and more teachers that would need to be hired. This will increase the budget.

Chris mentions that he spoke with Diane Davis the President of the Hollis Preschool who indicated to him that she was told that the integrated preschool would work together with the Hollis Preschool. She feels as though she was lulled into a sense of peace about the program and didn't want to rock the boat, which is why she didn't voice her objections during the public informational meeting. She has commented that those promises that were made are not what is actually occurring right now.

Mike states that he would like to see a report in early December of the actual enrollment figures for the Hollis Preschool and information on how the integrated preschool has affected their program. Chris recalls how Harry had mentioned that he had not heard anyone express any concerns to the school board. Chris believes this is because of what the Hollis Preschool had previously been told by the school board. He has encouraged the Hollis Preschool to still approach the school board with their concerns. He does not see how the BudCom can do much about the situation at this point. Mike disagrees. He feels that it will be better to wait a few months to see the actual figures of what impact the integrated preschool has had on the private preschool. Mort feels that the BudCom does have some say in this matter.

Chris is also still concerned about the potential competition with private enterprise vs. public enterprise, such as the use of the Lawrence Barn. Vanessa comments that Diane has been speaking with the Vice-Principal of the Primary Elementary and has a meeting already set up with Gail Paludi. Hopefully something good will come of this meeting. She states that right now the communication is still open. They were led to believe that the students would have a choice of where to go, yet it now seems that the tuition for special education students will be paid if they attend the integrated preschool, but will not be paid if they choose to attend the Hollis Preschool. Mike is not sure if this would be the case. It would probably depend on what the IEP states. This would be a good question to find out. He questions whether the Elementary School is restricting any IEP's from attending other preschools. The BudCom was previously told that the parents would have the final say on where their child would attend.

Melinda comments that competition with the tuition cost is unfair. The public school should not undercut private tuition. Chris states that he mentioned this to LeeAnn and also mentioned that the BudCom would want an accounting of the integrated preschool. Holly comments that there is some confusion regarding the hours and number of days per week that the integrated school will be open. What they were told is different than what was advertised in the paper. Mike agrees that they do need answers to these questions. Christine would also like some clarification on the confusion that occurred in the newspaper ad. Holly feels that this error was made by the Hollis/Brookline Journal in merely trying to reduce the ad space. Mike stresses that this new name is too close to the existing Hollis Preschool name. It is confusing.

Chris suggests revisiting this issue during the November meeting, as the December meeting is typically the 1<sup>st</sup> presentation for budgets. Mike agrees. He would like to discuss this again during the November 22<sup>nd</sup> meeting. He will also ask the elementary school for information as well.

## **Update on Silver Lake Park Issue**

Debbie explains that she did some research on this issue. Contrary to some beliefs, the Town of Hollis does not own this property. The State of New Hampshire purchased this land free and clear back in 1949. The information that was given to some members of the BudCom regarding the State having leased this land from the Town for 99 years is false. The Town has absolutely no claim to this parcel. Chris comments that he would really like to talk to the people that gave out this false impression.

## **Town Report**

Melinda reports that things are looking well. Last week the land and building projects for the town went out for bonding. They recently had a meeting to discuss bonding options and based on the information provided by Paul for this meeting, the town's bond rating will not change from its current AA3 rating. This was a glowing report. Paul comments that Nashua and Manchester are both AA2 rated. He stresses that Hollis' rating is very good. The report that was published was excellent. They sent \$8,200,000 out for bonding and received a rate of 4.08%. This was budgeted for 5%.

Chris comments that they did very well with this. Mike comments that it was an experiment to go ahead with the 30 year bond for land, as they did not know what would happen. This gives them a good benchmark now. Christine questions whether the tax rate will be what was anticipated. Paul explains that the tax rate has not been set yet. There are many variables, yet this bond will not impact this current year's taxes. Mike points out that the taxes will be greatly increased for this next tax bill. Not due to land purchases, but decisions to spend money. Paul comments that when people come to town hall to pay their taxes and start complaining, they are always asked if they attended the town and school meetings, as this is what creates the higher tax bills. If a person doesn't go out to vote, they should not complain. Mike points out that the bonded costs are not what impacts the tax rate; it is the operating budget.

Melinda states that the general budget is tracking well. Some items are up, yet these will even out by the end of the year. Paul adds that the revenue side is also tracking well. He mentions that he has been generating more income on idle balances.

Paul mentions that they have not had the same number of welfare requests as were received last year. Through the end of July they have only expended \$3,800 with a budget of \$25,000. Last year a total of \$56,000 was spend on welfare. Mike comments that this is very hard to predict. He feels this to be a serendipitous item. Paul also mentions that current use revenue is down from last year. Debbie will have building permit statistics for the next meeting.

## **School Report**

No School Board representative present at the meeting. Debbie mentions that she should be setting the budget season schedule during the next few weeks. She agrees to attempt to schedule the SAU Budget Hearing on a night that the BudCom will be able to attend. Historically this Hearing was held on the same night as a budget presentation.

## **Mort's Memo to the BudCom**

Mort wrote a memo to both the Hollis and Hollis Brookline BudCom's regarding the following:

1. Having both school systems negotiate a common package for teachers and other employees.
2. Encourage parents to send their children to private schools or provide home schooling by subsidizing these programs at ½ the cost of keeping the child in the public school system.

Mort states that the schools should be the same. He feels it to be a waste of time to have separate negotiations. There should be professional people doing the negotiations. Currently the salary schedules are different, as well as medical care for professional and staff positions.

Mike comments that the idea of going to a self funding insurance would not need to be negotiated. Paul agrees that as long as the benefits stay the same there would be no need to have it negotiated. He will know on December 31<sup>st</sup> if the town self funding insurance has been successful. Mike comments that he is watching what happens with the town. If it works, he will recommend the same to the school. Mort states that in order to have a good plan, they need a pool of people. Melinda recalls that last year LeeAnn looked into this, yet given the make-up of different plans for employees, she felt that it would not be cost effect for them. It may be worth looking into again. They also have a new superintendent now with new views and ideas.

Mike agrees that it would be beneficial to have professional negotiators. You can't be friendly with teachers and have equitable negotiations. They need continuity and experience, yet the school board has frequent turnovers. The new people do not know the history. Christine feels they need people that are willing to say NO. Mike would like to discuss this with the school board. Mort will also address this issue with the Coop.

Mike states that early on having a common contract was a goal, yet these contracts have eventually diverged from each other. Chris points out that Hollis has a longer school year than the Coop. He feels they would be resistant to combining those negotiations. He also wants no influence from Brookline on the Hollis contracts. Mort comments that the Coop has a higher salary schedule. Chris questions why they would want Hollis to adopt

a higher salary.

Mike doesn't feel that this is something the BudComm would have any influence over. The insurance items can be addressed with the school board. Chris stresses that they need to inform the school board representative that they really need to attend these meetings.

Mort addresses item #2 of his memo. Mike states that he is a big proponent of the public school system. Mort feels that if ½ the cost is given back to the parent, it would help the school system. It would be a form of voucher system. Mike states that they don't have the legal means to do this. Melinda comments that some states do offer this.

Chris recalls hearing that the Concord school district recently passed a bussing registration fee. The \$20.00 is not expensive. Those students that wish to take the bus will pay. While the school is obligated to provide this service, at the high school level there are many with their own vehicles. This is causing the buses to drive around ½ empty. Mike states that the school is obligated to provide bus service for those students living 2 or more miles from the school. Chris states that there is a fixed amount of money spent on buses. They would be better served to have full buses and pay for more education. Mike recalls that they have discussed charging students for parking spaces.

Melinda mentions that as people react to their upcoming tax bills, they may become more receptive to innovative ideas. Brookline has now started assessing impact fees. Debbie mentions that Hollis was not encouraged by Attorney Drescher to do this. When impact fees are collected, they are earmarked to a specific area of town. If not enough money is collected to pay for the improvements, the town will have to kick in a portion or return the money. She recalls that there were many factors involved in impact fees, some of which were very time consuming or expensive.

**Next Meeting** will be held September 27, 2005 at 7:30 PM in the Community Room, Hollis Town Hall

Meeting adjourned at 9:10 PM.

Respectfully submitted,

Deborah Adams, Secretary