

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
September 29, 2010**

A meeting of the Municipal Budget Committee was called to order at 6:32 PM in the Meeting Room at the Conway Town Hall with the following members present: Chairman David Sordi, Bob Drinkhall, Doug Swett, Bill Masters, Raymond Shakir, Joe Mosca, Linda Teagan, Karen Umberger (arrived at 6:38 PM) and Janine McLauchlan. Members excused from meeting: Bill Aughton and John Edgerton. Also present: Dr. Carl Nelson.

Vice Chairman Sordi asked Joe Mosca to lead the members in the Pledge of Allegiance.

Bob Drinkhall moved, seconded by Doug Swett, that Jim LeFebvre's resignation be accepted with regret. In favor: 8; Opposed: 0; Abstain: 0.

Bob Drinkhall moved, seconded by Joe Mosca, to nominate David Sordi as Chairman. In favor: 7; Opposed: 0; Abstain: 1 - David Sordi.

David Sordi moved, seconded by Bob Drinkhall, to nominate Joe Mosca as Vice Chairman. In favor: 8; Opposed: 0; Abstain: 0.

Vice Chairman Sordi advised that the review of the Minutes for the previous meeting were going to be discussed after the presentation by Dr. Nelson. Vice Chairman proceeded to read a letter from Chairman Jim LeFebvre, copy attached, regretfully resigning as Chairman of the Conway Municipal Budget Committee and recommending that the Vice Chairman, David Sordi, be elected to the position of Chairman.

After the nomination and election of David Sordi as Chairman, Chairman opened the floor for the position of Vice Chairman. Bob Drinkhall asked if anyone would be willing to take the position and that someone needed to step up. Bob further stated that it can be anyone even an appointed official; the Chair can not be an appointed official but the Vice Chair or any other officer can be. Bill Masters stated he misses a significant portion of the conversations and has lost 75% of his conversational hearing and it would be a disservice to the community that we are trying to serve for someone like himself to be in that position. It is part of the reason he has declined several other positions. He thought there were plenty of people and he would be glad to work with anybody that but he would have to say no for the personal reasons that he had just described. Joe Mosca stated that he was still green, but if nobody else would do it with the understanding that he is as green as green can be. Chairman Sordi stated this was only his second year.

SCHOOL REVIEW

Dr. Carl Nelson stated that he had a number of items that he had brought and would explain each during his presentation. Dr. Nelson stated he did have a list of questions that Jim sent along and they would probably be answering them in the budget book and was sure that all answers would be there. Once the Committee gets the budget book, he will go through the

questions to make sure that he identifies the place each is answered in the book or if it is not, provide the answer right on the question sheet so you will have everything you want answered as best as they can answer them.

Dr. Nelson stated that the first thing he would look at with the Committee would be the end of last season's budget. They were fortunate enough to return about three-quarters of a million dollars to offset taxes for the upcoming year. He has given the Committee a list of the Expenses and the Revenues. There is about an extra \$100,000.00 in Revenues and the bulk of the three-quarters of a million dollars is in expenditures that were not made during the course of the school year or were reduced. For instance, in Regular Education they saved \$45,000.00 over what they budgeted and that had to do with people leaving and new people coming in at different salaries. The big one, of course, is Special Education of \$163,000.00; that's what they have to budget for at this time of the year because they are building the budget. When they have to budget for that this time of the year, they go to the IEP and say "what does the IEP tell us" and that's what they put in the budget. They were able to save \$163,000.00; that could have been a student moving out of the District, two students moving out of the District, it could have been any number of things. The next big item is the Career-Tech Center where they saved \$153,000.00 and that occurred because they didn't have all of the class enrollments at that time for the Career-Tech Center. As those enrollments came in, it appeared that they didn't have to have full-time people in certain positions so they reduced those positions. The Health Sciences last year was an example of that, the CAD Program was an example of that. They had the full salary in the budget and did not spend it because they didn't have the enrollments come in for those courses. Those are examples of how they had money left over in each of the categories. Dick Klement wanted to discuss Operations and Maintenance more extensively when it was brought to the Board and on Page 2 you will see that's a function of a lot of little items that total up to \$117,000.00; Sewer and Water they saved on, saved some on Grounds, saved some on Roofing, Custodial Supplies saved some on. You can see where those unexpended funds come from. During the course of the year, they obviously look very closely at the expenditures they had to make. At points in time, there were even some freezes in particular areas. As you go through the details, it details it out by Unit; how much did the High School not spend that they budgeted for; was anybody over expended. As you go through the information given, you will see that information for each one of the Units.

Dr. Nelson proceeded with Revenues. In Regular Education Tuition, they were greater by \$53,000.00 than they anticipated. Karen Umberger stated on the Tuition, does the Tuition money go back to the individual towns. Dr. Nelson stated no, it is made up next year as a credit. Karen stated this year they will get a credit for tuition. Dr. Nelson stated depending on which town it is and if it is money we didn't expect to have come in this year; next year it will reduce the tuition for that particular town. Karen further asked if that was a function of a number of students or was that a function of something else. Dr. Nelson advised not to forget they had an inflation factor in that budget which was the Cost of Living Northeast Urban Index plus 2.5% and that was really skewed off in the

last couple of years because the Cost of Living hasn't gone up that much, not even 2.5%.

Chairman Sordi asked on the surplus that they had, is this typical from year to year that you have at the end of the school year. Dr. Nelson stated they usually do have a surplus at the end of the year. This one is a little higher because of the areas he mentioned earlier. Sometimes they get more Revenue; this year the surplus is only \$100,000.00 in Revenue but when you think about it on a \$33 Million budget, you've got \$600,000.00 that you didn't spend that you'd thought you spend, that's not a great deal of a percentage, a couple of percents on the overall budget. Chairman further stated the reason he was asking is if this is a routine type of excess of money given back to the General Fund each year, does it make sense to build that into the budget at the beginning. Dr. Nelson stated the major items you can't do that with; Special Education is usually a big hitter on money that they didn't spend because they budget on a worse case scenario so that they don't have to go back to the taxpayers in the Spring saying they need to have a deficit Article because they didn't budget properly. That's usually the big hitter; some years that's been as high as \$300,000.00 just in that one particular category. The other big category this year was the Career-Tech Center and that was a function of budgeting what they needed for full-time teachers. When that enrollment didn't come up to what they thought it would be, they reduced the staff in terms of being a 50% teacher or whatever it happened to be. That's awful tough to do to get closer than that. Chairman stated if the only reason you don't want to go for a deficit Article in the Spring is that is such a difficult thing to do, doesn't it make sense to try to set a budget goal when the budget is being put together. Dr. Nelson stated 2% is an awful good mark to hit; if we could all hit that in our home budgets we would probably be sitting pretty good; but he thought it was a good mark to hit when you have \$30+ Million. They do look at all of the categories when they build this year's budget. As they go through this year's budget, they will look at all those categories but the big hitters are the one's you don't want to get caught behind the eight ball on; you want to make sure you have the right funding in there.

Karen Umberger stated Special Ed is such an unbelievable thing and perhaps where we need to look is at the Warrant Article that we put in for Special Ed and whether or not we want to continue to fund this Reserve Fund for Special Ed. That may be the place to look at it rather than in the budget. Dr. Nelson stated one student coming into the District with severe issues in a residential placement could be between \$180,000.00 to \$200,000.00, depending on what the issues are.

Joe Mosca stated on the last page, at the very bottom, the beginning balance was \$569,000.00 and the ending balance was \$762,000.00 so the real plus for the year was about \$200,000.00. Dr. Nelson stated that was about right, that was what they returned last year or used to offset taxes. Joe stated that it was really only about a \$200,000.00 savings over what was spent the previous year. Karen Umberger stated it is not a savings; last year it was about a \$500,000.00 surplus and this year it was a \$700,000.00 surplus. The School can not carry forward money year to year. Dr. Nelson stated that Karen was correct, but that's \$500.00 they

don't have to raise because they already have it in the bank so to speak and they don't go asking for it. There is not a check that gets passed back and forth between the School and the Town as some people think.

Bob Drinkhall stated he agreed with most of what Dr. Nelson said on the under expenditures with possibly the exception of the Maintenance; that one he thought could be honed in a little better on because those are pretty set figures. Dr. Nelson stated they would take a pretty close at that when they go through it this year; a good close look.

Dr. Nelson proceeded with the next handout which was just for the Committee's information which is a budget status report given to the School Board and it is awful early in the season to make any kinds of estimates on this one. This is just something you can browse through and take a look at; this is the format that the School Board likes it in and it is being passed on to the Committee in the same status.

Bill Masters asked if this was their close out statement for the school year. Dr. Nelson stated this is the current budget status and they do this report monthly to see how they are spending, how they are coming along in each particular category. This is the close out for this year past, the first one he gave out was the close out for the year that ended. This is the year they are in right now, what they are spending right now.

Dr. Nelson proceeded with a Memo marked "revised" which is the Memorandum he forwarded and each year copies the Budget Committee on this so that they can keep up with what the School District and the Administrators are doing. This is a Memo to the Principals and Directors instructing them to develop a budget with a zero increase in it this year. At the end tonight, the last piece he is going to talk about is going to be the exercise the Board has asked in terms of looking at a \$1 Million and a \$1.5 Million cut and if they had to cut that kind of money out what it would look like. This will build a budget that will have a zero increase for everything except such things as health insurance, utilities if there is an increase there, pension, the retirement system if there is an increase there, and by building that budget that will give us a real good look at what the Board needs to do in order to keep a zero budget. Last year, if you'll remember, they were about a half percent down and the budget was actually less than the previous year and he thought it was their goal to do the same thing this year. Not to speak for the Board, but he thought that was what they want to do and when we get to those budget cuts he will explain that a little more in depth. They will build this with an estimated 15% increase in health insurance; right now they do an average over the last 3 or 4 years and it looks like 12% would be the average and they are going to throw another 3% in there for the new Federal programs. They anticipate seeing another 3% put on top of that because of the new health care reform so they are going to start with a 15% increase; they will get the actual from the insurance company in November, the guaranteed maximum, that's when they will have a better read on it and then in the Spring, they will get to the actual but won't know that until the middle of November. They can't wait until the middle of November to start building the budget, it just won't happen, won't get done.

Chairman Sordi asked what percentage of the School budget is non-salary related; what percent of the budget is going to have the zero increase. Dr. Nelson stated the pieces that will have the increase will basically be health insurance, Special Education is where they usually anticipate some sort of increase and this year the Retirement System is asking the Districts to contribute more than they had in the past and it's only about 2%, it's for the employee side, not the teacher side; those are the ones that will have the big increases. For instance, supplies, materials and things like that, Principals may jockey that around within the amount that they have but that's not going to change. Chairman stated you have a \$33 Million budget; of that, how much is subject to, based on this Memorandum, how much of that is subject to an increase this year, what percent of that. Dr. Nelson stated that's a question he would have to get back to the Committee on, he wants to go look at it again. Chairman stated roughly 30%, 40%, 50%, 60%. Dr. Nelson stated the salaries are going to stay the same until you get a negotiated contract that the people vote on, so there's no change there. It's the ones just mentioned so maybe 50%. Chairman stated so 50% will be kept at zero and 50% or \$16 Million is subject to a zero to 15% increase. Dr. Nelson stated that was a guess on his part. Chairman further stated the middle point of that is 7.5% of \$16 Million and you're talking a \$1 Million to \$1.5 Million increase on the School budget which is similar to what we had last year; but this year we're not going to have the reduction in the debt service that was able to absorb that so there's going to be \$1.5 Million added on to the taxes that people are having to pay. Why is it just a zero percent for non-salary, why not zero percent across the board. Dr. Nelson stated there are contractual obligations; health insurance is a big one and it's a contractual obligation so you have to comply with that. Now, the thing that he is going to discuss at the end is going to answer your question which is why the Board asked us to go through the exercise of looking at a \$1 Million and a \$1.5 Million reduction in the budget we're in right now, not next year's, but take the budget you've got and show us how you'd take out \$1 Million and \$1.5 Million because that was precisely their thinking. They know they are going to get hit with a health insurance increase and some pension increases and Special Ed increases, they are going to be the big ones. They have anticipated already that if it were 15% you're going to see on health insurance one small portion of it there, you're going to see \$1 Million to a \$1.5 Million jump in the budget. So the Board is positioning itself to be able to deal with that; that's the game plan. They are up front on that one, they already know what they are going to do and then it's going to be some choices of what does the budget look like with the increases they can predict and then where do they want to go with it.

Bob Drinkhall stated basically what you're saying is if you go along with that \$1 Million or \$1.5 Million, it will be hopefully a budget equal to what it is now, a zero percent increase, that's the goal. Are you taking into consideration for 2010-11 the State deficit is projecting about \$295 Million, that's what he was given yesterday, and they're talking the next budget period any where from \$500 Million to \$900 Million deficit and that's going to come out of probably monies received by the School to some degree. Dr. Nelson stated they won't know that until November; the Department of Ed has to provide them with their estimate in terms of

funds; how they'll use some of those monies. Bob stated what he was saying is that even if you had a zero increase in the overall budget, you could still end up with a huge tax rate. Dr. Nelson stated it depends on what the revenue stream is; that's correct, you could. Now, one good thing about Conway is that it only has to raise approximately 50% of what the budget is in taxes because they have the revenue streams from the other sending towns and that's the big plus in terms of that. But when you reduce the expenditure side of the budget by \$1.5 Million, guess what you also reduce, the revenue side because you're not spending as much and they don't have to pay as much. He will get to the \$1 Million, \$1.5 Million thing at the end; he thought that's why he saved it to the end because that's when people will have some questions.

Linda Teagan stated she just had a conceptual question; she is new at this; she is new to this Committee, so as she understands it, certain accounts are going to be brought in with no increase from last year except for 60% of the budget which will be increased. Dr. Nelson stated he didn't think it was 60%; certain areas are going to get increased. They know there will probably be a health insurance increase, that's a big chunk, that could probably equate to \$700,000.00 to \$800,000.00. We know that there will probably be some increases in the retirement portion that the District has to contribute. Linda further stated having that as a given, then do you anticipate reducing other accounts so that you bring in the same dollar amount as last year. Dr. Nelson stated that's what he is going to show at the end; that's the last task we're going to go through. Linda stated she had one other conceptual thing; if she could figure out what the big picture is because basically the bill that the property owner gets which is her concern and assuming we are still in a recession and people paying the tax bills are not in a very good place at this point she would think it would be nice to decrease their taxes, but would hope that we could hold the line so that we don't increase their burden because, as we've heard from the Assessor, people are having trouble paying their taxes at this point. Dr. Nelson stated he believed everybody was very sensitive to that. Linda stated her other question is assuming they came in with a budget at the exact dollar amount as last year, considering decreases in State, Federal Aid and people's inability to pay taxes, that would still result in a tax increase. Dr. Nelson stated it might, depends on the revenue side of it. They can control the expenditure side of it, they can't control the revenue side; that comes from other sources and they can't control the assessments. Linda stated but what you control is knowing that the revenue side is going to be weak, then you can control your expenditure side to reflect that. Her question is she was kind of looking for the budget that would be the same dollar amount as last year to see what those figures are. Dr. Nelson stated in a few minutes we will get to that. The rest of it is just information and get to the last piece which is exactly what your question is about.

Dr. Nelson proceeded with the School Board's schedule for budgeting and the public meetings where they will go through the budget that is built. You are more than welcome to be a part of any of the meetings and a lot of you came to them last year and it was very beneficial to have members of the Budget Committee there to ask questions and to get information that they normally wouldn't get. He anticipates that by December 13th

they will have an approved budget by the Board and that's when this book will get finalized. In the past, people have asked if they could do it earlier; you can't do it much earlier than that; the earlier you make it, the less accurate the budget is going to be because you are way away from your expenditure time which is a year off. What they have done and he didn't know whether it was wanted this year or not, they have provided the first drafts. For instance, on November 8th they have drafted the Elementary School budgets; the Elementary Principals present to the Board. He can make those available, they will be draft budgets and they will change. He can give each member the book, he can give those things but members will be going in and out of the book. Now, it's up to the Committee if you want to do that, he will be more than happy to supply that as they move through that. Some people like that, some people don't. Let him know and he will do whatever the Committee members want. If members can make some of these meetings, it's well worth while to do that. Obviously, he doesn't know when this Committee is going to schedule its hearings, the deliberative session, those are your calls; the voting will be the 12th, that's set up by the State.

Dr. Nelson proceeded with a Memorandum from him to the School Board dated August 20th. This is, and he hasn't given all of the big details yet because they are waiting for direction from the School Board to determine where they feel they want to be, then they will be communicating with the people who will be affected by these cuts. He feels they have an obligation to make sure they know what's going on first, not read it in the newspaper or see it on the TV but be advised up front. What he has given are the gross numbers. The Board's task was to do two levels of cuts: show us what \$1 Million would look like, what programs would be affected, what staff would be affected and so on and so forth and then do that for \$1.5 Million. Thinking just in the fashion that you are, that if they need to reduce expenditures to keep a level budget as talked about, here's what they would do and here's what it looks like. The way they set that up, they had each of the Units reduce their budget in relationship to what their position was with regard to the State average per pupil cost. The High School that has always been at or below the average per pupil cost had the least to reduce. The Middle School which has always had a higher per pupil cost than the State average had the most to reduce and that's how we went through that. We developed a formula that distributed evenly between the High School, the Middle School and the Elementary Schools. For instance, each of the Elementary Schools in order to reach \$1.5 Million, had in the neighborhood of \$140,000.00 to \$145,000.00 they had to reduce. When the Board has come to a conclusion as to the direction they want to give us which will be the middle of October, they have one more meeting with Neal Moylan to review the cuts that he made, ask questions about that and get information. Last night they had a meeting with the Elementary Principals and the Middle School Principal with regard to their budgets and what they cut and why they cut this and why they're recommending the other thing.

Dr. Nelson proceeded with the \$1 Million cut and the big hit is in staffing of \$600,000.00 and in Equipment and Supplies one can see what that represents, Curriculum and Textbooks, Professional Development. There is going to be another \$125,000.00 bond being retired next year that the Board does not want us to count in this so they have to find

another \$120,000.00 somewhere which they will use the same formula as before and distribute it amongst the different Units. As you can see, the total in staffing is almost \$1 Million, that represents approximately 20 positions, not all teaching positions, some of them are part-time positions, some of them are full-time positions, some are Aide positions, some are teacher positions, but that represents approximately 20 positions in the School District and then you can see how the rest of it breaks out. What gets ugly is when you look at what goes and what doesn't go. There was a lot of discussion about that the other night and eventually this Committee will have it in your hands as will John Q. Public to look at it and know what we're recommending to the School Board. It's just premature at this particular point in time.

Bill Masters asked if the 20 positions was for the \$1.5 Million cut and Dr. Nelson stated if we go to the \$1.5 Million, it's approximately 20 positions. Bill stated on the \$1 Million, what are you talking and Dr. Nelson stated about two-thirds of that, probably 14 positions, but they will have them all detailed out; they have done that, identified all of that stuff for the Board, they have it in their hands and as of right now it's a Confidential Memo.

Karen Umberger asked what SPED tuition was and Dr. Nelson stated Special Education tuition.

Linda Teagan asked if the cuts come off the \$30 Million budget for 2009-10. Dr. Nelson stated it was for the budget that we are in right now; the budget that's approved and that we're working on right now. Linda stated so the \$1.5 Million comes off of that. Dr. Nelson stated if they choose to do that. Linda asked if there was a hiring freeze in effect right now and Dr. Nelson stated no; if someone were to leave right now they have programs in place and need to fund those for the balance of the year; what they have to do, if they identify those 20 positions, the RSA's requires in terms of teaching staff to notify them by April 15th so all of this is a build up to identify what's going to go, who they have to notify and then at the end of this year if the Board were to have made those cuts, those positions would be cut. Linda further stated she was looking at it over a broader time frame; arguably say we've got 3 years anyway where we're going to have issues with increasing revenue or employment, etc. In other words, this is not a one off year where we are going to be reducing; so it concerns her whenever you reduce classroom teachers and she was concerned when talking about a reduction of 20 people that they be classroom teachers. Dr. Nelson stated some are and some are not. Linda stated she would like to have something from the Board that basically prioritizes what positions are eliminated, assuming that all positions are not the same. Dr. Nelson stated that's already done; the Board has it in their hands and that will go public once they decide what level they want to be at. Linda stated one thing that caught her eye was the Assistant Superintendent that was replaced. Janine MacLauchlan stated it was the Assistant Principal. Linda stated that obviously whoever had that position went off to a different position and if that position remained unfilled, then it would eliminate the trauma of having to let a classroom teacher go; she was not saying that was necessarily what the personnel decision should be but you've got like a three year notice of what's going to be going on in terms of finance and

revenue coming to the schools and coming to the taxpayers and it doesn't look good; so she would ask that they think about a freeze, a hiring freeze then it would cushion the issue of having to replace an Assistant Principal or whatever and then replace that person with a \$100,000.00 tab and it hurts if you prioritize a classroom teacher. Dr. Nelson stated the Board has that already done in priority order; the recommendations from the Principals. They are going through that right now and it is all prioritized. The Principals have done a great job in setting up this is what \$1 Million looks like and this is what \$1.5 Million looks like and, the task he gave them, was to make the reduction with the least amount of impact on the educational program for children. At the same time, and keep in mind the Student Success Task Force and recommendations in 2007 which affect kids in Pre-K through 12 so they have done that task, he thought, very admirably and it's now in the Board's hands to review and make some decisions and give us some direction.

Chairman Sordi asked if the Board had considered putting a hiring freeze in place until the final decision is made about what budget cuts are going to be made. Janine MacLauchlan stated they've been handling the positions one at a time. For instance, at their last meeting they had a replacement for a Hall Monitor. They've tabled that position until they get some additional feedback from the High School Principal of whether or not that's a critical hire at this point. So they are handling the replacements and the new hires on a one at a time basis based on a recommendation of the department administrators. Dr. Nelson stated you will have all the gory details as time goes on.

Chairman Sordi stated did he understand if the Board accepts these cuts they will be implemented this year. Dr. Nelson stated this year is this year and nothing else will happen this year. What they are looking at to deal with the fact that last year, the year we are in, \$1.3 Million in bonds were retired; previous year \$850,000.00 tuition trust fund. If you remember, they got big chunks of money for doing the Career-Tech Center up front instead of over a five year period so rather than put all that back into the revenue stream in one year, they split it up so that they could keep a more even plane with the tax rate. They had that \$850,000.00 for two years in a row; then the bond retirement and now they are looking at this year how to stay at a neutral position and that's what the Board is going to be saddled with. At the same time, they have the responsibility of meeting all of the State obligations with regard to instruction programs so that schools remain approved schools. There are certain things that are required by 306 and they need to comply with those types of things or they will not be approved schools in the State which then can affect in other ways in terms of Grants and things of that nature. There is another piece of that: they must also remain accredited; otherwise, the tuition contracts with the sending towns, there's part of that contract that says they will remain approved and remain accredited. They have one of the highest ratings given out in terms of the accreditation; the last time they went through this was just a year ago. Dr. Nelson did want to say publicly that while the Principals, Directors and himself have gone through this task for the Board, they don't recommend those cuts because they think we have an outstanding education system here and want to keep it in place. He thought the Board and the community have done a lot to build the programs here, so it's not

something they recommend at all. It's a task the Board wanted done, they've done it and he thought they'd done it really well.

Linda Teagan stated we all wrestle with the Special Ed issue and you're obviously closer to it than any of us, is there one wording change or phrasing change or regulation change that you wanted to get through the Legislature in Special Ed that you would recommend as a change. Dr. Nelson stated he would recommend that the Federal government do exactly what they proposed to do and pay 40% of Special Ed costs; that would be his recommendation and that would take some of the burden off the State as well.

Doug Swett stated how does the Federal government do that when \$.43 out of every \$1.00 they're spending is borrowed money. Dr. Nelson stated he wasn't going to try to answer that one.

Dr. Nelson stated that's what he has for tonight; let him know what you'd like in terms of information as they move towards getting you a School Board approved budget. Each one of you can carry that around (indicating the School Budget book), it's a good weight lifting device, keeps us fit.

Bill Masters stated he would like to see a detailed break out of each one of the proposals specifically by their positions, if that's full-time, part-time, classroom teachers, what you're talking about in supplies and equipment, curriculums and books, professional development; all of those programs that have been earmarked for reduction he would like a description of and what it is so that he can have a better understanding of what the rationale is and logic behind it. Dr. Nelson stated what members will get when after they release it is a copy of a Memo, but it goes by each Unit. In other words, here's what's happening at the High School, here's what's happening at the Middle School, here's what's happening at Special Ed and it's already done, it's here. Janine MacLauchlan stated it's not something we can release right now because it's personnel; it's specific personnel that will be impacted by these reductions and that's confidential information right now. Bill stated everything else can be released if it's concerning books and equipment and it's certainly not a personnel issue. Janine stated it depends, some of those books and equipment and curriculum supplies are attached to certain programs that are being targeted for reduction as well which in turn then affects the personnel that are in those particular departments. So, it is all connected. Dr. Nelson stated it will be here shortly; as soon as the Board is through.

Chairman Sordi asked what the timing was for finalizing the decision. Janine MacLauchlan stated they meet with Neal (Moylan) next week. Dr. Nelson stated he was guessing between the middle of October and the end of October, within the next couple of weeks. Janine stated the Board will meet once again together and make their final recommendations to put forth, they will talk to the personnel first that are impacted and then the public will have all of the information that they have. Dr. Nelson stated it's done; it's not as if there'll be a delay once we get to that point.

Doug Swett asked are we absolutely obligated on Special Ed when the government doesn't do their share? Dr. Nelson stated they are in two senses; one, they wouldn't get any money from them at all, they wouldn't get any funding and it is State as well as local and Federal regulations. The answer is "yes", they are obligated to do that or the District could be libel. Janine MacLauchlan stated or fined per student that they don't accommodate, like \$50,000.00 per student. Dr. Nelson stated they are obligated to do that. He would agree: where's the money they said they were obligated to pay, but we don't see that, we only see the obligations we have.

Ray Shakir stated he simply can't believe that these people are very interested in saving money when one can nonchalantly flip through the newspaper and find Want Ads which are looking to hire Hall Monitors. When he was going to school, there were no Hall Monitors; students were Hall Monitors, so that can be cut to zero right off the bat. Here's another one that says Cheerleading Coach; now that's just absurd. If they want a Cheerleading Coach, then let them put something out that they want a volunteer Cheerleading Coach so that can be removed also. Then today he was looking at the paper and he forgot what the title was but he started feeling kind of confident because he thought that they were going to cut the Mentoring Program out, but as he read the article it wasn't in fact the Mentoring Program it was some other off the wall program that he has no concept of. So not only did they not cut the Mentoring Program, but they had this other program that was kind of foreign, he's never heard of it in his life, so he would suggest that if they really wanted to save expenditures that they would really look into some of these programs that never existed when we went to school and this is not an investigation on my part, this is just reading the paper. So, if somebody really got into this investigation, he's sure that there are dozens, literally dozens of programs that can be completely eliminated. Dr. Nelson stated just a point of information, the program that you are talking about that the Board cut the other night is Professional Development which is directly tied to certification of teachers. So if you want to maintain certified teachers that is one of the best avenues to do it. You may disagree with that. Ray stated he did disagree with that because the certification of the teachers can be handled by their supervisors, not bring in another body, another being to certify teachers. The supervisors have certain jobs and it seems to me logically that part of their function should be to verify and certify the people that are working for them; not bring in a third party to have to do that same job. Dr. Nelson stated it's not a third party, it's already a staff member who does it in addition to their regular work. Ray stated but there's an expenditure and Dr. Nelson stated \$350.00 per person and he would submit that the bigger tab is the \$1.5 Million that the Board is looking at as opposed to \$1,750.00. Ray stated he would not dispute that at all. All he was saying is that a little here, a little there, a little here, a little there and it adds up like crazy. Even to bring up this Cheerleading Coach is pennies, but you add up all these pennies and it comes out to a really, really big number and that's what's been happening over the years, incrementally we've been smashed and it doesn't look like it's going to get any better. In fact, it looks to him like it's going to get a lot worse when they figure out all of these other titles that they're going to establish. He thought we should get back to basic education and that's it. Dr. Nelson stated he

was not sure he agreed with that; he thought we wanted a lot more than that for our kids; he thought we wanted the best education we can provide them. If you take a look at the difference what a High School graduate makes and what a non-High School graduate makes and also add in what a college degree person makes, it's significantly higher than the basic education. He certainly wants those people making more money paying his Social Security, that's what he looks at. Ray stated you can justify almost anything, but he would rather put the shoe on the other foot and say that people in this town are really, really in a tough position and they don't need to pay for all of these programs that you want established to have this wonderful education. He didn't go through school with that and he did alright. Nobody here went through those fancy programs and everybody at this table did pretty damn good. So, he is not going to dispute that all of those things that you are establishing are very nice, not going to dispute that at all; what he is going to say is that there are a lot of people in this town, probably more than half and he doesn't know the numbers, that are on fixed incomes and that are being hammered for their taxes and it's not only real estate taxes it's all of those other hidden taxes and fees that have been established over the last several years and they get pummeled by it and they don't need a Cheerleading Coach and they don't need Hall Monitors and they don't need any of these fancy titles you're talking about, it's just not necessary. They need a good teacher and that's it. Dr. Nelson stated we can agree to disagree on certain things. Ray stated I'm sure we disagree.

Bill Masters stated do you happen to know off hand how many of the kids that were in the college programs were accepted into the Ivy League schools. Dr. Nelson stated he could not give that information off the top of his head; however, they publish a Report Card that the Committee will get that lists the schools that kids go to so you can get an idea of what colleges the kids are attending and he'll have that for the Committee. Bill further stated in the curriculums that the kids took to get them there, the actual courses is of interest to him in understanding what they took to get where they were going and what they needed for classes to do that; that gives him a background when trying to make some decisions on looking at curriculums; what are the core curriculums necessary for a student to succeed other than a desire to do so. He would also like to know the total number of kids that are enrolled in the various courses. They used to have a business course and a college course back in his day and age; now the classes are structured a little differently so if you could give us a comparison of what you would consider to be the courses essential to get somebody into a various college at tier levels from Ivy League all the way down to technical colleges. Bill further stated that he knew some of that had been identified but he would just like to know the student body that goes on beyond this. Dr. Nelson stated they can do that and showed last year's Report Card. The Report Card usually answers about 90% of the questions asked; percentage of Special Ed, what colleges kids are going to, percentage of kids that go to college, etc. Dr. Nelson further stated that he would bring in the current Report Card even if the book is not ready the next time we meet.

Karen Umberger stated that what she thought Bill was getting at is what are the requirements to graduate, four years of English, etc. and what

you have to do through your college preparatory thing and if you want to go, I'm not sure, but did they start offering that lesser diploma. Dr. Nelson stated they offer two diplomas: one is the Kennett Diploma and then one at the Eagle Academy which is the New Hampshire State requirements. The Kennett Diploma, the requirements there are greater than the Eagle Academy. GED is another whole ball game but he will bring the graduation requirements for both.

Joe Mosca stated having gone to college many years ago, he thought it is more than curriculum that institutions look at. They look at extra curricular activities also; maybe work, whatever you've done on top of what your course load was. To try to decipher by course load and curriculum alone where somebody ends up in college doesn't tell the whole picture. Dr. Nelson stated where Karen's going is a good starting point and Joe was absolutely correct that when you start to look at the more competitive colleges they have to have a number of other activities beyond that; the more well rounded student, there needs to be a sprinkle of AP courses probably, things of that nature. Doug Swett asked if Bill could get the papers by going to Dr. Nelson's office and Dr. Nelson stated he can if he wants to; he can come right over and I'll make sure that he gets them. Bill Masters stated he wanted to begin to link that with what is released here and make sure when he makes some decisions on what he will support and not support, he is not affecting those critical core items and that was an excellent point on the extra curricular activities. If we have extra curricular activities or electives that they might participate in the system, that would be helpful to have an understanding of what those were. He wants to make absolutely certain that when he starts looking at what's being cut versus what is offered, that he makes the best informed decision in terms of looking at the dollar value associated with those things.

Karen Umberger stated one thing that she thought might be helpful to the Committee is the fact that this year they went to a different scheduling system and that has changed a lot of things at the High School and she was sure will have an impact on the decision making process as well. She does think that was a total change and she thought they had changed how they count credits which is another big impact on how a child goes through school. She did think those were two things that the Budget Committee needed to be aware of, not tonight, but before we get too far into the budget process because it does have some things we should know. Dr. Nelson stated he would bring in the graduation requirements.

Linda Teagan asked if the school puts out a basic curriculum book when a child comes into the school, what courses are offered. Dr. Nelson stated they have, and he'd be happy to bring one, a program of studies at the High School which tells you all of the courses that are offered at the High School. It doesn't mean they are going to run them each year, it tells of all the possibilities of courses. Linda asked if the Committee could get a copy of that as she thought that would be very helpful. Linda further asked for a 5 year run of the AP Calculus classes results. Dr. Nelson stated that's in the Report Card.

Doug Swett stated he wondered if the people that represent us at different levels really realize what a money crunch there is; people

aren't working. He has been saying and a lot of us years ago try to say the same thing, it's all going like a snowball and it adds and adds and it gets more expensive all the time. Somewhere it is going to hit the wall. Chairman Sordi stated he didn't disagree and thought we were saying the same thing we said the last budget season and it's good to see that at least the School Board is taking a look at trying to cut the budget by \$1 Million or \$1.5 Million because at least someone has started to listen. Maybe all the banging of our heads against the wall and screaming and yelling is doing a little bit to at least try to address some of our concerns.

Chairman Sordi thanked Dr. Nelson for coming in and for his presentation.

APPROVAL OF MINUTES

Bob Drinkhall moved, seconded by Karen UMBERGER, to consider and accept the Minutes of August 18, 2010, as amended. In favor: 9; Opposed: 0; Abstain: 0.

Bob Drinkhall stated on page 6, second paragraph, fifth line, "notice" should be "note".

Joe Mosca stated on page 1, fourth paragraph, second line, "there is" should be "there are" and last paragraph, third line, "briefly go" should be "briefly went"; page 14, third paragraph, second line, "State of" should be "State or" and last paragraph, eleventh line, "needs has" should be "needs have"; page 15, last paragraph, first line should read "Doug Swett stated one thing you don't know much about ..."; page 16, first complete paragraph, twelfth line, "School" should be "Schools" and third complete paragraph, second line, "School" should be "Schools"; page 17, third paragraph, thirteenth line should read "... they are on the SAU 9 Board website".

OLD BUSINESS

Bill Masters stated he would like to have a little feedback about the number of teachers that actually resigned due to the lack of a contract. Janine MacLauchlan stated she did not have those numbers. However, they do invite everyone that exits the District to participate in an exit interview and not everybody participates but they do have feedback from the people that do and she can certainly get a copy of the general statements that people make. Bill stated he was actually looking for resignations due to the lack of a contract. In any event, he would also like to have a feeling for the number of new hires, positions that have been filled since the first of July from last year which is the beginning of the fiscal year. Janine asked if Bill was talking about July 2010 which is the current fiscal year; last year would be July 1, 2009 to June 30, 2010. Bill stated that was what he really wanted to know any positions that have been filled as of the 1st of July 2009 to current. He is looking for new hires, new positions or positions that they have filled since the close out of this last year. From July 1, 2009 to the current year, he wants to know how many new hires are in the system.

NEW BUSINESS

Chairman Sordi stated one thing he wanted to throw out and he knew the Committee had talked about it probably four times in the last year, year and a half, is trying to fill some of the empty positions. Right now only 7 out of the 12 elected seats on this Committee are filled; only the Redstone seat from the appointed seats is not filled. Are there any suggestions; should we be trying to fill these seats. He knew there have been ads in the paper before but was not sure that was the most effective way to do it. Chairman again asked if there were any suggestions or should we just drop the issue and continue on with what we have. Bob Drinkhall stated personally he thought we should just remain as we are; it's more doable with the fewer people that we have in a sense. He did get the last several years of the roster of people on the Committee if somebody wanted to go back and look at some of these names as a possibility, but again he was not recommending that necessarily. Karen Umberger stated on Valley Vision we say if anybody is interested in serving on the Budget Committee to contact Karen (Hallowell) and if someone is interested, they will come forward. She thought we have just not had a lot of luck in getting people to come on the Committee and there are any number of reasons for that but she thought a group of 7 plus the other people makes up a pretty good cross section of the Town and that's what we're really, really looking for. We are a cross section of the community so that we are able to represent the community in our deliberations. Doug Swett stated he thought prior to May we made a motion here saying that if anyone left before that, we weren't going to replace them since Pat Libby passed away and Jim has got done, we haven't made a decision on that. Prior to that, somebody had put it through that we weren't going to replace those people. Chairman stated he thought if one, two or three elected positions is not filled is one thing, but we've got five now. We'll put it out on the TV, if there is anyone that wants to be on the Budget Committee let Town Hall know and we'll draft you in and put you to work.

Chairman Sordi stated in trying to go along with what our role is which is to act as the voice for the people in town, to draft a letter to the various budget making organizations which he thought were the Town, Police, School Board and then the non-profits that come with the Warrant Articles, to basically draft a letter from the Committee, acting as a voice of the people, do it sooner than the budget season saying these are our feelings, this is what we think you should be looking at and at least put it on record that this is what we feel you should be considering when you put your budget together for 2011-12; is that something of interest to pursue. Chairman further stated it was something he wanted to do at the next meeting, try to draft the framework on those letters. Karen Umberger stated she thought that was a good idea; she thought it would be helpful if the Chairman drafted something up that the Committee could take a look at and she thought basically what the School has said is that they are looking at trying to maintain a zero increase and she certainly got the feeling from the people here that was acceptable for all of the organizations that we need to try to hold the line this year on what our taxpayers can afford. Karen Umberger asked Bob Drinkhall if a reassessment had been done this year and Bob stated there wasn't going to be a reassessment. Karen stated the tax rate will be set in October and

that will tell us where everyone in the community stands because even if the value of your home went down, your taxes are going to go up because it's the spending side that's always the problem. Chairman stated he would draft some letters and bring them with him for the next meeting, frame out some bullet points that can go in them and then we can get them out so people will have them before the budget season really kicks in.

Linda Teagan stated she totally agreed because it gets our point of view out but she was questioning who would receive one. Chairman Sordi stated it would be to the Police because they set their budget, the Town sets their budget, the School sets their budget and then we have the non-profits that come before us with the Warrant Articles. Linda asked about the County because the last time she looked the County was 7% of the tax. Karen Umberger stated she felt that was the responsibility of the Selectmen to go to the County and she believed they sent a letter to the County last year. Linda stated its all those little components that make up our budget; if we're sitting here telling the School they should hold the line and then the County is doing other things. Chairman asked if the County came under the Town budget and Karen stated it was a whole separate budget; when you get your tax bill there's a line that says County. Chairman stated we could send a letter to the Selectmen stating this is what we feel and requested that Linda draft that letter.

Bob Drinkhall stated at the last meeting, he had brought up an article that had been given to him and copies were passed out to all members. Again, just a reminder, a zero budget increase in any entity does not equal necessarily a zero tax rate increase. Again, the State \$295 Million this year, \$500 Million to \$900 Million after that, that's going to fall somewhere and is going to effect the tax rate and most likely it will go up. Yesterday on that same note, he made a motion to reduce the tax rate to transfer uncommitted funds of \$450,000.00 to offset the taxes for this year which still results with the best guess estimates at this point in time of a tax rate of \$4.99 versus last year's which was \$4.59, so it would be a \$.40 increase which obviously would be \$40.00 per \$100,000.00, for a \$200,000.00 home an \$80.00 increase, and that's just the Town which is a very small percentage of the overall budget. That will leave a projected 8%, again these are all projected figures at this point in time, for a fund balance at the end of the year for 2011 which isn't particularly high. The State Department of Revenue recommends between 5% and 15% so we are right midway if we come out with the 8%. It was a 5-0-0 vote.

Bob Drinkhall further stated one small victory for the taxpayers; he had a rather complicated motion written up, two of them actually, regarding the turning off of the lights which was reviewed yesterday, this was the street lights. Originally there were 120 of them that were going to be turned off with a savings of about \$15,000.00 and as expected, that was turned down with a 2-3-0 vote. Then an amendment to his motion was made which really pleasantly surprised him which was to turn off every other light in the entire town and he jumped on that and incorporated that with his rather complicated motion or motions and they passed for Public Service 5-0-0 and for New Hampshire Electric Coop 4-0-1 because the Chair is in fact an employee of that particular utility company so basically it was unanimous. They are going to review these because there were a few

lights he did not want turned off that were specific to his list, but this would make a savings on that line item alone of roughly \$44,000.00 plus the \$5,000.00 for lights that they turned off over a year ago which makes it about \$49,000.00 in savings on an original budget of \$93,000.00 which would be 53% decrease in just lighting alone. If we could do that with every line item, we'd be sitting pretty but don't hold your breath. Karen Umberger stated she wanted to remind people that not all lights in town belong to the town and if you happen to be in areas where the lights don't belong to the town, and not every other light is turned off, don't be surprised. Bob further stated he would read one of his motions which is rather complicated that gives options to the other entities in town as well as individuals and the motion read and is just changed by the specific precinct that it's in or District and/or the specific utility company:

To give North Conway Water Precinct the option of taking over all street lights being turned off in their precinct. Response to the offer to be no later than our next Board of Selectmen meeting of October 19, 2010. Effective date of take over to be no later than January 3, 2011.

To turn off every other street light in New Hampshire Electric Cooperative service area with the exception of Pole numbers 17/191, 17/230B and 3 LED lights at Schouler Park.

To notify all concerned citizens of their right to take over any light being turned off at their expense.

Shut off to be no later than January 3 2011. Subject to map review.

Bob further stated they will have to do a map review because they don't want the wrong ones turned off at intersections and so on and so forth. It was basically the same thing for Conway Village Fire District.

Karen Umberger stated this was just something she happened to see today but the State has put out a new *How To Budget* book for Budget Committee members and she thought the Chairman should talk to Karen (Hallowell) and get all members a copy of that because it is everything you need to know about budgeting and it's a great little pamphlet and she can order them. It's a very good book and she knows the School Board can also get that. Chairman Sordi stated that he would send an e-mail requesting same.

Bill Masters stated two years ago he did up a draft copy of the Guidelines from the *Basic Municipal Budgeting* book for Jim (LeFebvre) and for the Budget Committee for the Town of Conway and suggested that he share that with everybody else; he (Jim) decided to hold off on that for whatever reason and Bill has that and can send that along. He did go through the 2009 Municipal book which Jim had and did that and can run that off and e-mail it to the Chairman for distribution and discussion because it was just highlights of all the important things that dealt with the Budget Committee responsibilities and membership. Chairman Sordi requested that Bill e-mail same to him and he would get it out to the rest of the Committee.

Chairman Sordi stated with e-mail, when you are sending something to the whole Committee, try to make it just documents and not opinions or anything like that because technically when you are sending it to the whole Committee like that it becomes a public communication and it has to be entered into the record. Exchanging documents is one thing and that's not a problem, but sending opinions or something like that, try to avoid doing.

Joe Mosca moved, seconded by Bob Drinkhall, to adjourn the meeting at 8:05 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary