

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
January 23, 2008**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Meeting Room at the Conway Town Hall with the following members present: Chairperson Melissa Stacey, Robert Drinkhall, Pat Libby, Phil Dighello, Karen Umberger, Doug Swett, John Edgerton, George Fredette, Bill Aughton, Bill Jones, Rick Paquette, James LeFebvre and Crow Dickinson. Also present were Dr. Carl Nelson, Mike DiGregorio, Sheryl Kovalik, Lloyd Jones and members of the public.

Chairman Stacey passed out copies of the non-profit Petitions; copies of the Minutes of the January 9, 2008 meeting and the Center Conway Fire Department Budget that will be presented. Chairman advised that letters have gone out to all non-profits stating the time they are to come before the Budget Committee. Chairman read one of the letters to the Committee.

APPROVAL OF MINUTES

**Karen Umberger moved, seconded by Rick Paquette, to approve the Minutes of January 7, 2008, as amended. In favor: 11; Opposed: 0; Abstain: 1 - Jim LeFebvre.**

Bob Drinkhall stated on Page 3, last paragraph, end of fourth line needs to be clarified; should add "as pertains to one officer on duty".

Pat Libby stated on Page 4, fifth paragraph, third line, should read "per capita is important"; on Page 10, first paragraph, end of third line should be changed to "reimbursed to the Town..."

Rick Paquette stated before we get started he would like to get a snapshot of the Revenue short fall; the housing market has decreased substantially. In New Hampshire, revenue is going down; everything hits the Town Revenue and the taxpayer should be aware if revenue has decreased and the budget has increased; everyone should be aware of it. Chairman Stacey stated she had asked Earl Sires for the requested information and will probably have an answer on Monday night. Paul Pinkham, Paul D. and the Precincts will be here.

SCHOOL REVIEW

Dr. Nelson stated that the first packet passed out has the requested information on the 504 numbers, Unit 2 personnel and the list of preschools. For preschool IDEIA provides \$10,244.00, while \$430,000.00 is expended for 3 to 5 year old students. Also provided information on the question about No Child Left Behind study cost, provided the Executive Summary of the 2004 Study by the New Hampshire School Administrators Association with regard to costs. If anybody would like the complete report, Dr. Nelson would be happy to provide. The Catastrophic Aid cap figure is \$36,317.00; have to spend that much, from there and up to \$100,000.00 will get a percentage back; sometimes 80%, depends on how it

is being spent across the State. With regard to the Perkins Grant, provided Summary pages, but will provide the entire Grant if you so choose; now around \$90,000.00. Dr. Nelson further stated that he had brought binders in for those that did not get one.

Jim LeFebvre stated on the Catastrophic Aid, if go to \$100,000.00, reimbursed 80% or \$64,000.00, basically a 50/50 split and Dr. Nelson stated quick summary yes.

Dr. Nelson stated that he had passed out the Default Budget. At the top of the page is a Summary of the total Conway School District Budget for 2007/2008; then there is the 3 Contracts approved by the School Board, Union and respective towns; and the rest of the items are Warrant Articles and, as you will see, there are two that were not approved; ending up with a budget of \$33,975,377.00. The default calculations are below the line starting with \$33,975,377.00, reduced by all the Warrant Articles with the exception of the 2-year CEA Contract and second year of the AFSCME Contract; below that, one-time expenses of \$213,411.00 are taken out which itemized listing was provided. Other items were taken out, such as the Federal Projects Reduction, the Debt Service Reduction and the SAU Share Reduction. Contractual items were added such as the second year of the CEA Contract and other contractual items; increase in Special Education at a cost close to \$800,000.00; then the utilities: heating, oil which is \$193,000.00; electric and then bus fuel for a total of \$32,507,009.00 which is just a shade under \$1 Million, for a difference of about 3%. The list of one-time expenses is pretty self-explanatory. We relocated a portable to Conway Elementary; other new equipment at Conway Elementary and the High School. Dr. Nelson apologized for the line outs; where you see x'ed out, some of these items were reduced last year.

Bill Jones asked where the portable classroom is being used and Dr. Nelson stated at Conway Elementary, it houses the Music Program, the one they had was in bad shape; to relocate it cost \$15,000.00. Bill asked if there was no room inside building and Dr. Nelson stated no. Bill asked what do they do in the portable and Dr. Nelson stated for the most part Music, general and instrumental, Music lessons. It is the only portable in the District.

Karen Umberger stated she had a question on the Middle School Special Education that was reduced by \$300,000.00. She was concerned about leaving extra money in there. She would like to see the Middle School number come out and Dr. Nelson stated when you see a drop, take a look at the High School and you will see that is where it is. Karen stated leaving \$300,000.00 as a basis for Middle school and then adding to basis for the High School, she would personally like to see whatever the figure is come out of the Middle School and if that changes the number, then that is showing the money that is actually being spent for Special Education; not arguing as part of the Default Budget, just want to make sure it is aligned properly for presenting to people. Karen stated she could justify adding \$1 Million to Unit 2 so long as the \$300,000.00 is taken out of the Middle School.

George Fredette stated he was not sure what Karen was trying to accomplish; we don't break out increases in fuel from the High School or Debt Services for a net number; not sure what would be accomplished by doing that and he thought it would be confusing to people if they started breaking it out. Karen stated what she was trying to accomplish was showing a shift of Special Education budgeted. Karen stated she was not suggesting to break out Unit 2 and Unit 3; it should show the shifting of Special Education costs to the High School. Dr. Nelson stated decrease Unit 4 by \$300,000.00, Unit 3 increased by \$300,000.00. Karen stated it would provide clarification and would allow the Committee to see where the Special Education costs are. George Fredette stated there were changes in every school, why isolate the Middle School and Karen replied because it was such a significant drop; because kids are moving from the Middle School to the High School. What we are going to see over time is money added at the lower end is obviously going to move through the system and end at the top which will wash out. It just makes a lot more sense when looked at; easier to understand what is going on. George stated he didn't think that is where you want to do that; giving a break out for each school will be cluttering up the Default Budget. Karen stated we can argue until the cows come home, but it is basically money that is coming out and then being added back in, agree it is a wash; but feel it is important enough that the community understand that we are moving the cost of Special Education to the upper level, the High School.

Bill Jones asked on the NEASC Self Study/On-Site Review for \$18,000.00, who does it. Dr. Nelson stated the New England Association does that study; we pay to do this; also pay for the accommodations to put that team up in a hotel; we have to do this if you want accreditation. Bill asked if we have to have it and Dr. Nelson stated we have a contract with 7 other School Districts that state the School will be accredited and approved; it is in the Tuition Contract that Kennett will maintain accreditation and state approval. Bill asked what part comes from the other towns and Dr. Nelson stated it becomes operating costs, based on a 65/35 split; it is on the Revenue page as Tuition/High School; they pay their share. Sheryl Kovalik asked about the renewal cycle and Dr. Nelson stated every 10 years.

Rick Paquette stated the default is established by taking the current budget, reducing all of the Warrant Articles that are not contractual and then reduced by all one-time expenses, then adding in the appropriate contractual obligations. Last year approved \$31,285,230.00, not counting the Warrant Articles. Dr. Nelson stated the budget plus 3 contracted Warrant Articles. Rick stated the Default Budget is \$32,507,009.00; isn't that like \$1,221,779.00 over last year's budget; the taxpayer needs to understand that \$1,221,779.00 over last year's budget and Dr. Nelson stated yes.

Phil Dighello stated that according to the definition of one-time: shall be appropriate, not likely to recur in succeeding budget; doesn't that mean the equipment should come off. Dr. Nelson stated actually expenses like supplies are defined as single items costs. Phil stated needed extra supplies last year and this year you are not expecting to have to buy any; but what you budgeted is still in that budget, inflated by an

additional 10. Dr. Nelson stated the RSA states to use the current budget and reduce what we just talked about, doesn't talk about making a judgment. Phil stated something not likely to recur should come off.

John Edgerton asked if the surplus was still in the Default Budget. Crow Dickinson stated that was an interesting point, what is this about surplus. John stated budget surplus is still in the Default Budget. Crow asked if that was true and Dr. Nelson stated we are estimating that there will be virtually nothing, about \$150,000.00. Crow asked when in the process do we consider the surplus and Dr. Nelson stated when figuring the tax rate, what we anticipate, what we think right now in January is about \$150,000.00 in surplus; that may be used to offset the tax rate. Jim LeFebvre stated at the end of fiscal year some are told they have to spend it, if they don't their budget is reduced for the next year. George Fredette stated we don't spend, we return. George further stated that he knows there are people in this room that have a problem with the calculation; barking at the wrong people, what we are doing is legal; calculation is in accordance with the law. If you feel the law is not tight enough or needs to be changed, talk with your representatives, call the legislators; we will abide by the law and provide for the kids. Barking at the wrong people, we don't control it.

Karen Umberger stated historically we have had money left over because the health insurance didn't come in at the estimated rate; that is one area of savings over the years that has occurred. The second reimbursement received is from Medicare and Special Education. That is generally the two areas where, if you add it up, the majority of the surplus money has come from. She believes the School Board budgets based on the expected costs, the insurance company gives them a number and for several years the maximum rate hasn't been the rate. Could ask in the category of the Default Budget what in fact was the actual rate that was in this year versus the budget rate and if it is a wash, is that to be taken out of the Default Budget; or we do know what the rate is for health insurance for 2007/2008; do you know at this point what Medicare or Special Education might return to us. Those are the two categories that basically make up the surplus and she personally went through the budget to check for one-time expenses and hers and the School Board's are pretty much the same, other than a disagreement about Special Education; the one-time expenses are pretty close; they may have \$10,000.00 more than she did or she may have \$10,000.00 more than they do.

Bob Drinkhall stated he thought it was a littler grayer than that. George Fredette stated no one ever said it was black and white; his interpretation is this Committee doesn't have a leg to stand on. Phil Dighello stated the attorney didn't say that, what he said was:

"The Budget Committee challenged the School Board's default budget in its September 17, 2007 letter to the School Board, it questioned whether several increases conform to RSA 40:13(IX) and it questioned why several decreases were omitted. The School Board responded only to the specific questions posed by the Budget Committee with respect to increases for maintenance. The School Board supports such

increases by arguing that they are necessary due to tuition contracts with sending towns."

Phil Dighello stated he (the attorney) didn't have all the information as stated:

"Based upon this correspondence and the attachments thereto, I cannot conclude that the School Board's default Budget violates the statute. Even if the School Board has manipulated the default budget, it would be difficult to prove that such action is illegal."

Phil Dighello further proceeded with the second paragraph:

"To begin, I would like to note that the current conflict between the Conway Budget Committee and Conway School Board is not the first of its kind. Since RSA 40:13 was first passed in 1995, the provision providing for the implementation of a default budget if a proposed operating budget is not adopted has been under attack. Over the years, committee in the House and Senate have tried to find various solutions to the evident manipulation of default budgets. Even today, a bill has been introduced into the House trying to further clarify the meaning of 'default budget' and the formula used to establish it."

Phil Dighello stated this wasn't a frivolous thing; this has been going on for several years and not just here. George Fredette stated they can only react to information given to them; there was a list or something last year that was not given to us. Phil stated last year Karen made a list of items and everyone in this room, including the School Board representative got a copy. You were provided with that information; that information was not sent to the attorney. Not going to argue; would like to lay this to rest but this was not a frivolous thing. This is happening all around the State; not questioning you people, just questioning the budget.

George Fredette stated he was not accusing, trying to understand the law. As Chairman, he does it all the time; don't think you are being frivolous, think you are doing due diligence.

Phil Dighello continued with the last paragraph of the letter from the Town Attorney stating:

"I would suggest that the Budget Committee continue to ask more specific questions of the School Board with regard to questionable increases and omitted decreases so as to require the School Board to provide further explanation. Also, the Budget Committee may again attempt to invoke RSA 40:14-b, that is, request the legislative body to delegate the authority to establish the default budget to the Budget Committee as opposed to the School Board."

Phil Dighello stated "ask more specific questions" and that is just what we are doing. George Fredette stated he didn't have a problem with that except this Committee has been told you don't have a legal leg to stand on. What they are doing is not illegal. The attorney geared his response favorable to this Committee; had we asked the same attorney, he would have geared his response favorable to us.

Karen Umberger stated she didn't think anyone was suggesting what the School Board is doing is illegal; never have, only thing questioning is whether or not the one-time expenses or the increases are needed. She thought that was the question being discussed, are there any other areas within the High School or any of the schools that falls in this category of one-time expenses. We knew last year with the opening of the High School that there was to be expenses; knew cost for water/sewer, electric, ground maintenance were going to go up and we recognize that has happened. We recognize those are costs associated with a new school and a new location. The question is whether there are other things associated with the opening of the new school that could come out of the Default Budget. Karen thought those are the kinds of questions; didn't think anyone said illegal. George Fredette stated he was not aware of any; can go back and look. We are still in the first year of the High School, we really don't know the costs. Most of the moving expenditures were paid for with bond money, a lot paid out of the bond. Not going to see a large reduction.

Chairman Stacey stated she would like to see the actual cost of health insurance over the last 5 years together with an average. Dr. Nelson stated he would see what he could do.

Karen Umberger stated last year the Middle School needed to have money to put books in the Library because you had split it up; have noticed that there is another \$10,000.00 this year; was there not enough put in or has it expanded to a greater number of books; caught me off guard using the same number as last year. Karen further questioned why the Middle School has 4 teachers for the core subjects and English has 5 teachers; not exactly sure why there are 5 English teachers and only 4 core teachers, excluding the reading teacher. Sheryl Kovalik stated that not all students are prepared to take World Language; that is where the shift occurs in the staffing.

Jim LeFebvre questioned if an 8<sup>th</sup> grader is not ready to take a language, they need an extra English teacher to take up the difference. Dr. Nelson stated that an explanation of that was in the packet for January 15<sup>th</sup> as attachment number 14.

Phil Dighello asked if the health insurance was still being negotiated and Sheryl Kovalik stated they have direction, just need to sit down and finalize; don't have actual increase, but are working on not exceeding a certain number.

Phil Dighello asked if all Warrant Articles are in and Dr. Nelson stated he didn't think there would be any more. Phil asked what had been decided on Article 16 and George Fredette stated they were expecting to get

direction from this Committee. Chairman Stacey stated it would be put in the letter of recommendations Wednesday night.

Karen Umberger asked why the sudden jump in Unit 10, Staff development. Dr. Nelson stated they were looking to offer more on site; bring people in. Karen asked if that would reduce the amount of money provided to the CEA for their courses and Dr. Nelson stated it wouldn't reduce it, but in all likelihood it may not all be expended; that is a contractual number. Karen stated on the people that are brought in to provide these classes, will it be done during school or after. Dr. Nelson stated it would be done on staff development days or after hours. Karen asked if any of the courses would be open for the public to attend and Dr. Nelson stated it would depend on the instructor of that course, could certainly ask.

Karen Umberger asked what the projected number of students per class was and Dr. Nelson stated that it varies; could go any where from an additional 10 and up. Karen asked if the projections are of a general or specific nature; as an example, the new math curriculum, will these be targeted. Dr. Nelson stated right now they were concentrating on literacy and writing. Karen asked if that included all elementary teachers and Dr. Nelson stated it goes across the board.

Jim LeFebvre stated awhile back had asked about ways to look outside the box; a study group was put together to look at different ways and Dr. Nelson stated he was not sure what Jim was making reference to. If Jim was talking about the structure of the education program like class configuration then yes, the Board looked at and is still looking at it. Jim asked for an update on what they are doing and Dr. Nelson stated no conclusions at this point; they have gotten together and are looking at another meeting that will include some for the surrounding towns.

Rick Paquette asked about the estimated taxpayer expense of changing the mandatory age from 16 to 18. Dr. Nelson stated he had provided the Executive Summary on the study done by the Association in terms of cost. Rick stated he understood it would be a guesstimate. Rick further asked about the impact of full day Kindergarten; how will that have or not have an impact. Dr. Nelson stated it will have an impact because right now have one-half day, obviously there will be a staffing issue and possibly a space issue; could move the 6<sup>th</sup> Grade to the Middle School to free up classrooms. Karen Umberger stated she thought and obviously was mistaken, but thought the mandate was for one-half day, not for full day and Dr. Nelson stated it is being talked about. Karen stated she thought this District had one-half day Kindergarten already and Dr. Nelson stated we do. Rick stated he thought they were going to a full day. Sheryl Kovalik stated it would be interesting to know if it is mandated by the State to see who has the responsibility to fund it.

Chairman Stacey asked Dr. Nelson if he had anything or anyone to present next Wednesday. Dr. Nelson stated no one unless you have any special request; he would like the Wednesday meeting to be used for the recommendations to the School Board. Dr. Nelson asked that the recommendations be given to him and then they would have time to review and respond.

Crow Dickinson asked if all was satisfied with the explanation on the surplus.

Doug Swett asked how many hours of PE in High School and Dr. Nelson stated there are different requirements for different programs; would have to look at different regulations. Sheryl Kovalik stated the current requirement is 1.5 credits of Health and PE and we have points if active in sports. Doug asked how many hours per week. Karen Umberger stated it was her understanding only required one year of PE; and one-half credit for Health in the 9<sup>th</sup> Grade which everybody is required to do. Doug stated it used to be that everybody got involved; liked the idea of getting everybody involved better. Karen further stated if she remembered correctly each Elementary School has their own PE instructor and one of the reasons that was done was to allow for a better program instead of sharing two PE teachers for 3 Elementary Schools; there should have been an increase in PE at the Elementary Schools. Dr. Nelson stated he would have to get that information for a later meeting.

Chairman Stacey gave a general reminder that there are 4 open seats this year, two 2 year and two 3 year. If you know anyone who would like to run, please encourage them to do so. Karen Umberger asked if we will also try to do the Town letter on Wednesday and Chairman Stacey stated she would like to.

Doug Swett stated he didn't think anyone was anti-education. George Fredette stated he was kidding. Doug stated when the budget is up 20% or more some people can't accept that kind of an increase. George stated he understood; he was not happy to bring same, but they are finally getting education to a decent point. When he was first on the Board, voted a flat budget with no increase; Kennett had a 7% drop out rate, totally unacceptable. The High School has never been fully staffed because of space issues, that has finally been solved. Last year, the inflation adjustment was at 3%. George didn't know what the drop out rate was this year, but Jack Loynd had stated this is the best semester ever in the High School. We understand failing as a school system; he failed as a School Board Member; administration failed; but we can not fail these kids; that is totally unacceptable. Doug stated there is always going to be a drop out; you've got certain people that will drop out; but don't get me started on that.

John Edgerton asked if the 7 new teachers were already in the Default Budget and George stated no, part of the \$1 Million. John asked about the teacher ratio and George stated 25 kids or less. John stated the student to teacher ratio is 12.8 per classroom, 13 students per class. George stated must look at classroom size and that if Carl was here, he could give a better explanation. John stated he was just looking at it now, preschools are 12. George stated Special Education had a lot to do with it.

Chairman Stacey stated enough with the snide comments and if you can't stop snipping at each other, I will end the meeting now.

Bob Drinkhall stated he was the first to comment and he was not anti-education; secondly, the old school was obviously an embarrassment and the costs associated; it is not just money only involved, there are many issues. Bob believes education is failing not just because of management, it is how we approach education and holding people responsible, be it parents or teachers; it is not just money. George Fredette stated he couldn't agree more, but money is a part of it. Bob stated with the new facility the talk about cutting what was proposed on maintenance things; it bothers him that we will end up right back where we were. George stated he agreed, but there are academic requirements and needs out there and it is tough to balance. Mike worries about a custodian more than you can imagine.

Mike DiGregorio stated he would like to comment on the discussion concerning the teachers and how many in each class. Career/Tech has less than 25 students for safety reasons and because of a conflict between times of academic work and Career/Tech work, they do have a policy that if there is a class under 12 students, it has to come before the School Board to get approval; have had 4 in Career/Tech and those 4 were approved. George Fredette stated the School Board had approved for both Middle School and High School for classes to have 12 and under.

Chairman Stacey asked about the class size number at the Elementary Schools and George Fredette stated it depends on which Elementary School; try to keep under 20; state law is 25 and under. Chairman stated she was confused since one of the Elementary Schools combined a second grade that came in at 21. George stated couldn't have classes of 11 and 10 so combined it; there might be 25 now. Mike DiGregorio stated there is a document from last year that actually breaks down the classrooms. Karen Umberger stated there are 13 classes that are between 26 and 30, everything else below that; overall the High School is meeting their desired goal of under 25, whether or not 25 is the right number, State says one thing and School Board says another thing; we can argue until we are blue in the face.

Chairman Stacey stated we will be doing the recommendation letters on Wednesday. Monday night is the Precincts, Paul D. and Paul Pinkham of the Conservation Commission. Chairman proceeded to state that she had the schedule for the non-profits. Chairman further stated that all meetings are here (Town Hall) next week. Public Hearing and Deliberative will be held at the new High School in the Auditorium.

Mike DiGregorio stated the Auditorium is very busy; a lot of people want to use it. George Fredette stated you need to book it and Chairman Stacey stated that Karen was already booking it.

**Bill Jones moved, seconded by Jim LeFebvre, to adjourn the meeting at 8:05 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary