

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
January 26, 2005**

A meeting of the Municipal Budget Committee was called to order at 6:30 p.m. in the Meeting Room of Conway Town Hall with the following present: Janine Bean, Russ Seybold, Ted Sares, Melissa Stacey, Betty Boucher, Phil Dighello, Randy Davison, Michael DiGregorio, Rick Paquette, Maureen Seavey, Selectmen's Rep., Karen Umberger; School Board Rep., Deb Deschenes. Also present was SAU 9 Supt., Dr. Carl Nelson.

**Approval of Minutes: Motion was made by Mr. Sares, seconded by Mr. Paquette, to approve the Minutes of the January 19<sup>th</sup> meeting. The motion carried with 10 votes in the affirmative and abstentions by Ms. Deschenes and Mr. Jones who had not been present at that meeting, and by Ms. Stacey who had not yet read those Minutes.**

**Prepared Statement by Ted Sares:** "For the record and for inclusion in the minutes, I do not believe it is procedurally correct for the Budget Committee to request that John Eastman from the Recreation Center attend the Non-profit presentations on February 5 for the express purpose of complimenting, challenging, adding to, supplementing, clarifying, asking or answering questions of matters pertaining to the North Conway Community Center. John can do this at the Budget Hearings or at the Town Deliberative meeting. Of course, he can attend the February 5 meeting of his own volition if that is his inclination.

The Town has already presented its budget including the Recreation piece. Now it's time for the NCCC and other non-profits to present theirs on Feb. 5. Non-profits are entirely different entities than town departments. Moreover, I believe there is a non-profit called Friends of the Conway Rec.

I think by doing this, the Budget Committee may be setting a precedent the ramifications of which have not been well thought out and that it may be entering uncharted waters."

Ms. Boucher made note that she had asked John Eastman to show up at the Feb. 5<sup>th</sup> meeting because of Mr. Sares' recommendation that they not discuss NCCC's budget since they were not present.

**School Budget:** Dr. Nelson proceeded to answer questions previously submitted to him. (1) Mr. Sares had requested to know how much discretionary money is in the proposed budget. Dr. Nelson said 3% (falling in the areas of advertising, printing and binding, travel and conferences, supplies, equipment, and furniture). (2) At Mr. Sares' request to see the "contracts" for utilities, etc. in the default budget, Dr. Nelson provided copies of the tuition agreement, as well as the current AREA agreement, and a copy of the education standards, noting that the new standards require the school to have adequate exhaust and outdoor air ventilation, proper temperature and humidity conditions. (3) Question of estimated tax rate increase of \$.31. Dr. Nelson explained the estimated tax rate of \$.31 occurred if we accounted for the bond and had a level funded budget, and if the warrant articles were to pass. He said the three contracts represent a \$.37 increase in the rate.

Mr. Dighello noted they are using a higher figure for the adequacy grant and in the past have said “do not count on that money.” He noted the tax rate increase, if we had the same amount of money coming in, was about double of the rate reported here – a 6.4% increase. Mr. Dighello contended under that scenario, the tax rate would increase about 6% if all articles were approved. Ms. Umberger said she discussed with DRA what rate to use for our Deliberative meeting. They indicated that the \$2,505,320 was what the education department had directed the school to use. The comment from them was that things can change depending on what happens in the legislature this year. Mr. Dighello stated we have to use last year’s figures because it gives a truer figure of actual spending – with that, you are looking at a 6.4% increase. Dr. Nelson stated there is a decrease in the budget itself, with the exception of the bond issue. Mr. Dighello stated the additional figure is the true figure of what we did last year as opposed to this year.

Mr. Sares, making reference to Dr. Nelson’s answers to his questions with reference to discretionary funds, said 3% with reference to discretionary funds is fine; as regards the contract, we have to agree to disagree. He felt it is important to go after things that we feel should not be in there, but not to go for a “cheaper” amount of money – that is wrong. He said he accepts the tax rate; pending discussion of Ms. Umberger’s questions and the warrant articles, he is willing to accept it as is.

Questions by Ms. Umberger: Number of teachers. Dr. Nelson reported there are 179, all in the CEA- if hired as teaching staff, they are all under that bargaining unit. Ms. Umberger stated she is trying to come to grips with how many people were in the bargaining unit and how many are not, noting under performance pay she sees guidance counselors, speech therapists, occupational therapists, and is trying to get a handle on what the pay raise and longevity would be. Dr. Nelson there are 322.77 full time employees, all but 31 are in one union contract or another, 17 are in the troops (non contract employees), the other 14 are principals, directors, house master, etc.

Mr. Davison expressed concern with enrollment as compared to what was presented last year, noting we are losing 100 kids and the budget is going up. He stated he made a comparison of costs for Conway School District with the State average and found that our elementary schools are about \$1200 above State average per student, Middle school is above State average by about \$2400 per student, and high school is about \$1400 below State average. He noted 55 kids dropped out of high school last year which he sees as a high drop out rate - the State average is 3.8%, Conway had a 5.6% drop out rate, and he is curious as to why there is not more money being spent at the high school. He said in checking the NH Education website he found Conway teachers average \$2,000 less than State average, and Conway ranks 110 out of 158 schools.

Merit pay raises – Ms. Umberger said she came up with a 5% increase. Dr. Nelson stated if a teacher makes over \$38,000 and receives a proficient rating, that teacher would get an increase in salary of \$1250. For a teacher at the higher end making \$54,000 the increase would be 2.3%, and a teacher making less than \$38,000, if proficient, would receive a \$1750 increase - that becomes a 6.5% increase. Dr. Nelson explained the contract was designed that way to hold on to our younger, newer teachers. He noted our turn over rate has declined over the last several years and he feels that has played a role in that. Ms. Umberger said the raises range from 6.5% to less than 2.8% (for the highest paid teacher the increase is 2.2%). She had thought we were looking at 3% raises and did not realize that that was what the spread was.

Contingency performance of \$35,769 (object 840) - Ms. Umberger questioned how many employees this covers, what the breakout is between merit and longevity, and whether it works differently for non union employees. Dr. Nelson said the Board placed in the budget a 3% increase for anyone not involved in a contract. Mr. Bean noted the \$35,000 on the 840 proficiency was for 31 employees who do not fall under any contract.

Mr. Dighello stated in talking about the teachers' contract Dr. Nelson had stated that nothing has changed in the contract and the raises were about 3%. Dr. Nelson said that is what has been placed in the budget for non union people. He said in two of the contracts there is no change at all in the language – CEA and AFSCME. In AFSCME, if the employee receives a distinguished rating, a 3.5% raise would be granted. In the CESP contract there was an agreement for a 3% increase in the starting salaries. Mr. Dighello requested the figures for the teachers' contract and how much money we are budgeting for increases. Dr. Nelson stated for the teachers' contract there is an increase over last year's spending of 3.39%. Mr. Dighello questioned whether taking the amount of \$367,703 and dividing it by the number of teachers would give us the percentage? Dr. Nelson said for CESP it is 2.15% because of changes in personnel, for AFSCME it is 2.61%. Mr. Sares questioned whether Dr. Nelson has a feel for how our teacher salaries compare with other teachers within the State? Dr. Nelson said they are slightly below the rest of the teachers in the State.

Mr. Jones noted the raises go from 3.5% to zero under the AFSCME contract and questioned if someone is "doing zero" what they are still doing there. Dr. Nelson stated they are not around long - it is the same in the teachers' contract. Mr. Jones said he has questioned teachers, parents, kids, about the situation in the school system. He stated our money is going into teaching these kids, if they do not want to learn, we are doing something wrong if we are not teaching them to want to learn. He suggested we are not guiding our kids strong enough, noting kids in other countries can speak five languages. Dr. Nelson said he feels the vast majority of kids do care at different degrees. Mr. Jones said he appreciates the effort that is being made, but feels we are spending money on some of these kids that do not deserve it. Mr. Sares said in defense of education, we need to look at stats – how many go on to college, graduate school, etc. He contended if you look at the numbers, the high school is not doing as badly as we sometimes suspect.

Ms. Bean referred to line 840 – contingency/performance – noting a decrease of 90%, but the contingency line is all zeros under actual expenses because they are negotiated contracts, and that doesn't give a true picture.

Mr. Dighello questioned whether we have 179 teachers now? Dr. Nelson said that is the proposed number. Ms. Umberger said the number budgeted last year was 179. Mr. Dighello pointed out they are looking for three new positions, if we add those three teachers on, that will be the most we have had in several years and October enrollment was down 60 students in the high school – something is wrong. Dr. Nelson stated the number of kids we have is still going to increase. They have to look at the number of kids in seats now in the 8<sup>th</sup> grade in Conway, Tamworth, Bartlett and Jackson – that is the number they use here. He pointed out that not all of those kids come here, but we have to budget for that in case they do all come. He said that is also true when looking at the sending districts.

Mr. Dighello commented that looking at actual enrollment, we were down 60 in October - over the past 15 years there is not one projection that was less than 100 off; now they want to add three teachers (\$84,000 in salaries, plus 35% for benefits), adding about \$115,000. He said he feels we should be able to take care of what we have with what we have got. Dr. Nelson stated they have also eliminated two teachers at the elementary school, have funded these with federal monies, and gave them to the high school using other funding sources. He noted that a warrant article was passed in Conway that says if we fund something with grant money and it goes away, we have to get voter approval to then fund that program. Mr. DiGregorio questioned whether in collecting data for the number of schools going to the high school, a buffer has been built in. Dr. Nelson assured him they get exact counts from the schools. He said it is the same with Special Ed, they do not put any buffers in, but go with whatever the needs are.

Mr. Davison said he is confused because he was told the two positions are going to the elementary school, and this town will have to pay for those if the money goes away. Placing them at the elementary school with grant funding, down the road we would have to purchase two additional staff members if that money goes away. He noted Conway spends \$1400 less than the State average in the high school; they have lost 50 kids each year, the enrollment does go down. Dr. Nelson said he is not necessarily sure we will have to replace those positions, elementary population has been declining. Secondly, with the No Child Left Behind funds, we will have that money for some time.

Mr. Davison said State regulation is that the maximum allowed is 25 in a classroom; at Conway El the average is 16 kids in a classroom, John Fuller it is 14 to 17, and Pine Tree 17 to 21 - we are below State average in class size, the High School is losing kids and is averaging \$1400 less on spending and in the middle school they average \$2400 above State average. Ms. Bean requested that Dr. Nelson pick a date close to today's date and provide figures for the current enrollment for each of the three elementary schools, middle school and high school, breaking it down to tuition students and where they come from.

Increase in liability/property insurance – Ms. Umberger noted at the town level this year they were able to reduce insurance costs. Dr. Nelson stated they are going to solicit new quotes again this year.

Ms. Umberger noted new teachers and guidance at the high school and questioned what they will teach and where. She pointed out three teacher additions to the high school are being considered which equates to twelve classes a day. Dr. Nelson stated that will be enrollment driven. Ms. Umberger said her other concern is we do not have enough classroom space at the high school and are projecting 12 extra classes. Dr. Nelson stated that is a scheduling question to be answered by Jack Loynd (who will provide that in writing). He explained kids will start to select courses next month and that will determine where we need teaching staff. Ms. Umberger said she has trouble with the fact that they are budgeting for this, it is difficult to accept that they can find room every day for 12 more classes.

Ms. Bean questioned the salary of the two elementary positions funded by federal money. Dr. Nelson said it is estimated in the \$35,000 range for each, when writing the grant they would put the benefits in as well. Ms. Umberger made comment about Alternative Education being eliminated; however, Ms. Deschenes explained it actually was not eliminated, but rolled into the regular budget.

Mr. Davison said he thought the federal government put the money out there for class reduction, now they are asking for teachers at the high school for class reduction, and next year this district would have to pay for those two classroom teachers. Dr. Nelson stated the other reason they made the choice to do it that way is that it is much more acceptable by the feds to apply those funds at the elementary school level.

Mr. Davison, making reference to the budget detail, said he was confused that the middle school pays \$2400 above State average and they have added two additional teachers in the middle school from Unit 9. Dr. Nelson stated the Unit 9 budget is the vocational program. The task was that the Principals were to come in with a level funded budget, then had to consider who is being hurt the most, and whether there are ways to make up for the reduction in one of the other units? Ms. Bean said with regard to what was being spent under Unit 9 last year, they were teaching middle school classes anyway, but it just came under Unit 9. Dr. Nelson said they are trying to make sure they divide the two schools physically, and budget-wise.

Alternative Education – Dr. Nelson said the money that is in the budget for Alternative Education, while it has been rolled into the regular program, is not going to be any more than that - we are going to do what we need to do with those funds and will have to accommodate any changes we made. Ms. Umberger asked whether that is going to affect the 2006 budget. Dr. Nelson said if it affects it at all, it would be in a downward fashion. Ms. Umberger noted they also moved an aide that last year was accounted for under Alternative Education to the high school.

Mr. Davison said the tuition next year is going down by \$120,000. Dr. Nelson said that is probably due to the number of students coming in.

**Warrant Articles:** [Article 1 to elect officers; Article 2 – Budget]

Article 3 – AFSCME Contract - \$35,546 to fund cost items relating to employee salaries and benefits for bus drivers, cafeteria workers, etc.

Article 4 – CESP Contract - \$49,957 to fund cost items relating to employee salaries and benefits for Support Personnel.

Article 5 – CEA Contract - \$365,703 to fund cost items relating to employee salaries and benefits for teachers.

Ms. Umberger questioned whether the money in those articles is only for merit pay. Dr. Nelson said it is performance pay for the teacher contract as well as the AFSCME contract, the other is just a straight raise.

Article 6 – \$55,850 to be added to the Expendable General Trust Fund (School Buildings Maintenance Fund) to do the next phase of the roof on Pine Tree School. Ms. Stacey questioned the current balance in that fund. Dr. Nelson stated there is none, it is for a specific purpose and we use it each year. This does not finish the roof – it will be at about half way when this piece is completed.

Article 7 - \$132,340 for two 77-passenger school buses. This is an estimate. The buses would be in compliance with today's standards.

Article 8 - \$71,952 to supplement the funding of the Kennett and Pine Tree Project SUCCEED programs. It is anticipated that \$26,139 will come in as revenue to offset taxes and additional grant sources will be sought to offset taxes further. Ms. Stacey wished to know what will happen if the anticipated revenue is not received. Dr. Nelson said we have to appropriate the \$71,952, if not then Project SUCCEED would not be able to continue.

Mr. DiGregorio questioned what Project SUCCEED does. Dr. Nelson said it provides after and before school programs for kids – helps them with homework, some recreational activities, care from the end of the school day to 5:00 p.m. Part of it is homework club where students go to get assistance. Ms. Boucher noted it is the same amount each year, and questioned what if they have a child come in to the system. Dr. Nelson said some of the services are paid for by parents – that would absorb any people who come into the District.

Mr. Sares said he has in the past been an opponent of Project SUCCEED; however, this year has been in contact with Christine Thompson and has been surprised by the numbers, they actually do improve the performance of these kids. He encouraged everyone to engage in e-Mail with Ms. Thompson to get a report of the success factor.

Ms. Umberger noted the programs for Conway El and John Fuller are fully funded by a grant and wished to know how much. Dr. Nelson said it is something similar to the \$71,000, under Title I. It was noted one grant runs out this year, there are a series of grants that will run out eventually, but they will apply for different grants.

Article 9 - \$2,500 to be added to the Capital Reserve Fund for Mt. Washington Valley Career and Technical Center. It was reported there is currently \$15,500 in the fund for the replacement of any large pieces of equipment. Ms. Umberger questioned within the bond issue how much of the \$8.4 million for the vocational center is for new equipment? Dr. Nelson said there is \$1.7 million allocated for equipment in the vocational budget. They will be moving some equipment to the new facility and do have the \$1.7 million for new equipment. He reported that Mr. Moylan should have the equipment per program list available by Thursday.

Mr. Davison said he is confused, that Dr. Nelson mentioned the vocational budget, two positions that were in it are less than what came out of the vocational budget; the two positions were moved to the middle school budget, those lines should have decreased. He questioned whether the sending districts pay for the vocational center? Dr. Nelson stated it is part of the tuition rate. Anyone who sends a child there on a tuition basis pays for vocational. Mr. Davison questioned then why were not those two positions in the middle school budget if they have always been servicing middle school kids, he contended that should not have been in the vocational budget in the first place.

Mr. DiGregorio asked whether Junior High kids get involved in woodworking, and was told they do and some equipment will stay behind for whatever is appropriate for middle school. Ms. Umberger noted the equipment that remains at the middle school does not fall under Career Tech – that is only for grades 9 thru 12.

Article 10 - \$600,000 for renovating the SAU #9 offices – Dr. Nelson said he is seeking the Committee's help in educating the public to get this passed as it allows us to get back \$156,000 in building aid from the State for renovation of the building that the SAU resides in. The article has been reviewed by DRA and the School's attorney and they are suggesting this wording is what we need to stay with. He noted the DRA will eventually have to approve it – they have accepted this wording. Mr. Sares said it would be helpful if they would come up with a couple of sentences of explanation and give it to us. Dr. Nelson said maybe they could add it in a special note at the end.

Mr. DiGregorio said the total cost of the project is \$600,000? Dr. Nelson explained if a School District does renovations for an SAU office the State will refund 40% of the money back to the District - for Conway it is \$156,000. Each of the other districts will get their share as well. We have the \$600,000 - the \$156,000 will come back to Conway as a revenue because the money is already there. Mr. Davison stated somewhere in there it should say the town will be getting back \$156,000. Dr. Nelson said the total share that Conway has is 65.73%, which equals \$392,220; if we get the 40% aid, then Conway's share would be \$235,332 – the difference is the \$156,000. Mr. Sares, noting a poor representation from this area in the past, encouraged everyone to try to go the SAU meetings en masse.

Ms. Stacey said she at first did not agree with the way they did it, but seeing the blueprints she understands better why they did it, and suggested it might help others if they look at the blueprints to see what they are doing for renovations. Mr. Davison said he still has a hard time with it, knowing there will be a ton of wasted space at the school.

Article 11 – To create an Expendable Trust Fund, to be known as the Tuition Trust Fund, for the purpose of assisting with future tuition costs. Dr. Nelson acknowledged that it is not a money article, but allows us to create a reserve fund. He noted we will be receiving vocational education money back; if the article does not pass, we will not be able to distribute that vocational money we will receive over the first five year period, and will see spikes up and down. The District wants to be able to put that money in a bank account and distribute it out evenly over time. Ms. Umberger said she is not opposed to this concept, but questioned as to the bond payment whether we are looking to this to provide something that keeps it at a static rate - are we always going to apply some number to keep that at some other number? For instance, the first year it is 3.9, you would put \$1 million in and make it 2.9; the following year it is 4.7, would you then put in 2.5 so would keep it at 3.9? Dr. Nelson stated the theory is to try to keep it even. On the school side it is 30% and is distributed over 20 years. The priority is to try to keep it constant.

Ms. Umberger said you are showing for next year that Conway's share of the bond payment is \$1.1 million, how much of that is going to be returned to us in aid? Dr. Nelson stated it should be 30%. Mr. Umberger said you are budgeting \$1.1 million and someplace we should see the revenue side. Dr. Nelson advised it is under revenues/building aid and you will also see interest as a revenue. He said there is not a great deal of the vocational ed in this year, that is coming in future years. Ms. Umberger said she is looking for revenue to offset the bond payment. Dr. Nelson said the revenue is contained in the \$1.8 million. Ms. Umberger said \$1.8 million will be applied against the \$2.7 million, but if we pass this warrant article, that splits out the vocational money over five years, then we will not have that \$2.7 million.

Mr. Paquette questioned if there is money left over with the school how that gets back to the taxpayer. Dr. Nelson referred him to the revenue page, encumbered and unencumbered revenue – projecting they will have an estimated \$50,000 in revenue.

[3 things Dr. Nelson needs to provide answers for: enrollment figures close to today's date, broken out by sending towns; Dr. Loynd's explanation of where and what the new teachers would be teaching; reworking of the wording of Article 10 to better explain it.] Upon question by Ms. Stacey of total Special Ed population, Dr. Nelson said it is about 12% to 13% of the population throughout the District.

Mr. Davison said he disagrees [when comparing teacher salaries] with using “north country” instead of Conway. However, Ms. Bean noted in Plymouth, which is close to Conway, the average teacher salary is \$42,247, a little below State average. It was her contention that if you pick out the north country schools it is not that far off.

There was some discussion of a petition that will be put forth by Ms. Bean dealing default budgets. Ms. Deschenes stated NHSBA is not in favor of the RSA. The Conway School Board does not have a problem putting it forward as a petitioned article, but would not recommend it. There was some question as to whether the Committee should be discussing this in connection with the school as it is not a Budget Committee matter; however, it was noted it can be discussed on behalf of the town as decision has already been made to include it on their warrant.

Discussion of Recreation Depts. – Mr. DiGregorio took exception to the statement read into the record by Mr. Sares offering his stand on discussing the North Conway Community Center's budget when they are not present. He felt the letter should also include the fact that Mr. Sares is on the NCCC Board of Directors, it is really coming from him as a Budget Committee member, and he is also a member of that dept. Mr. Sares said he does not want to tell anybody about it, it is charitable. Mr. DiGregorio said “you have entered a letter into the record from both positions, you are involved in both of these departments.” Mr. Sares stated he will recuse himself when that issue comes up.

Ms. Umberger said the Conway Recreation Center and the NCCC are working together and have been for the last four years. They have a good working relationship between the two Directors, they integrate the programs when they can, and separate when it is in the best interest of the children. We have been working hard to have the two programs mesh.

Ms. Bean said the Chair, because a board member requested it, asked Mr. Eastman if he would attend the meeting - she will be asking him now not to. Mr. DiGregorio pointed out the bosses will be there. He said his only question is “Why are we paying for two recreation departments?” Mr. Davison said it is a budget issue, we do have two recreation departments.

**At 8:45 p.m. Motion was made by Mr. Jones, seconded by Mr. Dighello and carried, that the meeting be adjourned.**

Respectfully submitted,  
Gail T. Currier, Recording Secretary