

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 5, 2005**

A meeting of the Municipal Budget Committee was called to order at 6:27 p.m. in the Meeting Room of Conway Town Hall with the following present: Janine Bean, Russ Seybold, Doug Swett, Ted Sares, Melissa Stacey, Betty Boucher, Phil Dighello, Bill Jones, Randy Davison, Michael DiGregorio, Rick Paquette, Maureen Seavey, Selectmen's Rep., Karen Umberger; School Board Rep., Deb Deschenes. Also present from SAU 9 were: Supt., Dr. Carl Nelson, Asst. Supt., Dr. Martha Cray; Finance Director, Becky Jefferson; Administrative Asst., Jim Hill; Special Ed Director, Maureen Soraghan; and School Board Chairman, Pat Swett.

A moment of silence was observed in memory of Selectman/School Board member, Dick O'Brien.

Approval of Minutes: Motion was made by Mr. Sares, seconded by Mr. Dighello, that the Minutes of the Oct. 20th meeting be approved as written. The motion carried with 11 votes in the affirmative, Ms. Boucher and Ms. Stacey voting in the negative, and Ms. Deschenes abstaining as she had not been present at that meeting.

Presentation of School Budget: Dr. Nelson highlighted the major topics, explaining that the administration had direction from Conway School Board to come in with a zero budget, excluding the bond, and actually came in at about \$400,000 less than the budget last year, not including the warrant articles. Dr. Nelson pointed out the increase in the bond payment piece is not just the new school, but also the elementary school debt, a \$817,000 increase, or 1.52% overall. Ms. Umberger questioned whether the \$800,000 is primarily for the high school since we had agreed to front load the bond. Dr. Nelson stated it is primarily for the high school and is actually the increase. When request was made for a bond payment schedule, Ms. Umberger was advised it is in last year's annual report.

Ms. Stacey questioned the big jump for Conway El. Dr. Nelson said every building had to come in at zero, then they had to consider what buildings are getting hurt by this, what buildings could be sacrificed – every year they rotate about \$60,000 for maintenance for the elementary schools and this year Conway El is the “school of choice” for maintenance and refurbishing.

Mr. Dighello noted that in staffing they are running with 17.5 employees less than last year at the same time, and questioned whether that is the big reason for the decreases. Dr. Nelson agreed it is – it is reduced by 15 aides from the previous year. He said that was brought about by coming in at zero, and that is the reason for the adjustment. Also the health insurance increase was 12% this year rather than the 25% anticipated.

Bond issue payment: Conway's share has gone down by about \$227,000. Dr. Nelson said this is because of building aid (there was a bigger amount from the vocational center), and the interest earned on the bond money over the past year.

Default Budget: Defined by RSA as previous year's budget (\$27,232,641), less any warrant articles, one time expenses, those items that have gone down, etc.; adding in contractual

obligations - debt service, retirement change, health insurance differences, insurances for general liabilities, school lunch program, anticipated increases in electric and fuel. Dr. Nelson noted in other years where the fuel and electric costs have gone down they have reduced it at the top. They use a dollar figure for fuel – this year it was \$1.75 throughout SAU 9. This budget was built on an estimated fuel price of \$1.10 (the previous year's budget), actual bid cost was \$1.64 this year.

Revenues:

Special Education - Dr. Nelson explained that this year when adding everything into Special Ed it has been reduced by \$460,000. This section includes any residential placements, aides, and benefits and salaries.

Bond payments for the new school – includes the money we are receiving from the sending towns.

Tuition from sending towns.

Interest Income (Construction Fund) \$263,459 - \$163,459 was interest we earned above and beyond the \$100,000 we were allowed to keep toward the project, the remainder is revenue for Conway.

State Adequacy Grant – Dr. Nelson said they have used \$2.5 million which is what the DOE passed on to them. The press release explains they were looking at one piece of that with regard to cost of living increases.

Estimated Tax Rate: Dr. Nelson noted in developing this estimate they used that \$2.5 million for the NH Adequacy grant as of 11/15/04. If all articles were to pass and we get the \$2.5 million, the estimated tax rate would be \$11.05, or an estimated increase of 2.86%. If we do not get the extra ½ million dollars, the tax rate would be \$11.43 per thousand. The warrant articles themselves represent about \$.57 in the tax rate.

Warrant Articles:

Article 2 - Budget - \$27,475,750 (Default budget - \$27,627,281)

Article 3 – AFSCME contract – a one year agreement, basically a rollover of the contract, representing a \$35,346 increase, or 2.6%.

Article 4 – CESP contract – \$49,957 - a 3% increase at each of the four levels. Estimated increase over last year's spending is 2.15%.

Article 5 – CEA contract – simple rollover on this contract. It is a 1 year contract representing a \$365,703 increase, or 3.39%.

Article 6 – School Buildings Maintenance Trust - a roof at Pine Tree School for \$55,850. Dr. Nelson stated this will put us at about half way complete with the roofs at Pine Tree.

Article 7 – Two 77-passenger buses - \$132,340.

Article 8 – Project SUCCEED – the same figure as last year. Dr. Nelson stated this will probably carry a reduction in some programs at the high school level.

Article 9 – Capital Reserve Fund for MWV Career and Technical Center - \$2,500. There is currently \$12,500 in that fund. Dr. Nelson explained the State recommends we carry this for big ticket items such as a compressor.

Article 10 – Dr. Nelson said the SAU has been putting money away for the past four years for the SAU Office building, the money is in the bank. Passage of this article would allow us to get back 40% in building aid which, for Conway, means \$156,888.

Article 11 – Dr. Nelson stated that when we first started the bond issue it was indicated to us by Dept. of Education they would pay us 75% of the amount spent on the vocational education building in five years, in five equal payments. Currently they pay it when the work is completed, so in the first two years we will get a big part of that and will see a drop in the tax rate. He stated the goal is to be able to take some of that and keep it in reserve so as not to have a spike in the budget.

Mr. Sares wished to know the cost per student as it compares to the State. Dr. Nelson referred him to the Report Card.

Mr. Davison said he compared enrollment with last year using the bottom dollar and dividing by number of students. There were 2186 kids in the system. He said he assumes, according to the chart, we have 2088 students presently, which would mean we lost almost 100 kids in this district. Mr. Davison questioned “projected by promoting existing students.” Dr. Nelson explained if sending towns decide to send their kids to private schools they are already a part of the projections. In determining projections he had asked Principals to look at what kids are coming up and whatever that total is, is in here. He conceded that what actually comes to the School in Sept. may be different. It was Mr. Davison’s contention that this is an inflated projection.

Mr. Dighello said actually according to this chart we are 80 students down, thus if we are down 80 students and have lost 17 employees, the budget should have decreased even more than it has; however, the school is still asking for \$1.1 million more than the adopted budget last year, which he sees as a big increase. Dr. Nelson said we can only explain how we get the numbers with regard to the projected numbers – those are the reports we get from our sending schools, if they all came, we have an obligation to educate them.

Ms. Boucher noted a newspaper article quoted Dr. Loynd as saying he wants to take a math and English teacher from the grant money and put them into Unit 3. Dr. Nelson said the grant is class-size reduction money. The Dept. of Education, in their administering of the grant, has been much more accepting of using that money at the elementary school level as opposed to the high school level. Ms. Boucher said when she asked Ms. Jefferson how the grant works she told her they run out year to year, and if so, there was an article that was place on the ballot that says it has to come in a special warrant article before it can be placed in the budget. Dr. Nelson stated the money is there – if we have a grant funded position and it runs out, then it has to come before the voters. That has not taken place.

Mr. Sares offered a suggestion as a means of funding music, by taking \$4500 (\$6,000 minus the \$1500 that was allocated to the technical center for Valley Vision “which they do not need and did not use last year,”) and giving it to the music department, then taking each discretionary cost center and dividing it into the \$4500, and taking that off we would have the music back. Dr. Nelson explained that what drives our hiring and positions are the enrollments in particular courses. The State has staffing standards. We had 1.17 of a music teacher with junior high, the State and the Principal are suggesting that they need only one and can still provide the same service. At the high school level where there are 900 students, the State suggests we only need one, we have 1.83 teachers. Dr. Nelson stated we have money in a stipend pool and can take that and add that as another .17 music teacher. He said the stipend pool is \$32,000, which allows us to reduce class size and hire a part time teacher. It will be a decision that the high school Principal will make. Mr. Sares suggested that they are being penny-wise and pound foolish in this approach. Dr. Nelson assured him there is plenty of latitude within what we have now and is sure Dr. Loynd will see this and concur.

Surplus – Mr. Sares noted they are using a figure of \$250,000 anticipated by the end of the tax year; it has been said that is good budget management, but he would like to know where that comes from – he still sees \$150,000 that can be sliced off the proposed budget. He noted that every year they come in with a surplus. He acknowledged that we do get it back at the end of the year, but he would prefer to see it come right off the budget.

Mr. Sares questioned the meaning of “rollover” with regard to the CEA contract. Dr. Nelson stated it is basically the same contract, the only change is the dates; it is a performance based contract, there is money allocated for those teachers who do superior work, as with the AFSCME contract. The CESP contract is not performance based and is a 3% increase of the base.

Project SUCCEED – [Ms. Deschenes noted a correction in the School Board vote recorded – it was actually 4-1-0 rather than 5-0-0.] Ms. Boucher stated each year it is the same wording and wished to know exactly what the anticipated revenue was, how much it offset the taxes. Dr. Nelson said they left those figures exactly the same.

Ms. Boucher noted in the detailed budget some of the lines we put money in but did not spend it, and would like to know why in those cases it was not spent. Dr. Nelson requested that she give him a list of those lines she is referring to and he will provide answers.

Ms. Stacey questioned expenditure of Special Ed, Unit 3 – Other Support-High School. Ms. Soraghan stated that is for a Director and office at the high school for support staff.

Under Special Ed, Unit 2, Ms. Stacey questioned Transportation-Elem. District-wide – budgeted \$1,000, spent \$153. Ms. Soraghan stated they have out-of-district students and it is much more efficient to have the parents transport them when their schools are closed rather than sending a bus out to pick them up. Also they have more such students this year which is why it is higher.

Cost per student - Mr. Dighello noted in researching on the internet he found cost per student to be \$8700 right thru grade 12, State average is \$7800.

Default Budget – Mr. Dighello said he disagrees with including utilities and fuel as they are not contractual and should be taken out. Mr. Sares agreed, noting, however, that would still leave the default budget higher.

Special Ed - Mr. Sares questioned where the amount that was spent this summer came from. Dr. Nelson said \$600,000 came from Special Ed. Ms. Jefferson said the Special Ed surplus was not expended. Mr. Sares contended they have created a budget within a budget and spent a huge amount of money. He wished to know why that money has not been deducted from the default budget. Ms. Jefferson said that is the 2003-04 budget and the default budget is based on 2004-05 so is already a year behind. Mr. Sares questioned whether the \$366,000 was the only amount. Dr. Nelson said they spent \$150,000. Ms. Jefferson stated in the current proposed budget they have reduced Special Ed. Mr. Sares said he feels there is a chunk of Special Ed money that came back that should be deducted from the default calculation and he wants to know why it was not. Ms. Jefferson said that refers to the 2003-04 budget, the \$366,000 is the 2004-05 budget. She said the \$366,000 is the difference between the 2004-05 and the 2005-06 budgets.

Mr. Jones noted regarding the default budget, there was \$29,771 for utilities/electric and \$103,525 for fuel, and wished to know where those numbers come from. Mr. Hill stated it is the difference between what we budgeted this year and what we are budgeting for next year. This budget was approved last April, this \$103,000 is estimating what the budget is going to be in a year. Mr. Jones said he does not agree that should be in the default budget.

Ms. Umberger requested a break out of how much of the retirement is attributable to teachers and how much to others, and a copy of the letter from the State on what the new retirement rates are for all.

Ms. Umberger questioned what drove the property liability insurance up by \$20,000. Mr. Hill stated it was strictly rate increases – it is a 10% increase on actual premiums.

SAU Office Renovations - Mr. Jones questioned why we are raising \$600,000 for the SAU Office renovation when funds already exist. Dr. Nelson explained that in order to get the 40% State aid Conway has to do this. Mr. Jones said he totally disagrees with updating that building in that particular location, especially when we have room at an existing school building. Mr. Seybold agreed.

Mr. Seybold said as regards proposing utility/fuel increases, that is just something you have to put in a budget and make your best guess. For instance, oil at \$1.75 per gallon is probably an overestimation. Mr. Hill told him that same comment was made last year when he had suggested \$1.10 per gallon.

In regard to Ms. Umberger's question on the retirement and different rates for different people, Mr. Sares said you usually have weighted averages when dealing with costs in respect to people. Once you get that, you find out what the benefit load is by percentage – retirement, dental, health care, etc. Once you have those figures, you can make comparisons. Ms. Jefferson offered to supply this; however, Mr. Sares said he is not specifically asking for it, but suggested it would be helpful.

Mr. DiGregorio questioned whether the school is dealing with an insurance broker or directly with the company. Mr. Hill stated with a broker, but there are only two or three. There are specific insurances that the school district has to have. They meet with the broker annually. Mr. DiGregorio suggested they should be put on notice, and that we should be looking around in that it has not gone out to bid for awhile. Mr. Hill pointed out some of the collective bargaining units specify certain plans.

Mr. DiGregorio said regarding fuel, last year we budgeted \$1.10, for next year \$1.75, but bought oil this past Oct. for \$1.64, and questioned whether they receive the money early enough to buy the fuel when the price is low? Mr. Hill said we can go out to bid whenever we want.

Mr. DiGregorio said he does not want to see our other schools end up like Kennett has because of zero budgeting, i.e. the field at Pine Tree – we cannot use it and there is no money to fix it this year. Mr. Hill stated last year they put about \$40,000 into it. He explained there is a threshold you can go to to ask for money, once you go over that, the voters will say no – we have to find that balance as it is better to get some of the things we want versus getting nothing. Mr. DiGregorio commented we have a project that is not complete. Mr. Hill pointed out to complete the fields it would cost \$100,000, the roof \$250,000, but if we ask for that amount we would get zero. Mr. DiGregorio questioned whether there are other issues we need to know about, maintenance-wise, at these schools that should be addressed. Mr. Hill referred him to the section on Maintenance Priorities, explaining they are trying to do rotating maintenance as a way to keep up with that; for instance, the Board is putting \$60,000 a year into whichever elementary school is chosen for a particular year. Mr. DiGregorio questioned whether it would have been more economical to do all of the Pine Tree roof at once rather than in four phases, and was told it would probably be about the same.

As regards the SAU Office, Mr. Davison said he feels it is bad business to spend \$600,000 on that office space when adequate space is going to be available in another facility, and questioned whether this article is stating that the town now has to give the go ahead for \$600,000 and a return of \$156,000, or is it a done deal in order to get the 40% back? Ms. Swett said the money has been already raised, that if Conway does not approve this article the SAU building will still be renovated and \$600,000 will be spent with nothing coming back to the town from the State. If Conway takes the project over, we get State aid, if the SAU does it, we get nothing.

Mr. Seybold noted a committee was created to look at the possibility of being at Kennett and the answer was no, so the voters have to be sold on this. He still does not like the decision. Ms. Swett said we do not need to sell anything – if you want to pay \$600,000 with no rebate, so be it; if you want 40% back from the State we would suggest supporting the article. Mr. Jones questioned whether the \$156,000 comes back to the SAU or the town. Ms. Swett said the SAU would transfer that money to Conway School District and we would then have the authority to spend that to renovate the SAU office. That is the only way we will get money back from the State, otherwise the SAU would spend \$600,000 and we would get nothing back from the State.

Mr. DiGregorio questioned if the SAU went to the high school whether we would get that same money if it is used to renovate the mothballed area of KHS?, noting there are many people in this town who wanted to see that Kennett area used. The answer was yes, if everybody agreed. Mr. Swett said when this was first discussed we looked into leasing and the figure would

be about \$60,000 a year; another figure was \$800,000, and if we moved to Kennett it would be \$1.2 million. He noted as regards the lot on Pine Street, we have to keep in mind the size of the lot since State law says if adding to a school you have to provide more acreage, also money has already been spent on this building in sprinkler systems, etc. Ms. Deschenes said this is about 1-1/2 years too late, it is a done deal, the money has already been appropriated. In order to get that reimbursement money (this is a zero money article) we have to have permission to spend that money to get that back from the State. Mr. Hill said of the \$600,000 Conway's portion will be \$392,000 with zero aid. If we get the reimbursement, Conway's share then becomes \$235,000. For \$235,000, at the end of ten years Conway gets a \$600,000 renovation. Mr. DiGregorio questioned whether it matters where the renovations are in order to get this money? Ms. Umberger stated we would get the money back no matter where it is, but events have taken place that say we will stay there for ten years.

Mr. Seybold suggested wording that says "this will not effect the tax rate" be included in the warrant article; it does not say it will not affect the tax rate. Ms. Umberger stated the wording is such that unless you are following closely what is going on, your ability to decipher what is in there is difficult. She said the SAU 9 Board ignored us in discussion, she made input, but to no avail. Ms. Soraghan said the voters of Conway look to the Budget Committee for guidance. When Dr. Nelson mentioned Article 10 he said we will need your help. We are making effort to let the Conway voters know what they are voting for. Ms. Bean stated the Conway voters will know when they go into the booth exactly what they are voting for. Mr. Sares questioned whether there is some way that they can change the article to make that a certainty? Mr. Hill stated it is delicate language which was approved by both legal counsel and the DRA. Ms. Bean suggested a blurb be included at the bottom that states that it does not affect Conway's tax rate as there is no tax impact.

Revenue – Ms. Stacey questioned unencumbered balance – actual revenue of \$521,594 – and whether that is what was left of the surplus that was spent? Ms. Jefferson said the unencumbered balance is actually \$692,613 for the current year. Ms. Stacey questioned how much on the average school lunch costs per child? Mr. Jefferson offered to get that figure.

Ms. Stacey referred to revenue estimates, noting they had Special Ed revenue of \$55,759 for 2003-04, we are estimating in 2004-05 nothing, and now proposing nothing again. Ms. Jefferson said there are no kids at the elementary level. Ms. Stacey questioned what we receive rent from. Ms. Jefferson said from events held at the schools for which organizations use the schools.

Ms. Boucher stated years ago the budget was cut and some Budget Committee members asked that they not touch the maintenance fee, but they still did and that is how the building got the way it did. Mr. Hill stated some of that was from surplus, but some was for maintenance of fields, upgrades, etc. Mr. DiGregorio stated he was not implying that Mr. Hill was not doing his job, but we need to know if things need to be done, regardless if they say we have to have a zero budget.

Article 11 - Ms. Umberger noted this is to establish a trust fund and questioned what the projected dollar amount is over the five years to protect the tax rate. She was told that will be provided. Mr. Sares said he knows people in this town who have to make a choice between

getting their teeth fixed, paying their oil bill, or paying their taxes – it is not “and,” it “or.” He said this is level budgeting, not a zero based budget and he wants to see lower budgets.

Mr. Dighello requested a list of changes in the teacher’s contract. Ms. Deschenes stated the verbiage was the same – the only changes would be dates and contractual increases - they are asking for nothing else; it is, in effect, an extension. Mr. Dighello requested also the current health premiums and what the new ones will be.

Mr. Jones said regarding maintenance priorities, a lot is listed as “pending.” Mr. Hill said now that they are doing renovations to the middle school at the high school, there will be a phone system in there and we do not know what that will be. We want to make sure that whatever we get can be integrated with the new system.

Ms. Stacey noted Pine Tree has nine student laptops, the other schools have none. Dr. Cray said as we move toward laptops and wireless, we will see an increase in the more mobile pieces of equipment, will follow a replacement equipment plan. Ms. Stacey questioned how many student laptops are purchased for Special Ed students. Dr. Cray said Special Ed students are in classrooms and have access to all the same equipment; if IEP designated, then that child will have the equipment specified, otherwise it will be the same equipment as for other students.

Mr. Seybold noted the bond issue payment of \$817,680, but on the default they are using \$840,360. Ms. Jefferson noted listed above that there is a decrease – one represents the new bond, one represents the old, it nets out.

Mr. Davidson questioned under Budget Detail New Salaries-New Teaching Positions, there are three being added to the high school - they are adding those due to the fact that they do not meet State standards - there are two sections with more than 30 students. It was noted that grant funded positions have been moved from the high school to the elementary, now adding three new position because of high enrollment in two classes. Mr. Davison suggested they are not meeting State standards when they cut a program that the people voiced they wanted (music). He said he questions 1.83 music teachers in a district this size.

Ms. Boucher questioned how we are doing with the academy. Dr. Cray said we are doing a program review of the alternative ed program. The Board has asked for a report in March. The issue at hand is how should that program function in order to connect career, vocational, and at-risk students given that the goal is to reduce drop out rates. Ms. Boucher asked for a copy of that report and the number of kids in it. Dr. Cray said the latest figures are 22 enrolled; there were a series of activities that they were variously involved in and this prompted looking at it.

Ms. Umberger said when we had the MWV Academy the reason we put the students into the high school is because we did a program review, and she questioned if what we did with that review is not working and now we are doing another review. Dr. Cray said what you are hearing is that the program as a stand alone off campus program works in an urban environment with kids where there is no home base; in a rural situation with an off campus program it is very difficult to keep it distinct. When the decision was made that that would not work in the valley, the decision was made to bring it back under an educational roof so it could be monitored. We have issues of certification with No Child Left Behind, issues of standards for courses. It is the

same kind of discussion with some of the Special Ed programs – the question is, is that the best way to do it?

Ms. Boucher said a newspaper article shows we are having a lot of trouble in the school, break-ins, etc., and questioned if the officer in the school is doing any good at all? Dr. Cray stated yes, he is a great resource to have there. He has stemmed a number of potentially explosive situations, we have over 948 kids, he is a very important part of that building not only during the day, but for the after school Sat. program. It is really extraordinary due to the people running that program. Ms. Boucher questioned funding for that program. Dr. Cray said NH Charities funds it, they play basketball for two hours on Sat., it is open gym and gives adolescents something to do and is supervised well.

Ms. Stacey noted there are a lot of ball teams, extra curricular programs, a lot of little amounts we are spending, and questioned why they are not fundraising for their equipment and uniforms. Dr. Cray stated they are. Ms. Stacey asked for a sheet showing that. Ms. Deschenes stated the Booster Club is doing a lot of fundraising for whatever they do not get in the regular budget. Because they are raising their own money they are allowed to go on trips for nothing at all. Ms. Stacey stated a lot we budgeted money for, but did not use it. Ms. Deschenes said the School Board has asked to do a review of co-curricular sports to see where we stand on that and will get the report to you when it is complete. Mr. DiGregorio noted when doing research they should also take into account how much the kids are buying on their own.

Mr. Dighello questioned Budget summary, increase in substitute for aides pay to \$60 per day. He was told presently it is \$49; the \$60 was in the supplemental budget and is not in the budget.

Ms. Umberger noted as regards school buses, she has never seen anything on the dollars that the district raises from the sale of the old buses. Mr. Hill stated it does not go back in to offset bus costs, just goes into the general fund. Also they use the parts from the old buses.

Ms. Umberger noted that yearly there is the question of determining cost of contracting out transportation. She felt that in preparation for the new school it might be a good idea to do a preparatory bus study. She said she likes Dr. Loynd's idea of starting high school later in the day, which will probably require some additional buses as well. She felt that when paying \$700,000 a year for transportation of students, it is time to look at something different, especially with the new school coming up. Ms. Bean requested a breakdown of the \$700,000. Ms. Jefferson referred her to Section D under Function Summary, line 2720, noting what will not be in the proposed 2005-06 budget will be the warrant articles for the bus, everything else is in there – special ed transportation, fuel, drivers. Upon question of cost for Bennett to do one field trip, Ms. Bean was told it is \$350. Mr. Hill questioned whether it is a consensus of the Committee that we need to look at privatizing transportation. A poll will be taken at the next meeting.

Ms. Stacey said she has been asked if it is true that the reason there is no Kindergarten bus at 11:30 a.m. is because Kindergarten is not mandatory in the State of NH. Ms. Bean explained we found that we could have Kindergarten transported in the morning and taken home in the afternoon at no cost to the taxpayers because the buses were running and that is the way it was set up from day one.

Ms. Umberger noted Guidance is increasing \$25,000 and questioned what additional guidance we are providing. Dr. Cray stated it is a one-half position at the new high school. Ms. Umberger commented that the split that was not supposed to cost us extra in people is starting to cost us, and questioned whether there are other places that this type of thing is taking place. Dr. Cray said there are no others this year.

Ms. Umberger noted health services increased \$17,000. She was told it is a status change, 3% increase for nurses, and health insurance change.

Mr. Davison questioned Budget Detail – Salaries, Part-time Tutors, noting for 2003-04 it was \$5,000 and they actually spent nearly \$25,000, now budgeting for \$10,000. Ms. Jefferson will provide an answer for this.

Mr. Davison, noted as follow up on buses, that it seems that the older buses are sent on the longer hauls which does not make sense to him. Mr. Hill said it is a reliability issue – we want the best buses available to pick up the kids in the morning when it is cold.

Ms. Boucher questioned vehicles under Budget Detail, and whether that is the vehicle the officer uses, and is that a portion that we pay or is it a private vehicle? Mr. Hill said that is the school's – we pay \$1.00 for the cruiser, the rec dept. pays \$1.00 for the bus.

Ms. Boucher questioned Achievement Testing – we adopted \$4,000, spent nothing, and are not asking for anything next year. Dr. Cray said the achievement testing that used to be done was optional at a local level. Some of the achievement testing that used to go on due to certain assessments was stopped because the additional information was not warranted. The high school has taken a look at developing local assessment, and some State assessments for which there is no cost to us. The \$4,000 was not spent and went into surplus.

Ms. Stacey, referring to Budget Detail, said if we are going to drop the music program why are we budgeting money to fix the equipment? Dr. Cray stated the music program is not being dropped, it has shifted – there is just one program at the middle school, the high school is not changing at all.

Ms. Stacey noted Revenue - Medicaid Reimbursement - \$208,269 from Special Ed, and questioned why we are budgeting so low this year? Ms. Soraghan said we have a track record of reimbursement, we know students who have left and we are being conservative in our estimates, we are dealing with people and do not know what services our people are going to need. A few years ago they cut out certain services that they would not reimburse us for, so we are using our best guesstimate.

Ms. Seavey questioned Revenue-Tuition for middle school and high school, noting it is quite a bit less and questioned whether that means there are fewer students from sending towns. Ms. Jefferson said there are some fewer students coming in from sending towns.

Ms. Umberger requested that when providing the bond payment information that they focus on just what Conway's share is going to be – we need to know where we are going. Mr. Hill said a lot plays into that projection – there is a sheet for this year with breakdown, equalized value, etc., and will provide that. Ms. Jefferson said we need to look at the five years where we

front loaded the bond, anything after that will decrease. Mr. Hill pointed out every year the equalized values change, this year the State building aid changed – there are a lot of variables.

Mr. Dighello questioned whether the bond payments are included in the cost per student calculation. Ms. Jefferson said no, the State includes federal programs, etc., but excludes tuition, equipment, etc.

Ms. Stacey questioned whether we get the Medicaid reimbursement back the same year. Ms. Jefferson stated there is a 4 to 5 month lag time.

Ms. Stacey questioned whether the School would be coming back before the Committee. Ms. Bean advised if the Budget Committee has more questions they need to get them to Dr. Nelson; however, if he is needed, he will come back.

Default Budget: Ms. Bean noted she has been investigating the issue of the default budget and found that with the past legislative session they changed the option of the way the default budget is determined. She proposed this Committee consider asking the School Board to put an article on the warrant this year that would read: “Shall we adopt the provisions of RSA 40:14-b to delegate the determination of the default budget to the Municipal Budget Committee which has been adopted under RSA 32:14?” This would have to pass by a 3/5 vote of the town. Ms. Bean felt this needs looking into, but would rather have the School Board put it on the warrant than see it come by petition. Ms. Umberger said she has asked the Selectmen to look at putting that on the warrant and it is supposed to be discussed next week.

Valley Vision – Mr. Sares said he wants a time when we are going to review Valley Vision’s budget, that according to the warrant article that was passed last year, the Budget Committee has a right to review it and make non binding recommendations to the Selectmen, and he has the feeling that will not happen. Ms. Bean said she does not feel there will be a problem in looking at that because that article was passed last year, but whenever their budget is ready and goes before the Selectmen we will get it. Mr. Sares noted that the town of Madison now deals directly with Adelpia and gets 16 hours on Channel 3, not through Valley Vision. He wants to know how we go about getting the contract with Adelpia reopened. Ms. Umberger said our contract runs through 2010. Mr. Sares wished it made clear that as a Budget Committee member he wants more information on what’s going on with Valley Vision.

At 9:10 p.m. **Motion was made by Ms. Stacey, seconded by Mr. Sares and carried, that the meeting be adjourned.**

Respectfully submitted,

Gail T. Currier, Recording Secretary