

BUDGET COMMITTEE

Minutes of December 13, 2004

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; Anita Moynihan, School Board Representative; Scott Bartis, Jim Bélanger, Chris Hyde; Deborah Adams, Secretary

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

Budget Guidelines

Anita comments that during the previous meeting the BudCom questioned how and where benefits were shown for new employees. She explains that the new guidelines show only the existing employees. The benefits include the actual figures for medical/dental costs. There are no new positions or benefits included in the figures. Special Education does not include administrative costs. She stresses that the budget is still in flux, with additional revisions still to come. Melinda asks for an explanation of the 3rd section. Anita explains that the SAU Budget Hearing will be held tomorrow evening, therefore those figures are not firm at this time. She again comments that the School Board still has some cuts to make, since the proposed budget being presented tonight is over the guidelines.

First Presentation of School Budget – LeeAnn Blastos

LeeAnn comments that the BudCom received 2 budget notebooks at the previous monthly meeting. This notebook included details by account of the proposed budget. Tonight she will give updates to those figures, with a quick overview and also with a line by line breakdown. New handouts were presented to each BudCom member.

The first document presented explains factors that are affecting the proposed budget. Several items are not included in the budget at this time; the Support Staff Warrant Article (still being negotiated), the SAU Assessment (should be approved 12/14/04) and Retirement Benefits (still possibility for teachers to declare their retirement until 1/1/05). Key factors affecting this budget are:

- New Positions \$120,070
- Special Education \$271,570
- Language Arts \$110,093
- Fringe Benefits \$126,873
- Professional Staff Warrant \$183,626

The general fund budget has increased \$409,290 and the debt service is at \$302,788 (which is reduced from last year due to the payment on one bond), giving a total increase of \$712,078. LeeAnn stresses to the BudCom that they have no control over the key factors.

The second document itemizes recent changes that have been made to the proposed budget. These changes were not reflected in the budget notebooks. This shows changes that were made to specific accounts (either decreases or increases) during the 12/6/04 budget workshop. A significant change has been made for increases in health insurance. LeeAnn explains that she used Blue Cross/Blue Shield family plan rates for the anticipated costs for professional staff benefits and the same with single plan costs for support staff.

The third document lists the projected revenue, which is down for 2005-2006. They are trying to be very conservative with these figures. Mike comments that the drop in revenue is being offset by the drop in debt service. LeeAnn states that the adequate education grant for Hollis is expected to increase by \$300,000, which is very significant. Mike comments that he does not understand why this increases. He questions if this is based on the formula that was approved by the State. Ken explains that this is the figure that was quoted by the Department of Education. Mike questions how many years this will continue. Harry states that this should be good for 3 years. He adds that this could disappear next year. Ken comments that they had anticipated that this would decrease this year, however it increased instead. He does not see that this will completely disappear in just one year.

Discussion of the key factors impacting the budget, shown on the first document presented.

New Positions – Carol Thibodeau

Reading Specialist increased from .5 (part time) to .8 (full time). Carol explains that currently there are 24 students needing this help. The reading specialist has many other responsibilities and cannot fulfill them all in just 2½ days. They need to have the position the full 5 days in order to maintain a quality program. She adds that it is also difficult to attract quality employees at only part time. A full time position is more desirable. They would prefer not to have 2 part time employees, as this would not be good for the students. They need continuity. Mike questions if this is a trend that more students need reading assistance at this level. Carol is not sure if this would be considered a trend, but it is definitely a need. Ken adds that initially they felt this would only be a part time need, yet the demand is now greater than anticipated. Carol points out that currently they are using the services from the Primary School. Scott questions if this is regular or special education and asks how the demand is determined. Carol explain that this is regular instruction which is teacher recommended. This is not included in the Upper Elementary right now. Chris comments that it appears that the trend is now reaching the Upper Elementary. He questions if this is a problem from within the current system or if this is something new coming into Hollis. Gail explains that part of the problem is that the students are receiving support in the Primary School and need to continue receiving some form of support as they move into the Upper Elementary. This will help the students to maintain their success. Chris comments that some of this appears to be a flow through from one school into the next. He questions if the demand will lower in the Primary School. Gail feels the demand will remain the same.

Special Education – Bob Kelly

Bob explains that they will be needing new personnel; 2 positions at the Upper Elementary and 2 paras at the Primary School. The paras are needed for one on one services to children moving into the District next year. Additional clerical assistance is also needed in Hollis. Currently this person works only 5 hours per week assisting with paperwork and covers both buildings. Bob comments that the overall special education budget is increasing. The special education coordinator salary is increasing, however this is being offset by a decrease to another account. Melinda comments that this is a \$3,000 increase over last year. She questions if this is a shared position with the other districts, or strictly Hollis. Bob states that this person works entirely for Hollis. Ken points out that this is the Assistant Principal/Special Education Coordinator.

Bob explains that they will now need a Teacher of the Deaf, which is a new service that is now needed. This person will be a consultant to assist with weekly meetings to help facilitate the student's progress. There will be a significant increase in the number of preschool students. There will be costs for occupational and speech therapy, which is setup by the student's contract. Transportation costs will also be increasing. Currently they are utilizing the Sunrise Preschool Program, which requires transportation for this out-of-district placement. Physical needs students also require specialized transportation. Melinda asks what kind of transportation is used for this. Bob explains that many of the students are transported by taxi. He mentions that Hollis Transportation had attempted to hire some new drivers to assist with this, yet they had no success. They also attempted calling all bus companies in the area to help coordinate transportation, again no luck. They also looked into carpooling to assist in cost sharing, yet the closest student was in Bow, NH. Melinda asks about any liability problems with using a taxi. Bob explains that a taxi company actually has better insurance than a bus company. Jim asks if the students have the same driver each trip. Bob states that they do have the same driver most of the time. The drivers are educated in the special needs of the student. The taxi companies also work with other school districts. They also perform strenuous background checks on the drivers. Ken explains that this is not a typical taxi cab company providing service for downtown cities. This is a specialized service. Bob comments that tuition costs will be increasing. This has 3 components; extended school year programming, preschool programming and out-of-district placement.

Bob states that the total increase will be \$326,000 (\$341,000 including benefits). The salary portion for this is \$55,000.

Chris questions whether the medicaid reimbursement is shown on the revenue sheet. LeeAnn indicates that this is not shown, as she will not have these figures until January or February. She will update the revenue sheet if she happens to receive this information sooner. Mike questions whether any students could be considered for catastrophic aid funding. Bob comments that they are at an all time low for each district, yet he is anticipating a marked increase. Any expense above the State level will be returned back to the Town as revenue.

In-House Preschool Program

LeeAnn explains that the Administrators have been discussing the possibility of establishing an in-house preschool program at the Primary School. Bob states that currently they have 5 students in the preschool program at Sunrise. LeeAnn presents a spreadsheet of costs for the in-house program vs. the out-of-district program. This also includes some one-time start up costs, as well as potential tuition revenue for typical peers that may utilize the program. This shows that the costs are almost identical. The School will not be paying any more money to have this as an in-house program. LeeAnn explains that they still to obtain permission from the State and from parents of the students that are currently involved in the out-of-district program. The procedure for doing this must be done in a specific order. It is very legalistic. She adds that the school must also retain the option for out-of-district placement for future children based on specific needs.

Chris questions if the in-house program could be withdrawn at such time as the program become financially burdensome. He is concerned that once this program is up and running, the town will be required to continue. Bob states that they will not be bound to keep this forever. He explains that this is more than just a legal issue, there are also the emotional issues for the families. He stresses that when services are offered for a particular child, those same services must continue. They could choose not to introduce new students into the program, thus allowing it to be phased out. He points out that over the years, they have averaged 10 children at this age level needing services.

Gail explains that they have been investigating this for a number of years. Much research has been done and this is a good year to start. Space in the school is available down in the kindergarten wing. The same room will be used for the morning and afternoon classes. The 3 year olds will be in the morning and 4 year olds in the afternoon. This room is currently being used part time for environmental science. Mike asks what would happen if they get more kindergarten students entering the school system. Gail explains that they currently have 5 kindergarten classes with 6 rooms; 3 morning classes and 2 afternoon. They currently have room to expand 1 more class.

Mike comments that he has thought this was a good idea for many years, yet as a BudCom member he is concerned that this will force additional facility requirements. Educationally he agrees that this is a good idea. Ken states that they all feel that this will work with the current conditions for the next 5 years. These are the closest projections. Melinda comments that 5 years is a small time frame in the scheme of things. She questions what they would do if the need suddenly increases. Ken states that the population has been leveling off in the Hollis School District. Melinda again asks what they would do if they find they need additional space for this program. Ken states that there are options. The school does have land available if a small addition is needed. Melinda comments that if they need another kindergarten class, this will then require a bigger 1st grade the next year and so on. This tends to build each year, ultimately requiring a new building. Doug states that this program will not affect the building capacity. They do not see this as a problem. There is room for expansion on both the north end of the building.

Anita stresses that this is the best education for the Hollis children. They have to look at the needs of the current children, rather than fearing what could happen in the future. Melinda states that they also need to look at the whole picture, not just the education aspect. She stresses that the Town is about to begin paying for a large addition to the Middle School, there is the potential that an addition will be needed at the High School and there is now a proposal for additions to town facilities. This is a very large picture that needs to be looked at. Anita argues that in the foreseeable future, this program is doable. Scott comments that he has not heard anyone saying that they should not pursue this program, they are merely voicing a concern about what the future will bring. Anita points out that the Hollis School District owns 2 other buildings in town; the SAU office building and the Farley Building. There is the possibility of moving the SAU offices to the Farley Building and utilizing their current facility for the school.

Ken stresses that the money to support this program is already in the budget. There will be no increase to the budget creating an in-house program. Chris points out that this is on the premise that **all** out-of-district students will move into the in-house program. The budget would have to increase if some students choose to remain out-of-district. Mike comments that the weakest part of the population projections has always been the kindergarten class. Ken points out that over the years they have proven to be quite accurate on these projections. Chris questions if the special education needs for today were projected properly 2 years ago. Ken states that it is difficult to project special needs. Chris agrees that this type of program will be up and down, with some years requiring more services than others.

Jim comments that they have been at this point in the past with previous superintendents. He feels that this is a good idea, yet not having this program would not be detrimental to the education of the students. He is concerned that this program will develop into something more. Once staff is hired, they are not decreased when there is a reduction in the number of students. Currently if a student is not sent out-of-district, someone else is losing money. If this becomes an in-house program, if there are no students, there will still be staff. The school board is proposing this as a break even proposition. Although this may look good on paper, it does not always happen. He is worried about the need for more space. Once this program is in place, it will need more room than just 1 classroom.

Ken explains that the staffing requirements will only be needed if all out-of-district students remain in-house. If they do not have the student, they will reduce the staff. He mentions that Hollis is the only district in the area that does not offer this program. Most other schools have this program. Currently Hollis has the opportunity and the space. They feel this is workable with no additional costs to the tax payers. He is very comfortable making this recommendation to the voters. Melinda questions how they would be able to reduce staff if there were fewer students. Ken explains that they could utilize a teacher as the coordinator, thus reducing that position. Gail adds that they could also reduce the number of paras.

Melinda questions if this will be presented as a warrant article. Ken states that it is built into the budget and will not be as a separate warrant article. This is merely an extension of services being provided to special education students. Mike is uncomfortable having this as part of the main budget. He feels the voters need an opportunity to vote on this, as it is taking on a facilities responsibility or obligation. Any major changes to programs should be put before the voters separately. Anita states that they plan to explain this thoroughly to the voters. Melinda agrees with Mike. She is also uncomfortable with this not being presented as a warrant article. She

points out that the School District meetings are not well attended and this should be a highly publicized warrant article. Mike comments that many school districts have had large fights regarding introducing kindergarten into the system. Ken stresses that the money for this program is already in the budget. They are not proposing anything additional. Scott points out that this is an opportunity to show the public that the schools intend to service the needs of our special education students. This past year has seen much negative publicity about the special education program in the schools. He feels that the BudCom and School Board have a responsibility to explain this to the public. Melinda reminds that traditionally new programs and staff have been listed as warrant articles. Mike strongly suggests to the School Board and the administration that this item should be pulled from the budget and listed as a warrant article.

Language Arts

Gail explains that they are currently in the 8th year of the existing language arts program. They have been researching different courses to add to this program. There are 3 potential programs that will suit the needs of Hollis. Mike asks if this program will cover all 12 grades or just the elementary. Gail states that this is just for elementary grades. The current core is not meeting the needs of the students. Several years ago the school moved into a guided reading approach and now they need a program that corresponds with this. The core is the shared piece to these two programs. They have been visiting other districts with these programs.

Mike questions what would be included in this cost. Carol states that the cost will include all teaching materials, student materials, training materials, manipulatives and consumables. Ken stresses that this is a one time purchase, yet they would be required to purchase consumable materials in future years. Gail adds that there is an initial cost for training, which is negotiated into the package. Once a few teachers are trained, they can continue with in-house training of all other teachers, with no additional costs to the school. Ken points out that they will have the final number for this by the public hearing. Mike questions how this curriculum change will affect the transition into 7th grade. Ken explains that there should be no problem. They will attempt to maintain continuity.

Jim asks if they would choose to cut this program if they were asked to reduce the budget by \$250,000. Gail stresses that this is too important. She would not wish to eliminate this program. Melinda points out that since this \$110,000 is a one time expense, this amount should then be eliminated from the guideline calculations for new year. Anita agrees.

Fringe Benefits

LeeAnn comments that so far 2 teachers have declared retirements. This retirement benefits has been reflected in the budget. There are still a few more weeks for other teachers to declare their intent to retire. The health insurance is increasing 14.4%. The profession staff cap has increased \$60 (from \$900 to \$960). This is a \$75,000 increase for health benefits. Melinda asks if they have discussed the health insurance with the group that has been working with the Town regarding possible self-funding. LeeAnn has spoken with Brookline and an agency regarding self-funding, and has also been looking into other vendors other than the Local Government Center. If they choose to leave LGC, they cannot go back for 2 years. The only other groups available are Signa (offering school care) and Primex (offering Harvard Pilgrim). Contractually they have 6 bargaining units to deal with, all on different cycles. To make a change away from LGC and the programs they offer, would require all bargaining units to agree. Pooling with the town would require separate billing to assist with budgeting. Historically when schools pool with the town to reduce rates, the town benefits and the schools do not. LeeAnn adds that although she is not adverse to looking into this, there is also the problem that the town and schools are on different fiscal years cycles. This would be a major change.

Mike comments that having a cap on insurance is a mechanism to hold costs level. This also encourages employees to choose the lesser expensive plans. LeeAnn mentions that they also offer a buy-back option for employees that are not utilizing the school's insurance. Mike states that there is no silver bullet to solve the health insurance rising costs. He is concerned that the town is too small for self-funding insurance. Ken states that the problem comes with catastrophic illnesses and the additional insurance that is needed to help cover this. LeeAnn comments that she has talked with other colleagues from other districts about self-funding insurance. There comments were that this was not successful.

LeeAnn points out that retirement benefits have also increased. This is a State mandate with the school having no control.

Professional Staff Warrant Article

LeeAnn states that this is the 2nd year of the negotiated contract. This includes salary increases, FICA and retirement. Health and dental insurance is included elsewhere in the budget. She stresses that most of these items they have no control over.

BudCom Comments on Proposed Budget

LeeAnn states that at this time they are proposing a 6.68% increase. When the debt service is added back in, this becomes a 10% increase. Melinda comments that the core budget increase is 6.68% vs. the guideline of 3.5%. Anita comments that there are still a few items that may reduce the proposed budget. Mike states that he looks forward to seeing additional reductions. Melinda stresses that the BudCom specifically structured the

guidelines to accommodate the necessary increases, therefore the extra \$140,000 in the proposed budget is too much. She also points out that a portion of this budget is for the SAU budget, which does not have any BudCom review. Anita states that the SAU board does review that budget. Ken states that the SAU board carefully reviews his budget. Melinda argues that there is no Budget Committee reviewing the SAU budget.

Mike comments that the presented budget is a good start, yet it needs some work. Doug stresses that many of these items are beyond their control. The necessary increases to special education and new positions account for most of the increase. Melinda points out that those items have already been removed from the multiplier. The \$143,000 extra is above the 3.5% guideline for the core budget. Mike adds that this is also without an increase in enrollment. Melinda points out that they are not subtracting out the \$330,000 decrease in the debt service. Carol states that they have 835 students enrolled today. Ken states that the projection for next year is 812. Scott points out that this is a decrease of 30 students. He questions why there should be such an increase to the budget if there is this much of a reduction in students. Melinda questions if most of this decrease is coming from the current 6th grade class, which will be moving up to the Middle School. If this is the case, then 1 6th grade teacher could be reduced.

Ken stresses that the language arts program must be replaced this year. This is a large portion of the budget. He questions why they should be forced to reduce other programs in order to increase this one. He stresses that it is difficult to make up this many cuts. Mike argues that the overall budget is up \$700,000 and the BudCom is only asking them to cut \$140,000. Melinda states that sometimes they must make cuts in some areas to give higher priority to other items. Harry points out that they will be receiving an increase in grant revenue this year. Mike comments that this is a dangerous theory to continue. He is concerned about the school continuing to spend revenue money that may not continue.

Harry asks Jim if he plans to act as Moderator during the School District Annual Meeting. Jim indicates that he will be acting as Moderator and not as a BudCom member. Harry states that if this is the case, Jim should not vote on the budget. Jim does not see this as a conflict, and purposely investigated this before running for a seat on the BudCom. He will look into this further with the Secretary of State.

Ken comments that they will return with more cuts to the budget at the January meeting.

Scott moves to adjourn. Seconded by Jim.

Next Meeting will be held December 14, 2004 at 7:30 PM in the Town Hall Community Room for the first review of the Town Budget

Meeting adjourned at 10:00 PM.

Respectfully submitted,

Deborah Adams, Secretary