

**MINUTES OF PUBLIC HEARING
CONWAY SCHOOL DISTRICT BUDGET
MUNICIPAL BUDGET COMMITTEE
February 9, 2005**

A public hearing on the Conway School District budget convened at 8:33 p.m. in the Gymnasium of Conway Elementary School with the following present: Janine Bean, Ted Sares, Melissa Stacey, Betty Boucher, Phil Dighello, Randy Davison, Michael DiGregorio, Rick Paquette, Doug Swett, Maureen Seavey, Selectmen's Rep., Karen Umberger; School Board Rep., Deb Deschenes. There were approximately 18 staff members and general public present.

Operating Budget for Conway School District – The Chair announced the total recommended appropriation for the 2005-06 school year is \$27,475,750, not including warrant articles. Dr. Nelson wished to make a statement in response to the article in the newspaper which stated there was a 45% increase over a 5-year period; noting also calculated should be the revenue increase which is 64.5%, then we have to question “what is the increase to the Conway taxpayers?” - including the bond, their increase has been 26.68%. He said the bond payment, principal and interest, for this year coming up is \$4.7 million. Conway's portion is the \$1.1 million. If you pull the bond out, the real share that Conway has increased over a 5-year period is 16.3%. The 45% increase is because we have more students (more revenue). Mr. Dighello stated there was a 45% increase in the budgets, and that is in spending; secondly, when calculating tax rates, we have to remember we had a property reassessment - we still have to look at the spending, if spending was down and we had the higher revenues, we would find the tax rate would not increase.

Mr. Davison stated the enrollment figures are incorrect - it is going down instead of up. If you take the amount of the operating budget, divided by enrollment, you come up with what you are educating the individual child for. He questioned what the actual enrollment coming in is, stating the number given to us was inflated by almost 100. He said the 982 shown for next year at the high school, it is actually 977, middle school for 2003 was 357, next year 340, actual is 331 now. Enrollment is going down. Dr. Nelson explained these are the students that exist in SAU 9 & 13 today that we would be responsible for educating. That is the number that we use – the kids that exist here today. Mr. Davison said the figures stated to us are incorrect, it is going down.

Mark Hounsell questioned whether \$27 million includes the bond payment for the new high school and was told it does, it is combined principal and interest. Mr. Hounsell, noting that some is reimbursed by the sending communities, said the one thing that skews the numbers is that huge amount - \$5 million out of \$27 million. Dr. Nelson referred him to a sheet of estimated revenues showing Building Aid (\$1,837,513), Tuition/sending towns – middle school (\$350,528) and high school (\$1,334,069), also interest income (\$163,459). Mr. Hounsell questioned of the \$5,200,000, how much is reimbursed? It was noted the \$5 million is in three different bonds.

Ms. Bean questioned the bond payment for the new construction. Ms. Jefferson said it is \$4.7 million. Mr. Hounsell made note of the net bond 2005-06, Conway has to raise \$1,101,000 this year for bond payment, and questioned how much Conway would have to raise if the State of NH does not reimburse us the \$6 million. Mr. Hill said it is a loss of revenue for Conway as well as for all the sending towns; we have to figure out what that loss is. He said what may be

lost under vocational ed may still be eligible for regular ed building aid. Mr. Sares said he cannot think of a more important question than that right now - what is the impact on Conway if we do not get the \$6 million? Dr. Nelson said that information will be available prior to the deliberative session. Mr. Hounsell pointed out that there are things that people can do to help get the \$6 million, there is huge support for that funding to take place. Dr. Nelson offered to provide information right away.

Ms. Boucher said regarding the bond, in the paper it says there is a \$4 million shortfall – fields, backboards for the gym, etc. Dr. Nelson said when they did the budget calculation, based on increases in building costs, consultants suggested that \$128 per square foot is a more real figure today - coupled with cost overruns on the road, they had to go out to bid with the right budget number. It involved reducing some square footage, but no program cuts.

Ms. Bean reminded those present that this is a hearing on the proposed 2005-06 budget, not a battle over the high school project, so discussion will be confined to the budget.

Mark Hounsell questioned cost per student in Conway last year and this year, including the bond on the new school? Dr. Nelson said there are different costs per pupil – different tuition rates for high school and elementary. Ms. Bean asked that it be broken down as to elementary, middle school and high school, and average that out. Ms. Umberger referred Mr. Hounsell to the SAU 9 Report Card, adding that also by taking the total budget and dividing it by the number of children attending, will give you a rough estimate. Mr. Hounsell said if you took last year's adopted budget and added the warrant articles you would have a dollar figure, divided by number of students in the Conway District, it will tell you how much it costs per student. Ms. Jefferson said just doing it quickly, it would be \$13,402.

David Sullivan questioned budget for MWV Academy, and was told it is included in the high school budget. Mr. Sullivan noted a decrease in elementary district-wide. Dr. Nelson said that is a Special Ed budget for the District as opposed to building by building, and has gone down because of services and out-of-district placements.

Default Budget – Dr. Nelson explained this is arrived at by taking last year's budget, reducing it by any one-time expenses, and adding in any contractual obligations that the district has - the default budget is actually higher than the proposed budget. Mark Hounsell asked for explanation as to why electricity and fuel are treated as a contract in the absence of a document that is usually present when you have a contract. Dr. Nelson said we have contracts with sending school districts that indicate to us that we have to maintain an accredited school and have to maintain standards. We must provide a well heated, properly ventilated atmosphere to conduct education in in order to meet the State standards, hence the Board has continually added that in and has done it consistently each year. Mr. Hounsell said then it is not necessarily the case that the contract is with PSNH, but with the sending towns. Burke Hounsell said the default budget this year, and last year, was higher than the proposed budget, and wished to know how many times that happens, expressing that that does not give much of an option to the voters. He stated we have to also consider drop in enrollment and drop out rate. Dr. Nelson said we follow the State's guidelines for default budgets, in this case we have managed to reduce our request which all happens to be in salaries – people retiring, resigned, etc. We have made some ground in keeping budgets and expenditures down. Some years the default budgets have been lower, some higher. He stated that drop outs and enrollment really do not effect the default budget. Mr.

Swett noted the DRA says this situation could only be settled if someone ended up in court with it – it needs to go to court to resolve it, although he is not suggesting that Conway go to court with it.

Mr. Sares asked whether Dr. Nelson is aware of the way the town treats fuel and utilities, that they treat it as a purchase order. He said the definition of default means “something that you can do that would be a safe haven from something that was higher.” Mark Hounsell said the law allows us to set the default budget, if the people say no to the budget, it goes to the default budget, which at that time we should be able to expect that the administration would operate on the budget that was defeated.

Warrant Articles:

Salaries and Benefits for AFSCME Employees - \$35,546 – It was noted this is a 2.61% increase.

Salaries and Benefits for CESP - \$49,957 – This represents an increase of 2.15%. (School Board vote: 4-0-1) It was reported that George Fredette abstained because his wife is employed by the school district.

Salaries and Benefits for CEA - \$365,703 – This is a 3.39% increase. (School Board vote: 4-0-1) It was reported that Rebecca Moore abstained as her husband is employed by the school district.

School Buildings Maintenance Fund - \$55,580. No questions

Two 77-passenger School Buses - \$132,340 – Burke Hounsell said he has been questioned by someone on what happened to the old school buses and comment has been made that there is a bus graveyard down by the town garage - every year we seem to be replacing buses. Mr. Hill said people have approached him about 5 or 6 buses at Plum Potter’s junkyard – those are not ours - we do sell our buses as we get new ones, the buses that are kept at the town garage are spares to be used if a regular fleet bus breaks down or for after school activities. They also take parts from old buses.

Project SUCCEED - \$71,952 – (School Board vote: 4-1-0) Ms. Deschenes said she is the one who voted against this. Ms. Stacey said with the \$26,139 offsetting revenue, what happens if that is not generated? Christine Thompson, Director of Project SUCCEED, said she does not know, but last year they anticipated \$23,000 and got \$23,000. Ms. Boucher said last year the article was written the same. Ms. Thompson said we did not spend the entire \$71,000 last year.

Mark Hounsell questioned how many times this article appears and receives a positive vote before it becomes part of the regular operating budget? Dr. Nelson stated that is a School Board decision and should be directed to them. Mr. Hounsell questioned whether it is the case that after an article appears for a number of years DRA requires that? He was told no. Ms. Jefferson stated a special article is determined by whether it is a trust fund, capital reserve fund, or is so designated the School Board, which they have elected to do. Mr. Hounsell said he is under the impression that for programs that constantly appear as special articles, the DRA

encourages that they become part of the operating budget in future years. Mr. Sares said that is not correct, noting it only won by one vote last year so is far from the point where it would be considered to be incorporated into the budget. He said he feels it should not be a part of the budget.

Ms. Boucher commented that in 1999 there was an article put forth and passed that before a program that is grant funded can go into the budget it has to be put in a warrant article and brought forth by the people. Mr. Swett said for this to stay in it would have to go in as a separate article instead of special.

Capital Reserve Fund (Mt. Washington Valley Career and Technical Center) - \$2,500 – Ms. Umberger questioned who was missing from the School Board when the vote was taken? Ms. Kovalik stated that would be reflected in the Minutes and offered to supply that answer.

Renovating the SAU #9 Offices - \$600,000 – Mark Hounsell questioned whether this money has been already appropriated? Dr. Nelson said the \$600,000 has been appropriated and the State's contribution would be 40%. A bill is being introduced in the legislature that will bring that back to 30%. Mr. Hounsell questioned if this passes, the \$600,000 is still in the fund, could that find its way into the new school? Ms. Bean said no, it has been raised over the last few years specifically for the SAU Office.

Mr. Sares said it is absolutely critical that this be passed, if it is not we will have to eat a lot of money. Ms. Bean said this money has been raised and will be spent, this article gives us the opportunity to get State aid back. Mr. Swett pointed out the money coming back is 40%, or \$240,000, the balance between that and \$156,000 will be apportioned to the other towns. He added that \$75,000 of the \$600,000 has already been spent on sprinkler systems and fire alarms.

Burke Hounsell questioned whether it is the same as the money that is supposed to come back from the State (\$6 million for the new school?) It was noted \$600,000 was approved in the previous year's budget, now we need to accept it to get money from the State. Mr. Hounsell stated it is \$600,000 of our money we are going to put into a building that is over 100 years old. He suggested until we can get our school built, possibly we should use the mothballed approach and give the money back to the people.

Mr. Sares said part of the problem is that when the SAU 9 has a meeting it is important that everyone attend and Conway is duly represented. Mr. Davison said he agrees it is a thorn in the side of a lot of citizens of Conway, the School Board does not have a say over the SAU budget unless they show up as a contingency. He stated the School Board stuck \$600,000 into a building that they could be putting into a new facility - we are stuck because we belong to an SAU.

Ms. Umberger said the argument on this article is not about the \$600,000 – that is already in the bank. This is asking for authority to go to the State to get building aid worth \$240,000; that money will then be returned to the taxpayers. She said the Budget Committee fought the fight with the SAU, school representatives did not vote the way the Budget Committee suggested, they voted with the SAU members that were at the meeting - they have ignored what the people said. Ms. Umberger urged voting in favor of this because if not, the \$150,000 that

could come back will not, because it will be spent to renovate the Pine Street building. She stated we have a School Board, a Superintendent and the other SAU people who all believe that the SAU 9 activity does not require our opinion or that it should even be given.

Mark Hounsell agreed the SAU building is a major concern, but disagreed that this money is gone, stating it is only gone when you spend it. He stated the most important construction project taking place right now is the high school; we are getting information that indicates there are some budget items we are going to have to face with the new high school. The SAU does not have to be in this building. He said the question is “what is the most compelling use of our funds?” There has to be further explanation as to why this is a good deal for Conway apart from the idea that we may get the money back.

Ms. Deschenes said this money has been put away for this specific project. It may not be a good deal, but it is a done deal, and the only way we can recoup money from the State is to get this article passed. Mr. Hounsell challenged the fact that it is a “done deal,” stating if we vote no, then it is not a done deal. Ms. Deschenes said the done deal is the \$600,000, this article is asking for the reimbursement of the 40% back to the town of Conway. Mr. Hounsell asked if this does not pass, will the District do the project anyway? The answer was yes. Ms. Bean said the only way it might not be done, is if the School Board would go back to a meeting, take its weighted vote, and vote it down.

Burke Hounsell said the town owns the building (it belong to the School District), it is not a done deal because if it fails, Conway loses again. He noted we are raising \$600,000 to build 3,000 square feet. Mr. Swett said a few years ago they looked into renting space and the cost would be \$60,000 a year, over 10 years that would be \$600,000, and then what would you have? Another move was going to cost \$800,000, and another option was \$1.2 million. Upon question by Ms. Boucher it was acknowledged that we have already entered into a 10-year lease on that building.

Betty Hounsell said this is supposed to be a budget hearing, the School Board is here, the teachers and administrators, and the Budget Committee. The Budget Committee has done a good job. She said she feels people are going to go to the deliberative session and feel they do not have to bother to come here tonight. She expressed that it is good that these questions will be on Valley Vision. Ms. Hounsell noted the article says “raise and appropriate” so that is misleading because it looks to the voters that we are raising and appropriating \$600,000, but that money is already there, and if we do not pass this they will spend that \$600,000 anyway. Ms. Bean said this is the terminology that has to be used. She stated it is a little late to think the Conway School Board is going to go back and change their mind –we have to be careful that we do pass this now. Ms. Umberger said you have the money, this article will transfer it to the Conway School Board so that they can expend the money for the SAU. That is why the term “raise and appropriate” is there, because you are moving the money to the School Board so it will be there for you.

Tuition Trust Fund – Dr. Nelson said the School Board wants to create a fund – in future years we will be asking the voters to place money in this fund. We will get that 75% aid and do not want to spike the tax rate. We are not appropriating any money. Ms. Hounsell questioned whether we will be seeing this from now on in our budgeting? Dr. Nelson stated it is for a very specific purpose – to take building aid revenues that we get each year and place them

in that fund. Then we will expend it evenly until it zeros out, and then you will not see it any more. This is wording provided by the DRA.

There being no further public comment, the Chair declared the public hearing on the school budget closed at 10:05 p.m.

Respectfully submitted,

Gail T. Currier
Recording Secretary