

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
January 20, 2010**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Meeting Room at the Conway Police Station with the following members present: Chairperson Pro Tem Dan Bacon, Bob Drinkhall, Doug Swett, Pat Libby, David Jensen, John Edgerton, Bill Masters, Sheryl Kovalik, Shirley Renahan and David Sordi. Members excused from meeting: Jim LeFebvre, Ben Kane and Raymond Shakir. Members absent from meeting: Betty Boucher, Karen Umberger and Bill Aughton. Also present: Dr. Carl Nelson; Kevin Richard, Kennett Middle School Principal; and Dale Anderson, Technology Director at Kennett High School.

Chairman Bacon asked David Sordi to lead the members in the Pledge of Allegiance.

Chairman Bacon stated that approval of Minutes would be postponed until the next meeting as those without e-mail had just received their copies today.

SCHOOL

Dr. Nelson stated there were a couple of questions that he tried to answer with back up material on enrollments in the Career Tech Center, the substitutes per month and he has broken that down by schools which talks about the absences and the total number of subs. At the Middle School, he didn't have the total absences but he can get that in the future; the Coordinator at the High School does just the High School; the costs for substitutes is \$75.00 per day and if a person is a long term sub there is a Board policy that governs that. The last question had to do with the Dean of Students, there's one brief statement from Neal (Moylan) with the job description on that. Two other items for tonight's information, the latest per pupil cost as determined by the State of New Hampshire for all School Districts in the State with the highlighted State average and Conway, that's the way the State figures it so when comparing us with other Districts you need to use this chart to do it. The last item, and Kevin will spend more time on it, but they broke down the per pupil cost for the Middle School versus the other schools in proportion of the budget to particular expenditure items. Dr. Nelson further stated that everyone came in at zero.

TECHNOLOGY

Dale Anderson stated they were asked to come in flat and \$498,531.00 is the proposed budget; it is an increase of \$11,795.00 over last year but that is the result of the increase in health care benefits. In addition to this, they are asking once again for a \$75,000.00 Warrant Article, it is the second of at least two they will be asking for to help defer the expenses of trying to manage an IT Department on the existing budget. The \$498,531.00 looks like a rather large number; however, if you include the salaries, the benefits, the subscriptions for the Student Management System, the support for that, the ISP's and everything else, they only

have \$37,000.00 to work with, that is their budget; that is what they have to spend on replacing computers, buying software; it's pretty tight and they are on a shoestring and, once again, they are going for another Warrant Article of \$75,000.00 to try to keep somewhere on track with the 3 year Technology Budget Plan.

Sheryl Kovalik stated to deflect one of the usual questions, this is the second year that they've actually presented the Technology Budgets as a separate entity from being buried in the overall budget. There are still Technology costs that are not global to the District, for example some of the software that is specific to the Career Tech Center, software that is used in the Graphic Arts, anything that would be in the Machine Tool Center, any of those specific to those entities would carry those costs in their departments and that is something that you would not see in this Technology Budget. This is all of the general computer use, administrative, educational, general to the entire District. Mr. Anderson further stated this is the licensing support for the Student Management System which is a significant part of this as well.

Chairman Bacon asked if the Warrant Article was part of the phasing to increase the Technology Center and Dr. Nelson stated it is, a minimum of 3 years and this is the second year of asking for the \$75,000.00 to be approved and will have another year of it for sure and then they will assess where they are at and determine whether they need to continue that. In some of the other Districts they supervise, they've done that on a yearly basis and it's really kept Technology up so it is something that they are going to consider asking the Board to take a look at.

Mr. Anderson stated with last year's Warrant, they were able to purge the District of the old Windows 98 machines that were 12 to 13 years old. Chairman Bacon asked what is the software up to now and Mr. Anderson stated they are Windows XP and anything newly purchased will be coming in with probably 7 starting very soon; they have no intention of a full roll over of the District probably for at least 12 months, they want the operating system to mature before they encumber themselves with the bugs that often come out with a new operating system. Chairman asked if they ever looked into Macs versus XP versus Microsoft. Mr. Anderson stated Macs are used in some spots in the District; they have a Mac Lab that is newly formed at the Middle School, but in the Graphics Department as well as the Art Department at the High School, they do have Macs in there.

Sheryl Kovalik stated she would like to know how to approach transitioning into some of the new ways that they can address technology; right now they don't have enough of a budget to make a shift that might have a long term cost savings benefit; virtualization is big trend right now, trying to create larger shared environments.

Chairman Bacon stated the reason he was asking about the Macs was because sometimes Macs are a little more stable and secure and they don't have as many problems as Microsoft and he thought it would be more feasible in the long term if the School has systems in place that can beat those odds and it may end up saving the taxpayer's money. Mr. Anderson stated they were also, at least at the High School right now, exploring the possibility and this is just an exploration right now and possibly there

will be a trial of students being able to bring their own equipment in; that is a resource of computers that the District will not have to purchase and it's not that they are going to just throw the switch and say "All right everybody let's bring your stuff in" because there is an awful lot of infrastructure controls that need to be put in place as well as probably some policies that will have to be written. They are trying think out of the box; other Districts around the country are doing that exact same thing including allowing the kids to come in with iPod Touches and access the internet that way. Chairman asked if Mr. Anderson knew who the Districts are that are using that technology. Mr. Anderson stated in E-Week magazine there was an article and he was not sure who wrote it. Chairman stated this is just something they are playing around with and Mr. Anderson stated they are using it and doing it and in this article they did touch on the fact that it does create some problems that are unforeseen; a lot of them have to do with whether a computer comes in with a virus on it and ways to handle that.

John Edgerton stated most universities already allow you to have your own computer, but the maintenance is done at the university. If you have a computer problem, the university tech people take care of it, they try to keep out the viruses and everything else; they have a single source making sure everything's okay but that's manpower too. Mr. Anderson stated the IT staff to some degree will be able to assist with getting kids on line with wireless; however, he does not want the IT organization to become a fix it shop for these computers and that is a concern about taking up too much of their time as well. Another thing to try to save costs as far as disk storage goes, they are to some degree using cloud computing and they are trying to encourage that as much as possible; encourage students to be responsible for their own files and documents on little thumb drives and such; try to back things up at home so they don't have to have the massive file storage that they've historically had to support. John asked if they can enter the system at home on their own computer. Mr. Anderson stated students do not log into the District. Basically Google hosts an environment for them instead of the School District hosting it. They have teachers actually posting assignments so that the students are getting their assignments and this is something they, as far as their infrastructure goes, doesn't have to support.

David Sordi stated this part of a 3 year Technology Plan, \$75,000.00 last year and next year you will have it also; what happens after that, do you come out with another 3 year plan. Mr. Anderson stated yes, they will reassess where they are and see what they can do to continue to move forward. David asked if there were any plans to put these funds into the normal budget rather than going out to a special Warrant Article every year. Sheryl Kovalik stated because you weren't with us last year or the year before, there was a constant question about what they were spending on technology, what they should spend on technology and they made the decision to separate it out as an entity so that it could be viewed separately but because they had a lot of catching up to do, they had a lot of old technology that needed to get current. They decided through conversations with the Budget Committee to address it in a phased approach with that plan. Sheryl felt they need another plan; she thought it would be wise to have another plan building now anticipating the end of those 3 years and where they need to go; the only reason it was

separated out of the budget was to give the taxpayer the option to affirm the investment or not versus having it be in the budget and not a choice for the taxpayer to make independently. David stated isn't that the case with any of the costs on maintaining the facilities or whatever within the School Board budget; what makes the technology any different than maintaining any of the other infrastructure that are in the schools. Sheryl stated they have a Maintenance Warrant Article, have a Special Education Warrant Article; it's become a pattern and she didn't know if it needed to stay that way but she thought the taxpayer, at least the people she talks to, appreciate having an entity they can look at and knowing that's going to Technology and support that because they know what it is going to be spent for and that it can't be used for anything else; can't buy new teachers, can't increase the labor pool, can't be shifted to anything else. That's one of the benefits of a Warrant Article, it can't be redesignated.

John Edgerton stated you have debt reduction of \$1.635 Million and yet you balance the budget absorbing all of that; the budget is the same size this year as last year and you have \$1.635 Million in reduced debt that was absorbed to balance the budget. Sheryl Kovalik stated they didn't ask for the individual departmental budgets, like Technology, Middle School, High School to deal with that; that is the effect of things like Special Ed and excessive health care increase costs, and reduction in revenues that have caused that to appear like it's disappeared. They weren't absorbed by the individual building budgets or the Technology budget which is what we've been discussing.

Bob Drinkhall stated he thought it is great that the taxpayers that really pay attention get a chance to make the choice when it is an Article and also that it is dedicated to that specific Article; on the other hand, he didn't think that it hits those taxpayers that don't pay close attention to what the total budget of the School really is, so that would be the down side in his opinion.

John Edgerton stated he was in computers in 1968 to now and he sees the acceleration in Technology and he thought the students of today have to be given state of the art exposure to the best technology we can give them because it is going to change. While they are in High School for 4 years, the technology changes drastically; he didn't know what it was going to be 5 years from now and Mr. Anderson won't know. Mr. Anderson stated they try to penny pinch as much as they can; instead of just using laptops they are also exploring the little netbook devices. When you are that age, they're eyes are better and the little keyboards work fine. They are still trying to get student to computer ratios as tight as they can while not going over their flat budget. They are trying to give the students as much exposure to the technology and as much access to the technology as they can with what they have.

David Jensen stated in his experience, if there is a problem with the students being able to get access to technology, he felt that the first problem to be dealt with is the fact that many of the teachers are very unfamiliar and the School is providing a lot of technology that the teachers are uncomfortable using. Providing all the technology that we can is great; unfortunately a lot of the teachers are less familiar with

that kind of technology; the kids are all very happy to adapt to whatever technology they are given.

John Edgerton stated he substitutes in the Math Department at the High School and he thought the teachers had a real good handle on the computer and the kids do and they've got the latest computers for math computations which he was really pleased to see; it's better than his own.

David Sordi stated the equipment and software that they buy, do they work with other School Districts or the State to try to leverage all the technology they buy to get better discounts from companies like Staples or whoever they buy equipment from. Mr. Anderson stated the only consortium they belong to is the Microsoft one and at the moment that is the only one they deal with; otherwise he plays vendors against each other, he puts bids out and lets them know they've got to come in tight. David asked if it makes sense to hook up with other local School Districts where you might be able to pull all your leads together once a year and go out to bid and try to get better rates. Mr. Anderson stated it may, if that would work.

Chairman Bacon stated we might want to ask the School Board if they would be interested in looking to the other Districts around the State and see if they can get together some type of plan associated with this future plans so that they can have leveraging in the future because we are all looking for the technology. Sheryl Kovalik stated that would come under Jim's purview because he does a lot of purchasing for the District and where he can get a good deal he does, where he can partner up with folks he does and he doesn't have the technology purchasing expertise so there obviously would be some teaming there. Sheryl thought it was worth checking out; depends on the openness of other Districts.

Bill Masters stated the timing of all of this in terms of the financial straits of the country in terms of tax, if we could take these things and keep in mind that we want to go from Point A to Point B and isolate that into certain priorities as to Step 1, Step 2, Step 3 after investigating networking with other Districts in terms of purchasing, purchasing power is within the consumers pocket, it seems to him if we go forward continuously and ask for more and more and more, we're kind of setting ourselves up as though we are not being terribly responsible to the financial times. He still thought we need to move forward, but is there a way that the \$75,000.00 that we're asking for can be prioritized into segments that might be more palpable to the taxpayers in terms of phased in and development program. Technology changes; every time you buy something, it's outdated by the time it's delivered.

Sheryl Kovalik stated in defense of Dale and the Technology Department, look at the 3 Year Technology Plan, and that was what was done instead of asking for all of those things last year. They built a 3 year plan and spread the priorities out over 3 years and came up with \$75,000.00, \$75,000.00, \$75,000.00. If what you are asking is for them to do it again and spread it out further, we can ask. We're still barely keeping up at this point with a lot of the things that have to be done. She will defend

what was put forth and it was based on a Plan that was 3 years of spreading out. The taxpayers are going to have to decide for themselves.

Chairman Bacon thanked Dale Anderson for coming in.

MIDDLE SCHOOL

Kevin Richard, Principal of the Middle School, gave the presentation on the Middle School. Mr. Richard stated he was not asking for more and did come in under budget which was the direction of the School Board. What he has tried to do is have the least amount of impact on the students. He directed everyone's attention to the budget comparison for proposed budget 2010/2011 and wanted to point out that at the bottom there is a notation that says: The total budget amount includes the addition of Unit 2 to the Elementary School budgets so that it is an equal look; Unit 2 is Special Education district wide so that was added to the budgets for percentage purposes. Kennett Middle School, Regular Ed personnel was 41.7%, Career Tech Center and the High School 42% and it kind of works its way over because he wanted to find out, and he hears this all of the time, what is the big expense, what are the pieces that cost quite a bit. Take a look at the Custodial and Operation Maintenance of Plant where there is a substantial difference between the Elementary Schools and the Middle School. There were a couple of decreases in order to come in under, there was a reduction of a Special Education Aide, a reduction of a one-half time custodian.

Chairman Bacon asked for detail regarding the purpose of the team teaching concept as currently used in the 7th and 8th Grades. Mr. Richard stated one of the pieces that excited and intrigued him when the High School and the Middle School split was the development of a true Middle School. One of the pieces that they do run into is they have 5 different Elementary Schools coming in to the Middle School. It is really important to make that adjustment, that transition; you go from one teacher for the most part all day long to a team of teachers; that team of teachers meet every day to align curriculum, to meet with parents - they probably have 60 to 70 meetings a year specifically with parents, never mind the meetings with students. During that time, it's a way to better catch all of the kids and coordinate curriculum for a true Middle School student. A team is made up of a Math teacher, Science teacher, Social Studies teacher, Language Arts teacher and a Reading Teacher, so you may have 85 kids on that team that go through those teachers. The old Junior High model you might have a Math teacher over in this Math Department and then you travel over to a Science teacher in a different part of the building and a Social Studies teacher in another part of the building. They were treated as separate entities; now Language Arts and Social Studies teachers tend to team up; they just finished reading *A Soldier's Heart*; they're working collectively together so that's an integrated approach from one course to another. They also work within the team, there's a Homeroom Advisory at the beginning of the day to better connect with the kids. They use everybody in the school for that so they try to keep the numbers pretty small at the beginning of the day. That model is extremely important to the 7th graders; the 8th graders, same model, are a little bit more comfortable. After two weeks that team of teachers knows the kids and they make that transition which is extremely important.

Sheryl Kovalik stated they offer some things that are spread across both teams that are called the Unified Arts and in the 8th Grade they have World Language that is not offered in the 7th Grade. Mr. Richard stated it is really an exploratory piece; the Unified Arts is where the kids go when they aren't getting their core academics, to Physical Education, Music, Art, technology education, health program and Family Consumer Science classes; not full year courses. There's a rotation of courses that these kids will go through. Sheryl stated those are not team based, that's one group of Unified Arts teachers; both teams pull from the same pool of Unified Arts teachers.

Chairman Bacon asked how do you measure the success of that concept; is it working 100% or are you finding slight difficulties. Mr. Richard stated there are always difficulties being a principal, but some of the successes are the increase in parent communication, the accountability of the students, the discipline has reduced dramatically from the days of the 7 through 12 building; there is a much greater pool of resources for the kids through that team structure. Academically, it's easier to catch kids who are failing because again that conversation, the need to work together to put a plan in place for the student. Chairman asked what about scores/grades for the kids, have you seen a difference. Mr. Richard stated it is extremely difficult to because you have a lot of things going on; he would like to think that part of the success of the student reading scores and writing scores are to the team structure but it has also been a focus for all of the schools within the District; so when they see they have a much greater percentage of kids achieving at a higher level on their reading and writing scores, it is hard to say that this is specifically attributed to the team concept or to the big focus within the District. He would like to think that it is a combination of both.

John Edgerton stated one thing he noticed is that the number of Special Ed students in the Elementary School and the Middle School is far higher; are you training some out. Mr. Richard stated from his experience, coming from the Elementary School there is almost a trust factor of we're sending our student that we've had in this one classroom with all these supports in place before they go to the Middle School so they try to make sure everything is in place. In actuality, one of the things they've done is try to reduce the dependence on 1-to-1 Aides over the years. This year they've reduced one and last year they reduced two. They are typically 7th Grade students who we say while they make the adjustment from Grade 6 to Grade 7, we'll put them in place to make sure they're comfortable and able to do it and then we are going to put in other supports and other resources. There is a huge impact of a student in the Middle School with Special Education costs because of the economy of scale that they have, so if you were to have 2 or 3 students and he's sure members saw the increase in the budget due to out-of-District placements, that has a huge impact on the per pupil cost, it has a huge impact on the budget itself. John asked how do you feel about the study of the 6th Grade to the Middle School. Mr. Richard stated there are pros and cons and he thought that people are very happy with Grades K through 6 and he thought people are very happy with Grades 7 and 8; some of the pros are having the kids for 2 years, transition time is shorter so you would benefit from another

grade there. Some of the pieces that have been discussed is trying to keep the kids younger longer, keep Grade 6 with Kindergarten; that's a huge piece from his observation and his experience. When the High School moved up the road 3 miles away, that has had a huge impact on allowing our 12 to 14 year old kids to really remain a little bit younger and it's easier for him and his Guidance Counsellor to isolate kids that need a little more support and they do remain younger longer. John stated most Middle Schools in the country are 6, 7 and 8. Mr. Richard stated there are hybrids out there; there are 7, 8 and 9; there's 6, 7 and 8; there are some logistical issues; there's 5 through 8.

Sheryl Kovalik stated the Middle School concept was introduced her first year on the Board; they had the conversation prior to her arrival to the Board so when she arrived it was happening and it happened inside the old Kennett High School where they were sequestering them. Prior to that, there had been a Junior High model which allowed them to mix a little bit more easily the schedules and she thought the Middle School has been very successful and thought it is the trend nationally, the direction which most Districts are going, away from the Junior High model and towards the Middle School model. Sheryl did think they are seeing a lot of hybrids where they are trying to take the best of both and she encourages our Middle School to constantly look at ways to make sure they have differentiated instruction so that they can keep the accelerated kids accelerated and not lose that momentum they come with.

Mr. Richard stated that is a huge piece; they survey the kids; they have a couple of things going on; they have a rotating schedule at the Middle School as well starting off with Math, Language Arts, Social Studies, Science and next week Math rolls to the end of the day so then Social Studies bounces down as does Science and the kids love it. It takes them awhile to adjust to Mr. Richard's a funny guy but Mr. Jensen's a lot more strict and they do adjust to life at the Middle School. That's why they really spend a lot of time especially those first couple of months. The team structure does allow for, if they're doing a dissection lab in Science, they can extend that very easily to a double period so that they can adjust their schedule. Chairman Bacon stated so you are rotating the classes so that the kids don't get set into a certain mode where they get tired of going at the same time to the same class. Mr. Richard stated we all have better times in the day and we want everybody to be the dreaded class right before or right after lunch.

David Sordi stated having heard you talk about all the benefits for the students, how about the teachers, have you seen the teams learning from each other and the teaching actually improve more than it would have if you just had separate departments. Mr. Richard stated absolutely, he thought what it really allows is the integration between the connection between Language Arts and Social Studies, between Reading and Social Studies, between Science and Math, between Science and Social Studies. They're really gearing up for the Winter Olympics, so they want everybody working towards something that applies directly towards the Olympics.

Chairman Bacon stated he had a question from Jim: the SAT scores at Kennett High School have dropped somewhat significantly; given you feed students to the High School is there a cause and effect relationship

between the team teaching and the approach on the lower scores. Mr. Richard stated he does tend to follow some of the kids; they try to take a look at not only the State scores, they have seen an increase in the Reading and the Writing scores. They implemented a new complimentary program called Accelerated Math, it's working in the Elementary Schools and it's starting to go through the Middle School; it's addressing things like Sheryl had said, it's a complimentary piece where if a student is ready for Algebra in 7th Grade, let's not hold him back, let's gear it towards him so it's a complimentary piece. He was not sure of all the reasons why you would see a drop in the SAT scores; he would anticipate you'll start to see the Verbal scores go up.

Sheryl Kovalik stated she thought with the scores, because the population keeps changing, there needs to be a way to look at the progress of a given group of students so when they look at a 7th Grade population they need to look at how they've improved at 9th Grade and how they've improved at 10th Grade and so on. They can't really compare fairly this year's 10th Grade to last year's 10th Grade because the student populations could be very different. They get waves of students that are all Ivy League candidates and then they get waves where that's not the case. Sheryl thought the way you have to do it is within the confines of something that's a fair assessment and she didn't know if they've done that, tracked the kids from year to year. Mr. Richard stated they use different mechanisms; he would hate to say that SAT's are the only measure of success or failure for students. They use NWEA, it's a computerized test that keeps track of students so they would go in and take a math test every year in the Spring and what that does is actually charts how kids do. What you'll see is like a linear graph; they come in at 100 and they go to 150 at the end of 2nd Grade, then 200, but what we know about kids, especially the Middle School, some will plateau and then all of a sudden it clicks, but other kids who were doing extremely well in Math all of a sudden hit Algebra because of those abstract concepts and its whoa so they use that as a piece. Also take a look at students hitting their growth targets. For example, if a student comes into 7th Grade and reads at a 5th Grade level and by the end of 7th Grade they read at a 6.5, then they take a look at that data and it's called hitting their growth targets. As educators, they are getting better at using that data as well; he cautions just using those test scores as the only method for success.

David Jensen stated he would like to add that a lot of times statistics get misused. We have a very small target population taking the SATs every year which might be 150 students; think back to all of the things you see on TV when they talk about they've done a poll about a political reason and they talk about the margin of error being plus or minus 3%, that's on studies of a 1,000 people being asked a particular question. When you take something as complicated as the SAT scores and talk about a target population of 150, your margin of error might be 10% and if the SAT's go up 3% this year and they go down 5% next year, that's absolutely meaningless as a measure of whether the school is doing better or worse. As Kevin said, the individual tracks of the individual students, if those are showing growth that's good. The problem with "No Child Left Behind" is that it is based on statistics of extraordinary small groups and those statistics are from a mathematical standpoint and completely meaningless.

Mr. Richard stated the only other piece that he would add is taking a look at the percentage of kids who are taking the SAT. They know that continued education is a key to success so he thinks those numbers are increasing as well. In the old days when we were kids, only 30% probably took the SAT's and those were the kids going off to college and they were very strong students. He thought that number had historically gone up over the years as well.

Chairman Bacon asked how much of the Middle School is being used right now, facility-wise. Dr. Nelson stated 78% is charged to the Middle School; 4% is charged to the SAU Office; 4% is charged to Unit 10 which is the General Maintenance and the rest is mothballed which goes into the Unit 10 budget.

Mr. Richard stated we do have a lot of visitors; he loves to show off the school and we should all be very proud of it. When the Department of Education came up to do their on-site visitation and took a look. In their document that they gave speaking of the facility, they said this is a model Middle School for the State of New Hampshire for renovation projects; the community should be very proud of that; they don't take it for granted after years of closets and teaching Science in classrooms with no windows and no running water. To actually have a Science Lab that is top quality is extraordinary.

Chairman Bacon stated he knew funds were being used for some of the Grants they got; when he did the walk through that area they are building with glass, what are you going to do with that. Dr. Nelson stated it's going to be a professional development center. That will be charged to the SAU; that will decrease his (Kevin Richard's) percentage and increase ours (SAU's). Chairman stated he wanted to make sure the public knows what is going on at the Middle School as far as bringing it up to standards and, as was said, it's a State model and it's good for them know. The more the public understands about what is going in the Schools, the better understanding we'll all have of where we have to go.

Sheryl Kovalik stated she was overdue for fulfilling a commitment that she made which was to make the committees for focusing on the K-8 Study and they divided it up into four different sub-groups. There's the Grade 6 moving to the Middle School Assessment which is the academic committee which is going to look at the mechanics of the move, the operational aspects of it and the educational implications making it happen, what's involved, how's the best way to do that. That committee still has an opening, Jim assigned himself as the Budget Committee member and she still needs a 6th Grade Teacher, a Middle School teacher and an at-large member from the community. There's a separate group that is going to be the finance people that are going to look at the financial aspects of moving the 6th Grade to the Middle School, the savings and the costs. Dick Klement has asked to be on that committee already; in fact he asked for the formation of it as a separate group to look at the costs differently; that function will happen after the first group finishes because they'll have to have all those things figured out before the costs can be looked at. Sheryl stated she still needed a Budget Committee member for that and she was kind of hoping that David Sordi would

volunteer because some of the comments he was making earlier about some of the ways to look at the costs of different things she thought he might be advantageous there. She still needs an at-large community member who might be interested; it could still be another Budget Committee member, however before she takes another Budget Committee member she would like to let the public offer themselves up. Then there is the full-day Kindergarten, which was another recommendation from that Study Committee, has the same split: an academic group and then the finance group. Jim did assign himself as the Budget Committee member to the academic group and she still has an opening in the finance group. Dr. Nelson stated that could be one in the same; don't necessarily have to have four groups.

Chairman Bacon thanked Kevin Richard for coming in.

OTHER BUSINESS

Chairman Bacon advised the members that the non-profit forms were on the back table. Chairman brought up for discussion the possibility of asking the non-profits to agree to take a 5% to 10% reduction in the monies being asked for. There was some talk about asking them before the hearings and to send a letter out asking them if they would consider taking a 5% to 10% reduction on the amount of money they are asking for due to the economy and due to the fact we would like them to explain to us if they could do it, how they would do it and where they would get it from and also include how much money they get in fundraising.

Bob Drinkhall stated the reason for proposing that in the first place was the fact it gives the people the opportunity to make the decision themselves because all of the non-profits do accept contributions and there is no earthly reason why somebody that feels strongly about any given non-profit couldn't give to that non-profit whereas that isn't the usual way of doing business for the School or the Town Budgets.

John Edgerton asked Bob Drinkhall administratively do the non-profits go to the Selectmen before they come to us and Bob Drinkhall stated no.

Sheryl Kovalik stated she would hope that every non-profit that comes before us would, in this economy, have considered their baseline and reduction in their request, but if they didn't, and they came to us with year-to-year flat financing and if they did not already choose a reduction in their request, would you please consider a reduction and let us know what you could handle and how you would compensate for that reduction in cost. She would be surprised if maybe they couldn't take the reduction, but she would be surprised if they hadn't considered it.

David Jensen stated he was guessing that with most of the non-profits the portion that they get from the Town is probably a fairly small percentage of their overall budget, but didn't we have a fairly lengthy conversation about this back early in the Fall; it seems we had a fairly long conversation along the lines that Sheryl said that if they're being sensitive politically they should be considering it and that it shouldn't necessarily be our obligation to point it out to them. Bob Drinkhall stated we did have the discussion and we said that we would take it under advisement and bring it up later which is what we are doing tonight.

Bill Masters stated he thought the discussion revolved around the fact that we might be asking them to pay for or contribute to the services, such as Police or Fire that they receive if we can come up with a figure in terms of what it actually involved, perhaps a 10% reduction would accomplish just that same point. If we didn't have an exact figure to give them, it seems to be hinged around that nature. Chairman Bacon stated it's not worth telling them to do that; it's like anything else, we can give them a recommendation.

John Edgerton stated we did talk about asking them to take a reduction and he remembers conversations over the past couple of years where they say they would have to reduce activities to the point where they wouldn't be really effective. He has to look at these as: if they weren't there, would the burden be on the Town itself because we're paying tax dollars. These are tax dollars and if the service wasn't there, if we didn't support them and if they didn't raise money on their own, it would fall on the Selectmen and the Police Department and the Hospital. His view is how much are we really getting the community to support without having the Town take it all.

Sheryl Kovalik stated her view of the universe may be skewed because she knows she doesn't see eye to eye with everybody all the time, but one of the things she will be looking at is the rate at which they expand the services that they offer versus the costs and when they are not asking us for growing numbers year to year but they've expanded their coverage or resources or what they offer or how many people they serve, then they're essentially giving us the equivalent; they're becoming more efficient for the same dollars. She hasn't looked at the packet yet and every group may not be the same; some may be already squeezing their dollar further and have done it for a couple of years; whereas some may be doing exactly the same flat services year to year, not an expanded population that they are serving. She would go there first before asking for a reduction and if she didn't see the increased efficiencies and performance then she would ask them to consider a reduction.

Chairman Bacon asked if this should be put off until everyone has had a chance to review the non-profit packets. Sheryl stated she was thinking the letter could be phrased that if you can't demonstrate improved efficiencies, we expect you to come forward with a reduction.

David Sordi stated he remembered the discussion and would make the same comment that he made at that time, it's great to ask for a reduction but a lot of the non-profits are probably busier now than they are during good times and are probably doing more with the amount of money. Again, without looking at it, it is impossible to say definitively but if they're providing more services with the same amount of money, it means they are more efficient and to ask them now to reduce another 5% to 10% may start to, instead of cutting away fat, you start cutting away muscle and bone, they become ineffective.

Bill Masters stated why don't we table it and review what's there. He remembers reading some of the non-profit outlines of their proposals and they asked for monies for administrative services simply because some of

the Grants they get are targeted and specifically excludes administrative services. Personally he struggles with the fact that we may be cutting our nose off to spite our face. At the same point in time, he did not think it was unreasonable if they are getting a tax abatement now to take a long hard look at what we are getting for the tax dollars and are they expanding their services and providing it.

John Edgerton stated he will have to abstain with the Gibson Center because he is the Treasurer of the Gibson Center and he knows the meal costs have dropped from \$1.10 a piece to \$.98 a meal and they've increased the number of meals by 10% and the number of home delivered meals is up around 60,000 meals a year. They've asked for the same amount of money forever and are not asking for any more.

Bob Drinkhall stated the attitude of the Budget Committee in general is really bothering him. First, if you run a business or you have a household budget and when gas or oil goes to \$4.00 or \$4.25, you don't automatically get a raise and if it's a business, you can't automatically in the worse of times increase your charges to your customers. We look at every government entity and say we want you to come in at zero increase except for fuel, Special Education and benefits; that's most of the budget. Just to give quick overview, in the 30 years he has lived here, and these are his own figures, wages have gone up about 93%, rents have gone up about 189% and property taxes have gone up 308%. It is out of whack and every time you increase taxes, you are taking not only from the wealthy but from the person making \$8.00 or \$9.00 per hour because they all pay unless they live under First Bridge, they all pay taxes even if it is through rent. According to RSA 32:1, the purpose of the Budget Committee is to assist voters in the prudent appropriation of public funds. Everywhere that he looks, they are cutting; just today and he may be off on some of this but Portsmouth is \$4 Million behind on their School budget and they are looking at cutting 50 teachers; he thinks it was Nashua is \$6 Million and he thought they were talking about 100 or 105 employees, half of which were teachers, to be laid off; Manchester was looking at eliminating the Middle School entirely. Sheryl Kovalik stated they are behind meaning they've exceeded their allotted expenditures; by that, they've expended more than they were allowed; you can't be ahead of your budget unless you spend more than you've been allocated. Bob further stated that every single time we look at something to cut whether it's road salt, plowing sidewalks; one of the 2 inch snow storms they plowed his street 3 times; at the same time, Minneapolis came out with a mandate that they wouldn't plow until there was 6 inches of snow. We are in unique times and he thinks it is still going to get much rougher; at least somewhere down the road when all this borrowing becomes due and again he thinks we need to look at things and not just take, everybody is adamant about their own program or their portion of the budget or whatever it might be and that's great, but that isn't our responsibility; it is our responsibility to look after the taxpayers.

Doug Swett stated in the Portland paper today a new Superintendent announced that all teachers that had been teaching at the most 5 periods a day are going to be teaching 6 and if there is a short class in this High School and a short class in that High School, they're going to combine them even if it is only for an hour or two and the teacher will

have to travel to that school because of a revenue shortfall of about \$2.5 Million or more. Doug agreed with Bob in that we haven't since the worse of this.

John Edgerton stated he was Treasurer for 11 years for the Town of Conway and in 1988 we had the same type of disaster; we got to an \$8 Million shortfall in collecting taxes; that's a lot of money because at that time that was 25% and we need to ask Lucy (Philbrick) what the short fall is, she would know now. Bob Drinkhall stated the last time he checked it was about \$1.5 Million. John stated that is amazing with the way things are.

Bill Masters asked if there were commitments from the State in terms of knowing exactly what we are going to get in the way of revenue. Sheryl Kovalik stated we have best guesses and we usually guess short because we've been screwed before. Bill stated so everything we're dealing with is really estimates and in terms of guesstimates and to his way of thinking to appropriate money on guesstimates, you're setting yourself up for a potential financial disaster so if we know hard facts then you can make good decisions. We really want to keep in mind we are, as Bob pointed out, the taxpayers advocates. Sheryl Kovalik stated she was an appointee; she is serving from another committee that has other responsibilities as well. Bill stated we know that the Town has borrowed \$500,000.00 in May because of cash flow problems and paid it back in June, but still we really need to think about these things in terms of whether we add anything on the way of financial burdens to the taxpayers.

David Sordi stated he appreciated what Bob was saying, but it seems to him that the initial directive on the budget was from the Selectmen where they said there would be a zero percent budget; where did that mandate come from. Bob Drinkhall stated there was no mandate. David stated he thought the Selectmen had come out and said that all budgets should be submitted with no increases. Sheryl Kovalik stated they set that at the Board level that they were not asking them to absorb the health insurance and fuel costs and they asked them not to increase anything else.

David Jensen stated Point of Order; what exactly are we discussing. Chairman Bacon stated we are trying to figure out if we are going to have a letter written; everybody is trying to make their points as far as money factors; he was asking if we want to vote to have him write a letter asking the non-profits to look at a reduction. David stated his point to that question is he believes we've made that point sitting here today; he didn't know if we needed to spend the postage on a letter. In his opinion, anybody who is a non-profit thinking of coming before the Board, the news of this is going to be out there. Chairman stated if we are going to do that, we still have to give them notification. He thought personally we should probably let it go from this meeting and then bring it back to the next meeting and just ask if we are going to send it out or not and make a motion then. There was no motion on the floor, he just opened it up for discussion. Sheryl Kovalik stated she would appreciate that as she would like to look at them first because she doesn't know what everybody submitted.

John Edgerton stated a little point about economics: when the taxes go up and the people pay them, they cut back on the charities. Another point

that was brought up was on borrowing, the School's fiscal year is July 1st and the Town starts January 1st, the Town does not have to borrow at a \$1 Million deficit level; it runs on the School's money for almost the entire year. It doesn't start spending the School's money until July 1st. With the two different budgets, that solved the borrowing problem unless it gets over about \$2 Million and then it has to start borrowing.

Chairman Bacon stated Point of Order. At this point, he will put it on the agenda for the meeting on the 25th or 27th; he will put it under Other Business and if we want to vote on it then we will and if not, then we will just let it go.

Chairman Bacon stated there is a bond hearing for the garage on the 9th but was not sure of the time. Bob Drinkhall stated 4:00 PM or later.

Bob Drinkhall stated on the borrowing of money, the Town is required to make payments in certain points in the year regardless of whether or not they've collected the money, that's what creates borrowing; the other point, you've go to remember that the State has come up with creative ways of getting through the two years, one of which has already gone by, and after that the monies that they are utilizing, whether it's stimulus money or whatever, isn't going to exist and they have no long range plan and there's going to be more problems in the future. Bob did not know if anyone had heard on the \$110 Million they were planning on utilizing from the medical malpractice insurance which was found to be illegal at least by the first court but it was going before the Supreme Court; he didn't know if that had come to fruition or not; they will be short that amount of money this year and you know it is going to be put on the backs of the taxpayers one way or another.

Chairman Bacon stated if anyone has any questions for the School or Town, send him an e-mail so he can get them out to the Town and School.

John Edgerton moved, seconded by Bob Drinkhall, to adjourn the meeting at 7:55 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary