

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
August 26, 2009**

A meeting of the Municipal Budget Committee was called to order at 6:34 PM in the Meeting Room at the Conway Town Hall with the following members present: Chairperson Jim LeFebvre, John Edgerton, Bob Drinkhall, Daniel Bacon, Sheryl Kovalik, Karen Umberger, Pat Libby, Raymond Shakir, Bill Masters, Doug Swett, David Sordi and Ben Kane. Members excused from meeting: Melissa Stacey, Betty Boucher, Bill Aughton and David Jenson. Members absent from meeting: Mike Gilmore and Shirley Renahan. Also present: Dr. Carl Nelson and Lloyd Jones (left meeting at 7:50 PM).

Chairman LeFebvre began the meeting with introductions and requested that each member say a few words about themselves: Ben Kane, Vice Chair and life long resident of Conway; Jim LeFebvre, Chairman, which he has enjoyed so far; Karen Umberger, has been on this Committee for 9 years and still enjoying it; Sheryl Kovalik, Chairman of the School Board, appointee from the School Board to this Committee and this will be her last year on both; Bob Drinkhall, Selectmen's representative; Raymond Shakir, personal representative to himself; Pat Libby, third year on this Committee; John Edgerton, Center Conway Fire representative, been in Town since 1961 and was told he was on until he died; Doug Swett, East Conway representative, been on for quite awhile, the oldest one sitting here; Daniel Bacon, second year on this Committee, a resident since 1983 and he is also enjoying being on this Committee; Bill Masters, resident of Conway and a newbie; David Sordi, Center Conway resident and a newbie.

APPROVAL OF MINUTES

Bob Drinkhall moved, seconded by Karen Umberger, to approve the Minutes of April 29, 2009. In favor: 12; Opposed: 0; Abstain: 0.

Karen Umberger moved, seconded by John Edgerton, to approve the Minutes of July 15, 2009. In favor: 9; Opposed: 0; Abstain: 3 - Doug Swett, Bob Drinkhall and Ben Kane.

Raymond Shakir asked about the possibility of having things attached to the body of the e-mail instead of a separate attachment. Just a suggestion.

SCHOOL REVIEW

Dr. Nelson stated that he would mainly talk about the budget, the process and go through some background. Conway is one District; there are 7 Districts; 3 in SAU 13 that send students to us; Madison and Freedom send grades 7 through 12; Tamworth sends grades 9 through 12; Bartlett and Jackson send grades 9 through 12; Eaton sends all students; and Albany sends all students. Conway has three Elementary Schools, a Middle School, the High School and the Career Tech Center. SAU 9 is also responsible for Hale's Location, Chatham and Hart's Location. Conway School Board is responsible for providing education to all students that come to our

schools. Thought it would be interesting for this Committee to see what are approved ramifications, tuition contracts with the sending towns. All tuition contracts contain the clause that Conway must maintain accredited and approved schools.

Bill Masters asked if State mandated and Dr. Nelson stated yes, mandates and regulations, two different things.

Karen Umberger asked when the next accreditation was due and Dr. Nelson stated just got through; don't have anything for 5 years; will have to send reports every year. Karen asked if that was with New England and Dr. Nelson stated with the New England Association of Schools and Colleges; that is where we got our accreditation.

Chairman LeFebvre stated it might be beneficial to discuss the difference between accreditation and approved. Dr. Nelson stated this is what the State requires; don't have to be accredited to be approved; have to go through State approval. We have chosen accreditation, raises the standards in the Schools. Independent organizations come in to review programs, practices, policies, professional development; how kids rate on various test scores. We surpassed their standards. Dan Bacon asked if there was a document and Dr. Nelson stated there is something to that effect; didn't bring it. Dan stated we should have that information.

Dr. Nelson proceeded with the handouts by stating there were old dates on the Memos since this year's had not been put together yet. The budget process starts next month; on September 14th he is going to ask the Board for directions to give to the Administrators. After he gets that direction from the Board, he provides that direction to the Administrators. The Board last year was extremely clear on what they wanted for the 2008/09 year. Unit 2, Special Education was per State and Federal regulations; Unit 3 had a maximum increase of 2.5%; all exclude health insurance. With the Middle School, Unit 4, and the 3 Elementary Schools the Board wanted a flat line, -0- increase. Unit 9, the Career and Tech Center they looked at that for a 2.5% increase; Unit 10 a -0- increase. Philosophy was that the High School had been behind for a number of years in per pupil costs. We delivered what the Board wanted us to do.

Chairman LeFebvre stated a Technical Unit was developed and Dr. Nelson stated Technical used to be in every Unit; what we did was extract Technical from every budget and put into this collective Unit.

Dr. Nelson continued with after the Board gave direction, he gave it to the Administrators, principals. They in turn met with their staff first and in October he met with them; mid-October take a look at the budget.

Dr. Nelson proceeded with the second Memo provided by stating Jane Gray and the SAU 13 representative are listed because on the Conway School Budget Committee they have members-at-large. Jane Gray, SAU 13 and all of the Conway Board sit on the School Budget Committee. As you will see, there are a series of meetings where there are different presentations. Notice copies were forwarded to the Municipal Budget Committee as it is

extremely productive to have members there. Generally, someone was at almost all of them which made it very beneficial to be able to answer questions from the rest of the Municipal Budget Committee. You are invited to attend and encourage you to attend. We do have after the presentation an opportunity to have questions and comments from the audience. We go through the High School, the Middle School, Unit 2 is Special Education and Unit 10 is Conway's general budget. All transportation and all maintenance is in Unit 10 which is not broken up by individual buildings but by what Conway District is responsible for. Usually the first week in December we will finalize the budget and approve it. Next phase is to meet with you guys and you schedule those. The budget hearing is prescribed by a set date. Deliberative session is set in the first week of March.

Sheryl Kovalik stated last year was the first year that a draft of the budget was given to the Municipal Budget Committee; looking for feedback. It was frustrating to some because of replacements and changes. Not a perfect solution, but the best so far and we would like to continue it. John Edgerton stated it was a really good idea. Dr. Nelson stated he will look for direction from this Budget Committee. At some point in December, this Committee will get books with various sections which many will go through with a fine tooth comb. Sheryl suggested giving the book early and insert pages as we go along. John stated the more time to be able to read the better; can't read in one day. Chairman LeFebvre agreed, need as early as possible. Sheryl stated they would try to get the book out early this year.

Bill Masters stated need to have the information as early as possible. All information delivered at least 30 days in advance to allow time to review the information. If not, provide at least two weeks in advance so that we can at least cram the important facts out of it and ask intelligent questions.

Chairman LeFebvre stated given what has been said right now, it seems the consensus is to go with the book as soon as possible. Ben Kane asked if it was possible to have an electronic copy sent. Sheryl Kovalik stated as green as that would be, she thought personally that she couldn't look at the budget at home as it was really small. She would see what could be arranged. Summary documents are on the website. Ben stated he didn't have to have it that way, just a question.

Dr. Nelson stated the next Memo in the handout illustrates who the Budget Committee had asked for meetings with and he anticipated this Committee will be wanting to do the same as last year; depends on what the Committee wants. Chairman LeFebvre stated may go with the same approach and may want to see more folks.

Dr. Nelson proceeded with the salmon colored sheets. This is the accounting system that we use showing a summary of our budget with the code numbers on the left. This is your guide. As you will see, Level 1 has 8 different budget categories but your only concern is with 01 and 41. Anything in 1000 relates to instruction. Again, something to spend time looking at.

Dr. Nelson proceeded with the Function Summary that he gave to the School Board Monday night. This is the current year's budget. In terms of year, should be completed and closed out by September 1st; fund balance between \$500,000.00 and \$550,000.00 remaining. That is all in the expense side that wasn't spent. Don't know the Special Education breakdown; shortfall on the revenue side only in areas of reimbursable Aides. Conway gets students on tuition as Special Education needs and special assignment; 1-to-1 Aides, Conway budgets as an expense in our budget and bills the sending town those expenses. We were told so many Aides needed to be put in expense for whatever reason, and IEP's change. Chairman LeFebvre requested an explanation of IEP. Dr. Nelson stated Independent Education Plan means for any student that has been coded, needs assistance or has learning disabilities there is a Plan for that student to bring them back up to speed and be successful in their school. Those teams consist of school personnel, the local LEA, the parents, some of the individuals that did the testing and sometimes the regular education teacher. We believe in inclusion. By law, we must find the least restrictive environment with as few accommodations as possible. We, or a parent, can request an assessment for a determination. Sheryl Kovalik stated also in the process, when the assessment is not agreed to, can go to the State Special Education Board as well. Dr. Nelson stated a due process hearing. If the parents and the School can't agree, then a third party gets involved by starting with mediation; then a Hearing Officer makes a decision. Only appeal after that is to the State School Board.

Karen Umberger asked if they were on the expense side and Dr. Nelson stated he believed all were on the expense side; will give exact numbers when he has them. Karen asked on the Warrant Article anything left would go into the Special Education Fund. Dr. Nelson stated \$100,000.00 of that.

Dr. Nelson proceeded with the SAU 9 Report Card which comes out in April now. There are numerous answers to questions people have in this Report Card: per pupil cost, student-teacher ratio, attendance rate, drop out rate. Dr. Nelson encouraged members to take the time to go through this. He carries the Report Card with him all the time. He can flip open and answer questions nine out of ten times.

Dr. Nelson proceeded with the Target Goals for SAU #9 for 2009 through 2012. Goals of reduction in the drop out rate; improve literacy skills. Chairman LeFebvre asked about the recent change in the law. Dr. Nelson stated technically the law used to be 16, changed to 18. This summer we found our students who dropped out at 16 and who are under 18 now; we have, as of this date, 7 students that we are in the process of looking at transcripts to know what programs would be recommended. We are also going through and trying to identify after 18, to find them and identify programs for them as well. The Department of Education has asked us to make a presentation as to how we accomplished our reduction in the drop out rate.

Dr. Nelson proceeded with the last document in the handouts, the Newsletter that the Conway School Board puts together. This represents a

follow-up to the Deliberative Session which described the budget default, the budget, what voting was with regards to the Municipal Budget Committee and the School Board. Dan Bacon asked if the Newsletter was monthly and if it was on the website and Dr. Nelson stated no, the one for SAU #9 is three times a year; this is once a year. Website contains a lot of information.

Raymond Shakir stated back to the proposed budget for 09/10, excluding fuel and health insurance, the criteria to negotiate those. Dr. Nelson stated Health Insurance is driven really from what kind of policy you have and the increase in them. What we did with Harvard Pilgrim, they made available to us a discounted rate by 2% if we signed in January with them for 2 years; able to negotiate instead of 9.8%, had 7.8% increase overall. One Union successfully negotiated a less expensive policy. Raymond asked about negotiating with a specific company; is part of the criteria to bring in several companies. Dr. Nelson stated yes, we have Union contracts containing certain language that talk about a certain company or equivalent; have to negotiate into the contract. Sheryl Kovalik stated went to the Union on information from different carriers, Harvard Pilgrim cheaper for everybody; last year had 3 to chose from, previously there were only two; have to keep for two years with some constraints. What would happen, we would jump to get a savings and avoid 10% higher; always looking.

Chairman LeFebvre asked if negotiate early, are there problems in the contract. Sheryl Kovalik stated no, but in previous years when asked to give best number, a company gave us a number that was better and we tried to amend on the floor. Chairman asked about the impact with no contract. Sheryl stated we have the current plan in place. Dr. Nelson stated we are budgeting for the current plan with a 7.8% increase. Sheryl stated have had reductions in other areas; changes which will reduce the cost to the District.

Raymond Shakir asked if any other alternatives had been suggested on fuel. Dr. Nelson stated at that point in time lots of discussion. We made a choice and locked in for 18 months. Previous year didn't lock in, jumped and not budgeted, had to freeze all sorts of things; didn't want a shortfall froze field trips, didn't fill positions. Sheryl Kovalik stated she thought that at some point in time there was a 10 year lock; a historical review with Jim Hill with what happens and it looks like it kind of balances over time. One year do well, next don't; it is a gamble. Karen Umberger stated that is how the Town does their fuel wholesale plus delivery charge; that is what the Town does. It has always been a balancing act.

Karen Umberger stated just to be sure everyone understands that the principals do the budget for their school. Dr. Nelson stated yes, we review and make sure the guidelines are met. Karen wanted to make sure everyone understood. Karen asked if maintenance was going to remain with the principals. Dr. Nelson stated still budget the rotating \$60,000.00 for the Elementary Schools. Karen stated no, normal maintenance. Dr. Nelson stated yes, haven't pulled that yet.

Bill Masters asked how many students are actually enrolled in Special Education. Dr Nelson stated it would be a percentage of 14% or 15% out of 2,000 students; could be hearing impaired or there are some that are severely impaired. There is something with the State called Catastrophic Aid. Catastrophic Aid is money received after spending 3.5 times the tuition cost, now \$35,000.00 to \$40,000.00. State reimburses a year later and the percentage has come down a bit. Catastrophic Aid comes a year later.

Doug Swett asked last year how many Special Education Aides did you have and Dr. Nelson stated he didn't have those numbers with him. Doug asked what percentage dealt with just one student. Dr. Nelson stated he would have to get that information. There are a number that are program students; one Aide can serve 3 or 4 students.

Bill Masters stated the reason he was interested in Special Education was that the total expenses was \$5,282,222.00 and revenue generated was \$1,714,678.00 so there is quite an expense in terms of student population. Dr. Nelson stated no question about it. Bill stated his only issue was to make certain it is being tracked for appropriate towns being charged. Dr. Nelson stated tracked extremely carefully.

Karen Umberger stated the School Board worked very hard on drop out prevention and reducing the drop out rate; she was a little concerned when looking at Level 2 and Level 3 numbers. Is there anything going on to specifically target reducing those numbers. Especially disheartening when she looks at the Middle School and the numbers there and she knows that the class size is relatively small with the logic for that being able to focus attention and help those at the lower end. Karen asked Dr. Nelson if he could give a comparison as to what trends have been in this area. Sheryl Kovalik stated observations in general there is a back slide in the Middle School years; in general they slip a little. She would like to see the analysis as well. When looking at some of the population, we didn't prepare for the 7th Grade. Karen stated maybe see the scores from Freedom and Madison.

Dan Bacon stated with Special Education he was curious on the breakdown from each town and asked if Bartlett and Jackson were included. Dr. Nelson stated High School involves all the students. Dan asked about the Conway Special Education level and Dr. Nelson stated if it is Conway Special Education Grade 6. Dan stated no students from Bartlett or Jackson and Dr. Nelson stated not at the 6th Grade level.

Bill Masters asked if Conway Elementary was the only school within Conway that has a Special Education Program. Dr. Nelson stated all of the schools have their own Special Education Program. Occasionally one of the sending towns will send a student to that program. We charge extra for that because they are so small; very few of those but it does happen occasionally.

John Edgerton stated 12%; 108 in Special Education at the High School. Dr. Nelson stated not far off the State average.

Raymond Shakir asked if 100% of the Special Education was mandated or is a percentage unfunded. Dr. Nelson stated Special Education is a requirement by State and Federal law developed in 1994; we are required to service all Special Education students. There is reimbursement that comes from the State or Federal governments. In Catastrophic Aid, once you spend around \$40,000.00 then money beyond that you get a portion back, 85% last year. Sheryl Kovalik stated there is a piece attached to State Aid when calculated and there is a jump for Special Education population. Dr. Nelson stated when that happens, do the Adequacy Grant; do get \$300,000.00 to \$400,000.00 from the Federal government. Sheryl stated those are the IDEA funds we have to apply for.

Chairman LeFebvre asked Dr. Nelson to discuss the \$100,000.00 per year. Dr. Nelson stated we have a Trust Fund for Special Education created with \$100,000.00 for a maximum of \$500,000.00. Sheryl Kovalik stated surplus could be allocated until \$500,000.00. Dr. Nelson stated right now because student IEP's change, created in the Spring, those are budgeted for this season. Budget gets approved in April. We have about \$180,00.000 in additional staffing because of IEP changes after the budget was approved. If we come up short, then we have to go to the fund. Other problem: if we use that up and don't have any more, we will have a special Article come to the voters.

Karen Umberger stated don't go into this tonight, but sometime put together a paper showing changes and effect of the adequate education formulas. I know one of the things talked about was what the State was going to do. It definitely affects what goes on here in Conway, as well as taxes and other towns, but in particular what goes on here in Conway.

Bill Masters asked do you have, when preparing the budget, do you know what you are going to get from the State. Dr. Nelson stated sometimes yes and sometimes no. This year gave two scenarios because we didn't know. Decisions are not made until June. Sheryl Kovalik stated out of fairness this last year was the worse. Typically, we can project pretty close, but this past year left us very concerned. Bill stated because the fiscal year of the school is not in sync with the State. Sheryl stated we have to vote before their decision. Dr. Nelson stated we vote in April and they decide in June. The Building Aid was of concern. If they take a percentage of that away, it would reflect on all sending towns eventually.

Chairman LeFebvre stated keep us apprised of that and if that happens, what is the fall out. Dr. Nelson stated certainly something to keep eye on. Bill Masters asked do you have contingency plans. Dr. Nelson stated we do; have a variety of options.

Chairman LeFebvre thanked Dr. Nelson for coming in.

OTHER BUSINESS

Chairman LeFebvre stated in the handouts there is a roster of names; this is the most current and if there are any changes, let him know. Second page is a one page non-profit sheet used in 2001; this can 1) reduce

administrative burden and 2) reduce burden on us reading through them. Chairman stated he would like everyone to take a look at both. Karen (Hallowell) provided information on the tax rate and the last thing is the School personnel spreadsheet. The Town is putting one together, working with the Selectmen.

Chairman LeFebvre stated he would walk through the spreadsheet and would appreciate any comments. Karen Umberger stated retirement costs only appropriate for year you are in; changes every year.

Sheryl Kovalik stated we may have some privacy issues attaching benefits to individual positions. Bob Drinkhall stated that would be public information. Karen Umberger stated already in the budget. Bill Masters stated that information is public information. Sheryl stated if it is, then it is a non-issue. Bill stated if an employee number can be tied to a name, it may be a real issue. Dan Bacon stated we had this discussion last year, all public information. Chairman LeFebvre stated then we will re-hash again.

Chairman LeFebvre proceeded with the review of the spreadsheet: years of experience, how long at current position. Sheryl Kovalik stated the numbers could be the same. Chairman stated supervisor of several people; position established after the High School started; date position established. Sheryl stated some may be a little sticky, don't know how we track it; need to define it, don't have a title for people doing performance reviews, kind of a Department Head. Chairman stated maybe refine to supervisor, evaluator, team leader but we want to be able to determine if they impact on other personnel.

John Edgerton stated his concern was how many students per teacher; need a line for the Elementary teachers and need number of students. Chairman stated flip to page 2. John stated he missed that.

Bill Masters stated just for clarification, the people rated as non-contractual personnel would appear on this sheet as well as educational personnel. Sheryl Kovalik stated you are going to get secretaries, Aides, maintenance.

Karen Umberger stated that for the Middle School and High School we should have both the number of classes and the number of students, that is important. She hears horror stories about every class having 30 kids in it. Sheryl Kovalik stated that doesn't happen. Karen stated she thought it is important; we need to know if this English teacher sees and is in contact with 20 kids or more. Sheryl Kovalik stated if only one class, the number of students; you want the ratio. Karen Umberger stated just the number; it could be 3 classes and has 100 students. Sheryl stated she didn't know if this was going to work out; she wasn't sure how long it will take; she understood the goal. She was not sure from doing this if it would give clarity. Karen stated if someone is only teaching two classes, reason is because they are a Team Leader and a Mentor. Sheryl stated Contracts provide for only so many hours of teaching; don't know what you are going to see; may not be enough; let me see what I find out.

Raymond Shakir stated he would like to respectfully disagree on the amount of work; suggested people who fill this out be given this criteria and have one individual compile the information. Sheryl stated she would like to think that one person could fill out by themselves.

Chairman LeFebvre asked for any other questions or comments on the spreadsheet. Sheryl Kovalik stated she thought it was going to take time.

Chairman LeFebvre requested a report from the Garage Committee. Raymond Shakir stated what they have decided to do is not to discard the \$65,000.00 roll of paper towels provided to the Town; decided to farm out bids for stick building contractors or pre-fab; suggested floor heating in a garage which is not efficient, two people disagreed with me. Next meeting is for next Tuesday at 4:00 PM held at the Garage itself where we will review conditions of existing garage and determine if salvageable. Karen Umberger stated you have opted to take information from the paper towels or original plans. Karen asked if the Committee is planning to look at material. Raymond Shakir stated yes, absolutely. Bob Drinkhall stated it is very difficult to get across what we are doing with the plans; not following the plans to build as spec. Voted 6-0 for us to come up with something that is equal to those plans in both Code and license.

Sheryl Kovalik stated she remembered there were specific requirements at the State level and that there were specific reasons why they went to an architect to begin with. Bob Drinkhall stated government entities don't have to follow Code, but it is suggested that they do so. Staff wants to follow Code to the letter. Raymond Shakir stated they spent quite a bit of time on the subject of government entity not having to follow Code. With stick building structuring, all kinds of latitude; if go with pre-fab, it is automatically IBC enforced.

Doug Swett stated he hoped there wouldn't be too much time spent. There are three men taking care of 84 pieces of equipment, cruisers, buses and need to do the job right; should be able to come up with something. Let's give them a good place to work. Bob Drinkhall stated keep in mind this is only an advisory committee.

Karen Umberger stated she had been part of the K-8 Education Committee. We basically divided ourselves into four committees; one committee which Jim is on is to move the 6th Grade to the Middle School and close an Elementary School; another committee is looking at moving the 6th Grade to the Middle School and do all day Kindergarten; and another committee is looking into moving both the 5th and 6th Grades to the Middle School and have all day Kindergarten. Basically we broke down into four committees and have been doing research on the education stuff. Meet again on September 9th; from there SAU will be reporting our results to the School Board at the first School Board meeting in October to give them a report and have the School Board take whatever action might be necessary. Sheryl Kovalik stated she was expecting a recommendation. Karen stated each of the sub-committees will have a recommendation; don't know if the plan is to bring all four or just one recommendation. Sheryl

stated next meeting Carl will probably let us know. Chairman LeFebvre stated his committee was meeting September 1st at 7:00 PM.

Doug Swett asked if Kindergarten was half day. Karen Umberger stated runs morning and afternoon. Doug asked how much more is the cost. Sheryl Kovalik stated won't know, but probably costs more; may end up costing less by having the closing of an Elementary school and may see a reduction from the academic arena because we can get to the students early. Sheryl further stated that she was speculating. Doug stated be very careful about any increase and costs in these times.

Karen Umberger stated she wanted to make a comment, obviously she missed this in the budget. Conway Elementary has identified a number of students in Kindergarten that will be going to school all day. Brian (Hastings) is going to be doing an analysis of a test program. Karen further stated that she was personally very interested with the progress of those students.

Dan Bacon asked if it has been taken into consideration how many students leave versus how many coming in; the number of students is going to change. Karen Umberger stated the Middle School has indicated that they have room for any of the scenarios. Dan asked how many are coming back in. Chairman LeFebvre stated that it was his understanding they could handle 6th Grade going in. Sheryl Kovalik stated our enrollment fluctuates; does not appear to be growing; current numbers are pretty good numbers. Karen stated last year every Elementary school provided their number of students and if you look, you will see what basically is going to be here for the next 6 years.

Doug Swett stated he hoped everyone involved keeps maintenance where it needs to be; need to keep the buildings in decent shape; cut corners and the taxpayer gets in trouble.

Chairman LeFebvre requested a report from the Lighting Committee. John Edgerton stated he had not been able to attend. Bob Drinkhall stated he was the Board of Selectmen Lighting Committee Chair and wanted to know if they were going to be at the next meeting. David Sordi stated he didn't know there were two meetings; only notice he got was for Friday afternoon.

Bob Drinkhall stated at the last meeting, someone asked about back taxes. On 5/05, there was \$1.2 Million of back taxes that are in arrears. He was clarifying the answer given at that meeting. Karen Umberger stated now the question is: what has happened after the tax bills came out. Bob stated could be greater. Karen stated \$1.2 Million is a good place to look; what we really need is what happened after June 30th. Bob stated he thought the question may have been misunderstood; gave an answer on what was liened and not in arrears of \$1.2 Million.

Bob Drinkhall stated the Selectmen had been contacted concerning the litigation regarding the State. The New Hampshire Municipal Association asked the Board of Selectmen to join in; voted to spend \$1,304.69 to do it. Sheryl Kovalik stated we, the School Board, voted too.

Bob Drinkhall moved, seconded by Dan Bacon, to adjourn the meeting at 8:40 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary