

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
February 27, 2011**

A meeting of the Municipal Budget Committee was called to order at 6:30 PM in the Meeting Room at the Conway Town Hall with the following members present: Chairman David Sordi, Bob Drinkhall, Doug Swett, Bill Masters, Ray Shakir, Linda Teagan, John Edgerton, Joe Mosca, Janine McLauchlan, Karen Umberger and Greydon Turner. Also present: Peter Malia, Esq., attorney for the Town of Conway; John Teague, Esq., attorney for the School District; Dr. Carl Nelson; School Board members: Dick Klement, Alana Starkey, Rick Breton, Randy Davison, Lynne Brydon and Syndi White; Bill Marvel; Kelly Defeo; Melissa Stacey; Hunter Libby; Jason Fougere; Colleen Cormack; Dave Robinson; and members of the public.

Chairman Sordi asked Joe Mosca to lead those present in the Pledge of Allegiance.

Chairman Sordi stated the first thing he wanted to do was read a few things into the Minutes and proceed from there. First of all, for those of you on the Budget Committee that don't realize that Joe Mosca is at the table and, if you recall, we did not vote to accept Joe's resignation and in the interim he has reconsidered and decided not to step away and submitted this e-mail to the Committee:

"To All:

"The reports of my leaving the committee have been a bit premature. I have not formally resigned and at this point have no intention of resigning. I have spoken with several members of the committee as well as many officers of the town and have confirmed to all my decision to stay on the committee. I apologize for my abruptly leaving our last meeting. It will not happen again. I hope you will accept this and I look forward to continuing working with all. Thank you.

"Joe Mosca"

Chairman Sordi stated since it was not up for vote, Joe Mosca will continue to sit at the Budget Committee.

Chairman Sordi stated the second thing that he would like to read into the record are a couple of e-mails he sent to the Budget Committee prior to this meeting and then he will read the letter that the Budget Committee received into the record. First, this was sent on February 24th:

"All,

"Please be aware I am in receipt of a letter from the Conway School Board Chairperson. After consultation with the School District's attorney, the Conway School Board

feels the Budget Committee's actions reducing the school budget are 'possibly illegal and void'. They request we convene an emergency meeting prior to February 28th to resolve this issue. Failure to do this may result in further action by the Board.

"I am working with Lucy (Philbrick) to have the town's attorney review the Board's letter. I will let you know what his response is as soon as I hear from him.

"That being said, if our attorney recommends having a meeting, it will be Sunday evening at 6:30 p.m., location to be determined.

"Finally, given the sensitive nature of this issue, and the potential legal aspects of it, I ask that no one respond via e-mail to this note. Instead, if you would like to discuss this, please call me.

"Karen H., please pass this along to Bob and Doug.

"I will keep everyone updated via e-mail as I hear more.

"Thanks, Dave"

Chairman Sordi thanked the Budget Committee for listening to that request about e-mails. The second e-mail was sent later that day:

"All,

"After discussing the letter from the School Board with the Town's attorney, we feel it is prudent to hold an emergency meeting Sunday night, February 27th, to resolve the matter. The meeting will start at 6:30 p.m. Assume the meeting will be at the Town Hall Meeting room unless you hear differently from me.

"Our town attorney will attend.

"Lucy, please let Peter know about the meeting particulars. Janine, please let the School Board and their representatives know.

"Karen H., please let Bob, Doug, and Valley Vision know about the meeting. Also please post the following agenda:

Call to order

Pledge of Allegiance

Discussion of School Board's letter to
Budget Committee dated February 24, 2001

Closing

"Finally, as noted in my last e-mail, I ask that if you wish to discuss this matter before the meeting please call me. Do not send e-mails.

"Thanks all, Dave"

Chairman Sordi stated that he would now read the letter from the School Board into the record; this letter is dated February 24, 2011 to David Sordi, Chairman, Conway Municipal Budget Committee:

"Dear Chairman Sordi:

"The Conway School Board has met with counsel to discuss the recent vote by the Conway Budget Committee to reduce the proposed school budget by eleven percent. Counsel reviewed with the Board the New Hampshire Supreme Court case of Baker v. Hudson School Dist., 111 N.H. 54 (1971), (copy enclosed), in which a budget committee had taken similar action and then sought to prohibit the Hudson School Board from restoring more than ten percent of the budget committee's figure. The Supreme Court determined that the arbitrary cut of a percentage of the budget by the budget committee represented a failure of the committee to do its job to review the budget in a responsible manner and was therefore illegal and void.

"For similar reasons, the Conway School Board believes that the Conway Budget Committee has failed in its duty to review the budget as presented by the School Board in a rational and responsible manner so that the proposed cuts do not force the wholesale removal of programs, the closing of facilities and other precipitous actions that may jeopardize the tuition contracts with surrounding districts, and education in general.

"First, it should be observed that the School Board's budget came to the Committee in a pared down state, the Board being duly mindful of the continuing recession in the local economy. Second, the eleven percent was applied to both fixed charges, such as bond and interest payments and non-fixed charges such as a building maintenance. Thus, the net effect on those non-fixed cost items is actually much higher than the eleven percent. At present, the Budget Committee's action amounts to an over Four Million Dollars (\$4,000,000) reduction which must be taken from the other than fixed cost accounts.

"Finally, the Board wonders if the Committee was aware that should amounts be restored by the meeting and the Department of Revenue Administration were to eliminate those expenditures over a ten percent amount, DRA would start with the last Article voted upon by the voters and move backwards up through the Warrant, rather than taking

this amount pro rata from each Article. This directly jeopardizes the Special Articles at the end of the Warrant, including the trust funds which the District is obligated to maintain under the tuition contracts with the surrounding seven towns.

"Given that the Board believes the action of the Committee could have catastrophic effects on the operations of the schools of the District, and given that there remains a short period of time within which the Committee could act to avert this calamity, the Conway School Board requests that the Budget Committee convene a special session prior to the February 28, 2011 posting deadline to reconsider its actions and to work with the School Board to find a workable budget or, at least, to find a set of rational budget options for the voters to consider.

"While we have been advised that the act of the Committee was probably illegal and void, litigation between agencies of government is a last resort and a waste of taxpayer money if other alternatives are available. It would be much more preferable if the Board and Committee could find a solution to this problem without court intervention. We look forward to hearing from you as soon as possible and to working with you for the good of the Conway community and the children of the Mt. Washington Valley.

"Very truly yours,

"Janine McLauchlan, Chair for the Conway School Board"

Chairman Sordi turned the meeting over to the town's attorney, Peter Malia, Esq., to go through his assessment of the letter and the situation.

Attorney Malia suggested we begin by him giving an overview of why we are here tonight and then turn it over to Attorney Teague, the School Board's, lawyer for him to give an overview of the School Board's position, after which we return to the Budget Committee for Budget Committee comment and afterwards open it up to public comment and at the conclusion of that public comment, he thought then it would be time for the Budget Committee to determine whether or not they want to reconsider the vote that they took two weeks ago. In order to reconsider, somebody who voted in the affirmative two weeks ago would have to make a motion to reconsider; if nobody makes that motion then the meeting is over. If somebody does make that motion and it's seconded, it doesn't have to be seconded by somebody who voted in favor, then you'll vote on the reconsideration and if a majority of those here want to reconsider and the motion carries, then you'll be able to go ahead and reconsider your vote of two weeks ago. If the motion fails, then the vote of two weeks ago stands. That is how he would suggest that we proceed tonight. We've already heard about the 10% rule, we're going to be hearing a lot more about it tonight, he will talk a little bit about that and a little bit about the Baker v. Hudson case. Before he does that, he wanted to say

that he knows that there are people here who feel very passionately one way or the other about what's going on tonight and would suggest that everyone observe the rules of common courtesy and if you're not speaking, be listening and direct all of your comments to the Chair so that we don't get into a cross examination situation; try to speak to the issue, not the people and let's just not vilify one another; let's just conduct ourselves in a civil manner tonight.

Attorney Malia stated the 10% rule is set forth in RSA 32:18; you all are aware of it. It says that the total appropriations made at the annual meeting may not exceed the total expenditures recommended by the Budget Committee by more than 10%. The total appropriations made by the annual meeting can not exceed the total expenditures recommended by the Budget Committee by more than 10% and it sounds simple enough but he thought it becomes complicated when you actually calculate that 10% allowable increase because fixed charges are not included in that calculation. Fixed charges are defined as mandatory county, state or federal assessments and also appropriations for debt payments. Those are not included in the calculation of that 10% payment. To give an example from the local Government Center's Budget Committee book, they give an example: you have a \$10 Million budget and say that \$9 Million of that is the Operating Budget and \$1 Million of that is fixed charges, county, state or federal assessments or appropriations for debt payments. You have a \$10 Million proposed budget, \$9 Million of which is operating and \$1 Million of which is fixed charges. The allowable increase at the annual meeting would be \$900,000.00 which would be 10% of the \$9 Million Operating Budget. That's how you arrive at the allowable 10% increase and so the maximum permissible appropriations at that annual meeting would be \$10,900,000.00; the \$10 Million budget plus the \$900,000.00 permitted by the 10% rule. That's sort of an easy explanation of how that works and he thought we would be hearing a lot more about it tonight. It is recommended by the DRA at the School Meeting that the Moderator appoint somebody, and he thought Doug Burnell usually does this, to keep track of the 10% rule so as votes are passed on the floor at the annual meeting, a tally is kept so that voters know when and if they are getting close to that 10% limitation because as he understands it what the Department of Revenue Administration will do, if you hit that 10% cap at a meeting, is that they take the Warrant Articles chronologically and they will start disallowing each Article after you hit that 10% cap. That's sort of a simplistic overview of the 10% rule.

Attorney Malia stated the School Board in it's letter attached the Baker v. Hudson case from 1970 and in that case the Budget Committee recommended a smaller budget than the School Board which is the situation we have here, and in that case the Budget Committee wrote a report and in their report they said that they were "of the honest opinion that the budget presented \$1,760,000.00 with the allowable increase of \$176,000.00 (that's the 10%) is a fair and just budget with the increase." What they were doing is they were relying on the voters to increase the Budget Committee's recommendation by 10% pursuant to that 10% rule that he just talked about and only with that 10% increase did the Budget Committee feel that the budget would be a fair and workable budget for the School District and the Court held that the Budget Committee is not entitled to rely upon the powers of the voters to increase the budget by 10%. You

can't arrive at what you believe is a fair and workable budget and then take off 10% knowing at the annual meeting the voters can put that 10% back in if they want to. That's the essence of the Baker v. Hudson case. The Court called that a subterfuge, you can't do that.

Attorney Malia stated he has been trying to assess that case in relation to what happened here a couple of weeks ago and he hasn't had a lot of time to deal with this issue but he's had some conversations with Bob Drinkhall over the weekend and understood that Bob made the motion a couple of weeks ago that eventually carried what resulted in the 11% reduction and it's his understanding that it passed 6 to 4 and that at least 5 of you did not vote for it along the lines of Baker v. Hudson, you didn't vote for it hoping that the voters at the annual meeting, or expecting the voters at the annual meeting, to reinstate 10% of the budget thus getting you back to what you think is a fair and workable budget. When we get to the Budget Committee comment after Attorney Teague speaks, perhaps those that voted in favor will want to speak of this.

Attorney Malia stated to John Edgerton that he hadn't had an opportunity to speak with him nor has he seen the Valley Vision replay of the meeting but he understands John may have made some comments indicating that perhaps it was his intent that the voters might add 10% back in bringing it up to a level that he thought was fair and workable.

John Edgerton stated his position was that the body at the time of the meeting could raise it as much as 10%; it was up to the body to raise it. No, he did not say and if he did, it was not intended. It is the body that has an opportunity to raise it to wherever they want to.

Attorney Malia stated he did not believe that the vote that was taken here two weeks ago is sort of controlled by the Baker v. Hudson situation because it doesn't sound to him like the members made the 11% reduction relying on the voters at the annual meeting to put 10% back in and get you up to a point that you thought was a fair and workable budget for the School. He didn't think the vote of two weeks ago was illegal under that analysis. It doesn't necessarily mean that you can't go ahead and reconsider it tonight if you hear or receive some information tonight that is compelling and leads you to believe that you should reconsider, but he can't say under a legal analysis that it doesn't sound to him that the vote was illegal under the Baker v. Hudson analysis. That's pretty much the overview from him and suggested to the Chairman that he turn the meeting over to Attorney Teague and then comment from the Budget Committee.

John Teague, Esq. stated first of all, he very much appreciated the Budget Committee responding to the letter, short notice, Sunday night, 11th hour, and you've met and he was quite encouraged by that, regardless of the outcome of tonight, it's gratifying to see when Town government responds to itself. As he said, as the Chair said in the letter, the last thing we want is for Town agencies to be suing each other if we can avoid it. So, he's very appreciative and on behalf of the District, thank you for coming here tonight and considering what is a fairly, obviously a very important question.

Attorney Teague stated he doesn't want to get involved in a legal discussion either as much as Peter (Malia) and he might enjoy doing it, he was sure the members had better things to do with their Sunday night than listen to their opinions because frankly he doesn't think it's a question of whether your act was illegal or not; it might come down to that in a Court case, but this isn't a Court case; this is a request by the School District to ask the Budget Committee to reconsider what it has done because of it's effect on the School District and the effect a percentage decrease such as you've voted for falls on the District in disproportionate ways.

Attorney Teague stated he had the pleasure of being the Chair of the Pittsfield, New Hampshire Budget Committee during a prior recession and he knows what the pressures are at those times on government and Budget Committees but what impressed him in going through their School District budget was how very little discretionary money there is in Town and School budgets to begin with. The oil costs what the oil costs; electricity costs what electricity costs; Special Ed costs what it costs. You end up going through this is and what it costs and you get down to the end of the column of the budget and you're faced with how very little discretionary money the Board has to increase or decrease.

Attorney Teague stated when you adopt a percentage decrease such as you have, it falls on that fairly small portion of the budget, disproportionately to the percentage itself so it's actually in effect a decrease much larger than 11%. To the extent that if the budget was adopted by the voters, you're talking about as much as a \$4 Million decrease in one year. This is going to fall on that small number of programs over which the Board has that kind of control. It means, and he has other people here who can talk of this better than he can, some pretty drastic and perhaps catastrophic decisions will need to be made on various programs and before that happens, the Board felt very strongly, and he agreed with them, that it was time to step back from the precipice, think about this, ask yourselves if this is really what the Budget Committee had intended and even if it was, is there a compelling case to be made by the School District that that's not really in the best interests of the Town of Conway and the surrounding towns because as you know, we are the receiving District for the 7 surrounding towns and they depend on Conway to run the school system under it's agreement. If we were to fail to do that in a material way, it would jeopardize that tuition contract which is a critical part of maintaining the facilities in the Town.

Attorney Teague stated now, that being said, does that mean that the Budget Committee is suppose to sit there passively accepting the budgets handed to it by the School Board. Absolutely not; we're not here to make that argument; we're here to say that the cuts that are made should be thought through, they should have a rationale behind them, they should be cognizant of what the actual effects are on that amount of money that's discretionary and then the decision is made by the Budget Committee and it's ultimately up to the voters to decide what to do. Our problem is the way this has happened so far is seemingly without that conversation and we're really hoping you will consider reconsidering, that doesn't mean changing your vote on the ultimate question, it means to step back and

think about this before it happens. We have a small window of time to take another look and that's what the Conway School Board is hoping you will do as a co-agency of government. You don't really need to hear from him, you need to hear from the School District and that's what he hoped would happen in a free discussion about this problem.

Chairman Sordi thanked Attorney Teague for his comments and opened it up to the Budget Committee for comment and if the School District had comments and then open it up to the public for comment and go from there.

Chairman Sordi stated he would start off with the Budget Committee comment. The Budget Committee has made it very clear and has been very consistent in its message to the School system as long as he has been involved in the Budget Committee, that there needs to be more effective control of the spending associated with the education. It started last year and really reached a crescendo last year when approximately \$1.3 Million of bond funding that was retired was absorbed or was used up to fund the programs in the school system. In addition to that, there were additional funds that were requested above and beyond that. It continued this year in discussions with the School District or with the School Board, with Janine (McLauchlan) being on the Budget Committee, and culminated with a letter going to the School Board, he forgets the exact date, but he believes it was in October of November saying that we felt that a 5% reduction in the School budget was manageable. Janine, the School Board Chairperson, who has been involved in these meetings, in the Budget Committee meetings, at no time did we hear from the School Board about having a joint meeting to discuss the budget and come up with a recommendation from both groups with an acceptable budget.

Chairman Sordi stated the School Board went through the budget cycle with the School District, came up with a budget that was, he believes, slightly above last year's budget, just the budget itself was the \$33 Million +/-, that's under the Warrant Article and it was sent to the Budget Committee very shortly before, in fact, it was delivered to us the first night of the budget hearings that they had. It was delivered late in the first place, at the beginning of the budget season, at least for the Budget Committee. We began our discussions with the School District that night, Dr. Nelson and his administration were at several budget meetings as we tried to understand what went into the budget, what they were doing to identify ways to more efficiently deliver an excellent education to the children in the community. At no time was the Budget Committee advocating about not delivering an excellent education; what we were advocating was fiscal responsibility and we did not see that very clearly from the School administration. As a matter of fact, what we continued to hear was "we need to deliver an excellent education, here's our budget". In fact, in the discussions the last night when we had the School administrations from the Middle School and the High School in front of us, we actually heard the Middle School Principal state no matter what type of reductions in enrollment at the Middle School occurred, he did not advocate eliminating one team of teachers from that school. To the Budget Committee, that struck us as being very misguided in the current environment and, to be honest with you, it's misguided at any fiscal environment. If you don't need the team, then why would you keep it. He explained why and we didn't agree with that explanation.

Chairman Sordi stated he thought that the Budget Committee has been very clear in its efforts to try to explain its position about fiscal responsibility and we felt at the meeting of the vote that it fell on deaf ears. So, he believes that the ultimate vote that did happen that night was from our belief that action needs to be taken and that the School administration needs to begin looking at ways to more effectively use the money we give it. There has to be an end to the amount of tax increases that we are seeing that are going to the Schools and so that's why he thought the vote came out the way it did. To give a perfect example, and he gave the example to the night of the School vote, about some of the ways that you could more efficiently use money and was talking about the teams at the Middle School and how that might be more cost effective to do it, but yet still deliver an excellent education. Someone remarked to him about 3 weeks ago that there's really only a small amount of discretionary funding that the School District has to play with and Mr. Teague mentioned that in his comments tonight, and he disagrees with that. What came out of the conversation he had, there's probably about 15% that's mandated, and he shouldn't use a percentage because it could be misconstrued, there's a small percentage that is mandated, absolutely must be spent, the amount really can't be changed whether it's bond payments or whatever it may be. There's a large percentage in the middle that is for the mandated programs that we may have to deliver and there's a small percentage at the top that the gentleman that was talking to him made the case of that's what can be affected and that's where some money can be cut and that's why you see such small cuts in the School budget. What he said was that was not true; what can be managed is what's above that small percentage that's absolutely required at the bottom.

Chairman Sordi stated for example 15% at the very bottom that's absolutely required for bond payments; 70% in the middle for all the programs that we have to do as mandated by the State; and maybe 15% above that which is that discretionary where we can try to decrease funding. His point was that the biggest savings you might be able to find in the 70% that is for mandated programs by figuring out how to deliver those programs more cost effectively. To just sit there and say "it's required by the State, we have to do it" is fine, figure out a way to do it more cost effectively and that's why, personally he believes, he was extremely frustrated the final night of discussions with the Schools because he doesn't see that initiative being taken by the School District to find ways to more efficiently deliver an excellent education. From the Budget Committee's perspective, even a \$1 Million increase that the School Board had asked the School District to look at to reduce their budget, was met with claims of having to eliminate programs that really began the ball rolling on all of these discussions we've had over the last few months and, personally he believes the programs that were possibly going to be cut were meant to push buttons within the community and he thought there was a lot of people on the Budget Committee that saw that; there were no other options given to figure out ways to more effectively manage the schools while still giving an excellent education.

Chairman stated those were his comments and we'll just go along the line here for member comments. Karen Umberger stated she did not have anything to add.

Bob Drinkhall stated he had a few points; first of which he wanted to clarify the issue of the 10% mentioned in most of the correspondence regarding this particular meeting and he did state that night and still holds that belief and did say that he would be very disappointed should up to 10% be reinstated at the Deliberative Session because he felt very strongly that we could afford and must do the cuts as, or very close to, what we propose. It did take nine suggestions, seven of which were voted on, and the second one that night was for \$27.1 Million as being the budget. That would have been a 18% cut to the overall budget. In addition, there were four different Articles that did not pass and those equal \$442,000.00 as far as recommendations from the Budget Committee is concerned, so it's a total of \$4,081,760.00 that was not recommended by the Budget Committee between the actual budget that was recommended and the four items on the Articles.

Bob Drinkhall stated one of the deciding factors to him was he asked for 15 years of figures from Carl (Nelson) and most have seen this but some may not have, and that shows in 15 years the budget has increased 118%, the School enrollment has dropped 8%, the staffing and this does not include bus drivers, cafeteria workers, etc., this is basically educational people, has increased 84%. In 1996/97 there were 186 that fell in that category, this year there were 343. In reviewing all of this information and he attended several of the School Board meetings, particularly those when they were discussing the budget, as well as being at all of the Budget Committee meetings, he doesn't believe in micromanaging and doesn't have all of the knowledge that would be necessary to properly micromanage what the School Board has to do. Hence, he did make the final recommendation that did pass and he would just like to state that recommendation of basically \$29.4 Million is between the 2006/07 budget of \$28.9 Million and the 2007/08 budget of \$30.7 Million, so all we are doing is going back a couple of years. In those couple of years there are many people in town whose income has not increased at all. So, all we're asking is that this be in line with what the people can afford and he stands behind that 100%.

Janine McLauchlan stated she just wanted to comment on a couple of things. In regard to the \$1.3 Million, Dave, you said that we absorbed that into the budget and she would just like to clarify that; it didn't get just absorbed, they did have legitimate expenses in addition to the budget that actually exceeded the \$1.3 Million, so that \$1.3 Million was actually applied to those increased costs, for instance, health insurance, retirement expenses and so forth. That's one clarification. The second is in regards to the Middle School, you stated that Kevin (Richard) said that no matter what enrollment, what the enrollment number went to he would keep the fourth team in place; however, what you didn't say was that he would find money elsewhere to offset what he felt the cost of the team was because he felt very strongly that it was important to have a fourth team to deliver that education to the Middle School students. That's another clarification. The other is that it wasn't until the final meeting that any suggestions of fiscal responsibility on the

School budget were brought forward. For instance, contracting buses and closing an Elementary School, etc. There is a study underway by the District to contract out the school buses; that's something that's underway. They also have a Special Education Committee in place to do a study on delivering Special Education in a more fiscally responsible way so that is happening. As far as closing an Elementary School, that has been done within the past 2 years and what we found was because of the way the Tuition Contracts are set up it would actually be an additional cost to the District to move 6th graders up into the Middle School and possibly close an Elementary School. She guessed her comments are that although some of these ideas were not closed minded to, they have been put into place whether it's currently or in the past, they've looked into them and just to say they can't do it all at once, it would just be catastrophic to do that.

Chairman Sordi stated to Janine's (McLauchlan) first two comments, he agreed. Kevin (Richard) did say that he would find cuts elsewhere. Chairman's point was why find cuts elsewhere if it makes sense to get rid of the team if you have three teams that are adequate to teach the students that you have. Regarding the message of fiscal responsibility and that it wasn't until the last meeting that we brought up the issue of fiscal responsibility, that's completely inaccurate. This Budget Committee has been very clear since last year that we found it to be very disheartening, that the tax burden on the community continued to go up and the budgets continued to go up for the schools. To say that we have not been consistent in our message that the school budget needed to be brought under control and that fiscal responsibility needed to be shown with the budget is, in his opinion, very wrong and he would open it up to the comments as we go around, you can comment to that also.

Janine McLauchlan stated she would respond to that because she wrote it down exactly what she said. She didn't say that you didn't bring up the idea of fiscal responsibility until the last meeting, what she said was that specific suggestions of fiscal responsibility weren't made until the final meeting.

Chairman Sordi stated that's correct; we brought up specific examples. As Bob (Drinkhall) said, we're not trying to micromanage the budget. Our role is to look at the budget overall and it's incumbent upon the administration who we are paying to manage our schools, not only to deliver the education but to manage the schools, to find ways to efficiently deliver an excellent education just like every other school administration in this country has to do.

Bill Masters stated his understanding of the \$1.3 Million did come from the 5100 line item which is Debt Services and in talking with the Director of Finance from the school system, that was not specifically from the bond issue, but it was shown as bond interest and surplus. His understanding of what happened is probably a loan that was renegotiated sometime during the course of the year for lower interest rates. When it was planned, it seemed to him that the issue of bond principal and interest is a dedicated fund; it is one of those items that has to be included as a non-lapsing fund that is responsible to be fitted into the budget. It also in looking, and this is a layman's interpretation of

that, it says basically that those funds or surpluses from those funds once they are completed can be used only for bond issues or note issues. He may misunderstand that, but if they were used for paying increases in health care or health insurance, dental insurance, retirement programs, he didn't think those were bond issues and as he understood it, that money can be spent to reduce the principals with voters permission, meaning the voters must say that you can use that to reduce the principal on other bonds and notes. Now, he may be wrong on that.

Bill Masters stated the other thing is that he spent some time going around and visiting the various schools. The teachers have been delightful, he has had a wonderful time with them; the folks that he has talked to have been very cooperative, very open and very honest. One of the things that he picked up on in his travels is that there is a policy in place to promote children who are not Proficient at one grade level on to another. He doesn't know how that is cost efficient in terms of using the taxpayers' money and he is sure that it shows up in the exams down the line in terms of a student who can only read at the 4th Grade level is promoted on to the 6th Grade level when they sit down and take the State tests, how are they going to understand the problems that are on that test and it defies his ability and his understanding of that. In line with that, if we have a policy perhaps in place for children who are not Proficient at a given grade level and the teacher says "frankly this child is not ready to be promoted" particularly in the Elementary areas, that's really the foundation of the children, if they are not Proficient when they complete the basic elementary and are promoted on to the 7th Grade and they can only read at the 4th Grade level, how do you expect them to do the work at the 7th Grade level. It just seems to him that the policies could be put in place that says if a child is not ready to go on, they are given an option: either repeat the year or attend Summer School and this would be for the category 2 student which says basically that they are slightly below the Proficient level. In asking the principal if he could do more if all of the students were at a Proficient level when they get to High School, that would certainly cut out some of the referents in terms of tutoring, remedial reading, those things that might be cost efficient. He can't imagine with his being a parent wanting his child to be promoted if they can't do the work at the current level they are in and he can't imagine any parent going out there saying that. Those are some of issues he picked up on.

Bill Masters stated the other things were that there seemed to be an awful lot of social services that he would consider to be Health & Human Service issues rather than educational issues in terms of psychiatrists, occupational therapy, so on and so forth, we have for children in that category. Now understand, he's not saying those services are not needed, but who pays for it, where does the funding come from; is it essential to have that as part of our educational process. If he looks at that in terms of where does the funding come from and, for him, he's not convinced that we're utilizing, that we're trying to absorb services in the educational system which he sees basically imparting knowledge and skill on the student so that they can be competitive when they graduate as he wanted his kids to be and as he wanted his grandkids to be. The point being is are we really taking a long, long hard look at these

things to see whether they are cost efficient in terms of the dollar we're spending.

Ray Shakir stated first of all, he wanted to make it very, very clear that contrary to what he's been accused of, he is very, very much for a good education. What he is against is wasteful and inefficiency so with all due respect to you sir, he does not agree with him in terms of your small envelope for non-discretionary spending. He believes that most of the school curriculum can be categorized as discretionary and a relatively small amount is non-discretionary. He will go through a couple of things that he had brought up before just to reinforce it. When he gave his list, he wants to also make it clear that list was strictly examples, it was by no means a complete indication of what he believes we can compromise on and make more efficient. It was just an idea, perhaps he's not that articulate to say it in other words in giving examples, but he gave examples just to show that these areas can be worked on and they can cut a significant amount from the School budget. He didn't think there was, of course there's arguments back and forth and that can be compromises back and forth no question about that, but they were topics which he believes were not properly addressed. For example, Special Education which is a tremendous portion of the budget, the young lady that was here a few weeks ago, he forgot her name, that was in charge of the program, she said that there was no such thing as a student that is not educate able and he really thinks that is an absurd statement and given the benefit of the doubt even if it did have merit that translates to him that there's no limit to how much you should spend on an individual to "educate" that individual and the taxpayer is on the hook for that complete expenditure. Notwithstanding the fact that certain individuals for their entire life are going to be on the public dole, there's no question about that, but spending an incredible amount of taxpayer money to educate this individual, notwithstanding the fact that they are going to be on the public dole, is okay and he doesn't think it's okay. He thinks there should be a line drawn to how much to a cost effective point; after a certain point it's just not cost effective to spend money on somebody that is going to be a ward of the State for the rest of his life, not if the taxpayer has to be the one responsible for that.

Ray Shakir stated that the school has drifted into other areas that shouldn't be the school's purview. For example, they're into social programs and he didn't thinks schools should be involved in social programs. Schools should be in education, not social programs. Schools are doing welfare programs, the school shouldn't be in welfare, the school should be in education. There are areas there that the schools have drifted over into that shouldn't be involved with education which has no effect on the quality of the education. It's just that they branched out into these other areas and again the taxpayers are on the hook for what they decided was related to education and he doesn't believe we should be paying for that.

Ray Shakir stated the other thing was the use of facilities. Nobody is going to tell him that closing a school is going to cost more money than not closing a school. That's blatantly absurd and if that's the case, then there's something wrong, their procedures are wrong if closing a

school results in spending more money. That doesn't make any logical sense to him. There are also other situations with the school that he finds kind of strange; a lot of the administrative positions, some of which are examples he provided have very little to do with education and it seems to him that it's blatant featherbedding. He doesn't believe that we have a problem with discretionary spending; there's plenty of fat; there's incredible amounts of abuse and the taxpayers are the ones that are paying for it and he provided the examples to bring that to light, that's all he did and that doesn't necessarily mean that this is all we should work on. We should work on a lot more stuff than the examples he provided, but they are just a basis.

Doug Swett stated many of the things being discussed here tonight go back a long way; back 10 years ago the cost of this education system has gone up, up and up and it has been mentioned many times and it has always been at least a minority on the Budget Committee that felt this way. This year it happened to come to a head; times are bad, people are unemployed, people are losing homes; people are looking for jobs that aren't there; fixed income people are in trouble and we think it's time that we face these facts and do something.

Joe Mosca had no comment.

John Edgerton stated he had two comments; one, we've discussed closing schools and moving the 6th Grade for the last 5 years. The Budget Committee, and he's been off and on it since 1975, has never tried to micromanage anything. We are looking for fiscal responsibility. If you can move the 6th Grade to the Middle School and you've got 90 students, 15 students per class, and you move five instead of six classes there, you move the class size up to 18 and you eliminate a teacher. If that's not cost effective, he doesn't know what is. He doesn't want to bring some of these things up because it is micromanaging. If you close one of the schools, there's 90 students per school and he means 90 total students per grade town wide and if you eliminate one of the teachers for each of those grades, you're still only at 18 students per room. These are things that have been discussed over the last 5 years at least.

John Edgerton stated that the tax rate has doubled. If somebody bought a house 10 years ago, 10 years from now if this keeps going the way it is, the tax bill will be equal to the mortgage payment they started with. He doesn't even know teachers who can afford that.

Greydon Turner stated he does appreciate the work the School Board has done on its numbers and he doesn't believe they are just making up and purposely looking for ways to inject as much as they can into it. He also understands the voter doesn't have endless pockets in which they can continue to fund and fund. He does believe some facts and figures do need to be examined and didn't know if it could be done at such a late hour at this point but he certainly thinks that Bob (Drinkhall) has done a good job at bringing certain numbers forth and the School Board has done a good job at bringing numbers forth. He realizes that some of us feel that we don't need to micromanage, but he does think at this point perhaps there are certain areas that need to be tackled in particular and in detail to get facts and figures so that when you bring forth recommendations its

done with a concrete foundation that says yes, this can make a difference and where it can't.

Linda Teagan stated as the last speaker she was not going to sum up everybody, but she would like to say that the Chairman has done a good job of expressing a little bit of history of what's going on and the frustration that she believes herself and obviously the Chairman has felt in dealing with the School. It's been a very interesting group and she feels honored to have served with this group because in addition to going over the various budgets, it's clear that all the members of the finance committee have spent a lot of time thinking about what could be done to improve the education piece of the system with respect to the situation that the average taxpayer finds themselves in in terms of the economy. She thought it was clear from some of the suggestions that have come up that the members of the Budget Committee are thinking not just short term but long term in terms of changing facilities, closing a school, rearranging, etc. because she doesn't look on this as a one year issue, this is a situation where the employment numbers haven't come back, housing hasn't come back, we're in for a situation that's an awkward, to say the least, economic situation that looks as though it's going to continue for several years.

Linda Teagan stated she thought a lot of the suggestions that were advanced by the members of the Committee rearranging classes, closing schools; it's just an enormous concern to herself and others on the Committee that we are in a situation where we have declining enrollment, below average scores on the SAT level and increasing costs and that can't go on. She thought some of the suggestions talked about, not just closing an Elementary School, but what in heavens name are we now doing funding two High School buildings. Built a new High School and the old High School still lives and that has got to be an enormous, an enormous cost; yes, it's been renovated for the Middle School but there must be empty space there. You have to think differently and she thought this is what the Budget Committee is trying to say; maybe the Middle School belongs in the little Elementary School and you sell the High School to somebody whose going to put condos in there so that you'll have customers for the businesses in Conway. No individual thing is going to solve this, but she guesses that when we put out these ideas, she thought what's been frustrating is that we don't get the back and forth response from the School committee. We're looking to give a great education focused on education, you can't focus on education when you're trying to run a bus system, maintain these buildings that are half empty, which she was not sure of, the focus has to be on the education and that's all she has to say on that. She is encouraged that Attorney Teague appeared to agree with the Budget Committee's attorney that the Budget Committee's actions were legal and that's extremely encouraging.

Attorney Teague stated he had better correct the record; he didn't go that far. He said that's not what tonight is about, whether it is or it isn't, that would have to be determined by a court. So, he wanted to correct the record on that. He didn't think members would want to hear a discussion about his opinions or Peter's (Malia) opinions for that matter. Let him just throw in something and then the District should be the major speaker, but he's been doing education law in New Hampshire

since 1976; he does Special Education work, he's done it since that time; he works with juvenile laws and has watched the State Legislature, at every session of the general Court, add another obligation which they are happy to send right to you without a penny of support and while he absolutely shares the frustration of the gentleman in front of him that we shouldn't be the social service agency of last resort, in New Hampshire that's exactly what has happened and the problem is expecting through a budget cut the School Board to reverse State law is just not going to happen, it can't happen. The Federal courts are the ones that determine how much education is to be given to that individual who you may consider to be uneducate able and Peter (Malia) can describe that to you how these Federal Court cases have gone so that the School District has absolutely no choice when it comes to providing the 5 hours of education to that individual and simply passing it on to the School Board of we don't care, we want the law to change is looking at the wrong agency. The agency is the State Legislature and Congress when it re-does the Special Ed laws because every time they've redone it through No Child Left Behind and the other Federal legislation, all very well intentioned and well meaning, but in New Hampshire falls right on the heads and shoulders of the local property taxpayers and he just wanted to say that's a major factor in why it's so expensive to run these schools.

Chairman Sordi stated since Attorney Teague was speaking directly to Ray (Shakir) he was not going to get into a big discussion as he wanted to try and move this meeting along. Ray can respond and then he wants to move this meeting along.

Ray Shakir stated he would not dispute what he is saying about the unfunded mandates. He happens to take a different attitude to it; he thought we should give them as much grief as we possibly can. With that being said, again the young lady whose name escapes him who runs this program, sat there and said that she was proud of the fact that Conway provides a step above what the State mandates. He is not going to dispute what Attorney Teague stated about the State mandates coming to Conway, but he will dispute the fact that that is too much already and then she said that Conway proudly goes above that and we provide even better service to our Special Education needs. It seems to him that that segment of the budget is more than we are mandated to provide and what is mandated is not disputed and maybe that's part of the problem that the individual towns, districts, whatever don't give the State enough grief. Maybe we should start giving them some grief. That's the way he looks at it.

Bob Drinkhall stated the Governor's current budget proposal has stated that he is proposing cutting another \$174 Million from the 2-Year Biennium from the elimination of the State's 35% retirement contribution, this will be turned over to local governments. Also, he is talking about cutting Catastrophic Aid by \$63 Million and maybe Karen (Umberger) could comment on it because she's involved in it, but if this passes in this manner, this is going to be passed on to the local taxpayer and we're talking about the local taxpayer who hasn't in some cases seen an increase in their salary or retirement benefits or whatever their income might be and this just can't go on.

Chairman Sordi stated he would open it up to Janine (McLauchlan) and the rest of the School Board members and to Dr. Nelson and the rest of the District if they would like to make any comments. Chairman reminded anyone who wanted to speak to please come up to the microphone and state their name so that it is on video.

Dr. Nelson stated he did want to discuss Special Ed and it is a mandate; it's a State and Federal mandate and John (Teague) has already explored that a little more in depth and if we don't follow those mandates we will actually lose funding, Grant funding from them. It is a requirement and we are suppose to be the examples of obeying the law that's out there; if we don't like it, we should work on changing it. He didn't disagree there; maybe there are some areas that can be dealt with, but they do have to follow it.

Dr. Nelson stated with regard to the closing of an Elementary school, that's been a discussion for a while. There was a committee formed 2 years ago and there were a number of different people on it, not purely School District people but community members as well and they did a thorough examination of that and decided at that point in time that it was not worth closing an Elementary School, doesn't mean it can't be revisited in the future, but at that point in time it was not worth it. One of the things and Janine's (McLauchlan) right, there's a shift when you look at the Tuition Contracts and you put more Conway kids in that Middle School, you're going to distort that and he thought they were slated to lose in tuition and that's what you're talking about, maybe not the total cost but we were slated to lose in tuition about \$300,000.00, somewhere in that neighborhood, because all of a sudden Conway would have a greater percentage of kids at that Middle School if we move our 6th graders there. The other ones that contribute to that Middle School: Eaton, Albany, Madison, Freedom would pay a lesser amount, their bill would go down and Conway's would go up; that's one of the reasons for it.

Dr. Nelson stated he wanted to go back and just reflect a little bit; the budget they brought to the Committee because of some increased revenues which actually reduced the tax rate by \$.29 per thousand before the Warrant Articles. Over the period of time that you are talking about Bob (Drinkhall), Conway used to pay he thought 68% of the total budget, they'd raise 68% of that budget in taxes to pay for the education of all the students in Conway and those who came from other towns. Currently, Conway only raises 49% of those taxes. With the proposed budget that the members have in their hands it would have been 47% of that budget to educate all the children that come from Conway, the others would come from the sending towns and he thought that was an exercise in efficiency the way the contracts were developed and the benefit that Conway has received from those Tuition Contracts.

Dr. Nelson stated he didn't know the exact figure being looked at in terms of cutting the budget, but with the action that was taken under the best case scenario, best case scenario, they would have to cut into the budget that they presented by \$830,000.00 and that's zeroing out all of the Warrant Articles, even the ones that you guys recommended, they are zero. They have the 3 Tuition Contract Warrant Articles that amount to about \$81,000.00 that would stay in, but they would still have to cut

about \$830,000.00 out of the budget. As you recall, they did an experiment for the School Board, an exercise for the School Board, which went back and cut \$1 Million and \$1.5 Million out of last year's budget and we presented that to them with the ramifications of that and he does have to disagree, there were no items put in there as sacrificial lambs if you will to get the public's vote. The Administrators he thought did one heck of a good job going back and having the least educational effect, the least detrimental effect on education to the kids of the schools when they put together that program. They presented that and it was open for public comment and the Board entertained many people, both from Conway and sending towns that were not pleased with the cuts that would have been represented in that \$1.5 Million or the \$1 Million.

Dr. Nelson stated Bob (Drinkhall) was right that the Governor's proposal with regard to retirement, if they cut it to zero would affect Conway by \$428,000.00 and it would affect the other Districts by different amounts and he'll talk to their Boards about that. We're looking at, and won't know whether that holds up or not until June, but we certainly have to make accommodations for those types of things. They are looking more at the \$1.5 Million which didn't fall in good light with anybody who had an opportunity to study that. Those are a couple of comments and again, he didn't know what the Budget Committee's original number was but in the best case scenario, wipe out all of the Warrant Articles except those three, you're still cutting \$830,000.00 out of the Conway budget which he thought would have an extremely detrimental affect on the education in Conway.

Dick Klement stated there were three comments that he would like to make. He was looking to see comments from the Budget Committee this evening concerning the 10% applied to everything and how "gee I didn't know that, I thought that it was only applied to a certain part". He watched the DVD and, of course, the first 10 minutes were like the Nixon tapes, they weren't there, so he doesn't know what happened in the first 10 minutes on Valley Vision but other than that, he would suggest that the attorney spend more of the Budget Committee's money and watch the DVD, especially the side comments that occurred during that session. Did you know that you were taking money away over and above the bond issues; did you know they were not touchable. Did you know that the Warrant Articles would be cut from the bottom up when you made your vote. You did know, you all knew that and there was no discussion of it, so it was implied throughout the entire session that you knew all of this stuff and you knew that the Warrant Articles would be gone and you knew that money would be taken away. In previous years, the Budget Committee submitted a letter to the School Board with fifty articles on it saying how about this, how about this, how about that; you opted not to micromanage or even make suggestions. It was 11% is good enough, we don't have time to do that; let's just make a quick cut. That was his impression of what was said. Be that right or wrong, that's what he got out of it. Thank you very much.

Syndi White stated first she wanted to address some of the issues that you had brought that you felt were important when you thought about cutting the budget. First, you talk about occupational therapy and speech therapy and all of those other therapies and Special Education. The therapies that you're talking about go along with Special Education. They

are determined per student and how the students need that in order to access the curriculum and benefit from the education. It's done on an individual basis and it is done according to the law. For Special Education, and Pam Stimson is the person that Ray (Shakir) was trying to think of, Pam was talking about how she was proud that the quality of Special Education in Conway was better or above other places and that's what they strive for; they're striving in their committee in Special Education to improve the quality of Special Education in this District and what she wants to say is that quality does not equal spending more money. It's talking about how you do it in a way that's benefiting the children, benefiting the schools and doing it in an efficient manner. That's what they are doing. What she was referring to when she was saying what she was proud of in the State, she was proud that the State in some areas was doing more than what the Federal law was saying.

Ms. White stated the Federal IDEA Law came about because the parents were advocating, huge advocates for their children who were being denied services, that were being denied their civil rights and an education and they worked hard to get that law in place. The problem is that it was never fully funded at the Federal level; it was suppose to be funded at 40% and it never got anywhere near there. There's the problem.

Ms. White stated what we have here and what is wrong is that there is such an animosity towards Special Education from the people in regular education and that shouldn't be because every child deserves an excellent education, every child and that's what that law does. The fact of the matter that we're having problems with the Federal and the State giving us money should not mean that we don't provide education for all of our children and the way we do it as far as the money goes, is we're following the law and we're doing what is right.

Ms. White stated the second thing is if, from what she was hearing, when you cut the 11% you really meant to do that and you didn't expect or didn't want the voters to bring it up to the 10% and that's what she's hearing. What we are telling you is that means about \$4 Million out of our budget. What you have to hear clearly is what that will do; what \$4 Million will do and you're talking about you want to close schools, it might happen; you want to lay off lots and lots of teachers, bring those class sizes up to the very maximum they can, probably will happen; cut the Arts; cut the Music; cut the Sports; cut some of the AP programs; cut the Career Tech programs; it's going to cut so much out of the programs. Yet she hears how the SAT scores are not up and we need to work on the NECAP scores and we need to improve the curriculum. Think about what you're saying to cut because you're going to be cutting all the things that they've been working to. All the staff development; getting the teachers more prepared; working on the curriculum materials, the technology, all the things that they've been working so hard on. So, you really need to think about what that \$4 Million will do. It will be catastrophic and that's why we sent the letter, that's why we are here tonight, to tell you what you're doing is going to have a real detrimental affect. It isn't going to improve the quality; it isn't going to make the SAT scores go up; who are you punishing by doing this, you're punishing the students. She didn't know what the members were trying to do because you are not going to help those taxpayers. All those kids, all

those people who have kids at school we are taxpayers and your going to ruin the education for the children with a \$4 Million cut and she just wanted to say that.

Randy Davison stated that he used to be on this Board and he has to say something because he's one that voted in the minority on the overall budget and sometimes people look at him and say well okay, there's someone on the board, what is he talking about. When he was on the Budget Committee, they used to send a letter, and specifically he heard the thing about you can't micromanage, you can't micromanage, well you've got it both ways; then they say we'll give you an overall percentage and so when he was on this Board he would micromanage and people would say oh he's really nuts and bolts here. Being from the system himself, he's the one on the Board and they might hate him or what not, but he's usually right out there black and white. He guesses he has to speak his peace because he was looking at being fiscally responsible and that one vote, they might not like it in the system and so be it if he gets voted out, but usually he somehow ends up being where he is. He tries to be fiscally responsible because you want to deliver a good education, but you also want to look out for the people that are paying the overall bill because that's part of the responsibility of the School Board.

Mr. Davison stated when Pat Swett was on the School Board and he was on the Budget Committee, they used to send a letter stating these are the areas where we want to look for reducing the budget. That would have been helpful or even if we sat down as a group and if we didn't come eye to eye because he thought even being a conservative person as he is and being in the field, it would be helpful because the fact is when you put the 10% rule into place and he did the numbers or what not, that probably would have been devastating. The history of Conway, he's been here long enough, you go to the Deliberative, someone will speak up, you bring the budget up to where it usually is and then you go forward. His understanding is that if it goes forward that 1% is going to happen no matter what. As a Board member, he was concerned with that because they do have an obligation to the sending towns in regards to the Tuition Agreements and he thought that was an issue he had because right now during the hoopla if you guys have followed it on Valley Vision, there are communities out there that are upset with what programs they were looking at cutting and that was coming from the administrators.

Mr. Davison stated sometimes they do have a say on it, the community comes forward, we listen to you and say wait a second, you're pigeon holing certain programs. He thinks all of us have ideas of what could happen; one that came up, closing an Elementary School, he was on that Committee. Try to close a Fire Department in town; you want to see people get up and rise. When he first came into this town he could not believe the satellites. Conway has set itself up for the situation that it's in. Ever try to close a Fire Department, it won't happen. Same thing, he wouldn't get re-elected if he voted to close an Elementary School. It would be devastating because you've got propers here in this town the way they set it up and it's just a fact of the way it is.

Mr. Davison stated he does agree with the Middle School, there's a lot of space there. He thought they made a great move from Conway, one of the

goals that came forward was when they moved the Superintendent's Office into good, usable space. That was a great cost efficient move. It's like \$650,000.00 to build a new Superintendent's Office and they had space available. As Board members they do try to look out to the best interests of the town. What he is hearing here is that \$1 Million is a lot and he knows the \$1.3 Million last year was, you guys were saying it was absorbed which it wasn't. One thing that came forward was the teaching contract, the health insurance was going forward and it's been in the paper that's actually a cost savings, we actually had to kick in more last year in regards to what they were paying because of the percentages. Guess he just wanted to speak his peace on that and hopefully within in town, many people when it hit the paper and what was coming out, last night he had conversations and they were saying what will happen is the town will vote for the Default Budget because it's more than the regular budget and he said he didn't know about that because people in Conway are pretty savvy; they'll kind of figure out that the School Board is asking for this and it's less than what the Default Budget is and probably won't vote for it. He didn't know and hopes that people make the right decision and not cut programs that are necessary and there are a lot of mandates coming from the State and he thought they needed to stop mandating because they don't send any money attached to it.

Janine McLauchlan stated she wanted to make sure that everybody understands some of the numbers we've thrown out there as far as what the true number that would be cut from the budget if certain actions were to take place. As was mentioned, the 11% and because there was a dollar figure attached to that of \$3.6 Million or whatever it was reducing it down to \$29.4 Million it can't be applied to certain parts of the budget so in effect the real decrease is a little bit over \$4 Million. Also in regards to the Default Budget because Randy (Davison) brought it up, the Town might be thinking we just won't vote for the budget and we'll go to the Default Budget, but because the Default Budget itself is, compared to what the Budget Committee number is that they put forth, and the Default Budget, it's greater than 10% difference, the Default Budget itself could possibly then be reduced by the Department of Revenue and so we'd still be looking at a lower number even with the Default Budget. It's not guaranteed but the way some regulations could be interpreted because the Department of Revenue has the final say in what the budget is, it could in fact reduce the Default Budget by an amount as well.

Chairman Sordi stated he wanted to clarify something that Randy (Davison) said before we get to the public comment. There have been many questions asked in the paper over the last couple of months of what does the Budget Committee do, why do we even have one. The Budget Committee is here to look at the budgets of the different organizations that present the budget to the Town, to the taxpayers. We are not here to look at the various line items; whether we micromanage or whether we macro manage the fact is we comment on the overall budget. The School Board and the School District are the ones that set the budget; the School Board has its discretion to use the money as they see fit once the money is approved. Even though they've submitted a line item budget to us, they can use the money at their discretion during the year. With that in mind, that's how we approached it; we approached it as an overall budget, a single number that we were evaluating even though we have asked questions about

specific line items or programs within the schools, we asked that in order to better understand how the overall budget was derived.

Chairman Sordi stated second of all, we sent a letter in late October or beginning of November to all of the organizations in town; the Town, the Precincts and the School Board saying that we felt a 5% reduction would be in the best interests of the taxpayers. We did not hear one response to that letter and he thought if there was a desire from the perspective of the School Board or the District to talk about that with the Budget Committee, we would have been welcome to it, but we got no response and so we have tried to reach out and we have not gotten any response and that he thinks was disappointing from the members perspective.

Dr. Nelson stated he wanted to emphasize one more point that Janine (McLauchlan) made that if the governing body at the Deliberative Session does not restore the 10%, we're talking about \$4 Million in cuts and that includes the Warrant Articles, that's inclusive of Warrant Articles.

Attorney Malia stated if they do restore the 10%, you're talking about \$830,000.00 in cuts and that's your best guess. Dr. Nelson stated that's the best case scenario.

Bob Drinkhall stated if 10% is put back in and he thought it was Randy (Davison) who mentioned that only 1% would be taken out, but because you can only increase the budget by 10%, the net difference from the original budget is really more like 2.1%, just a point of interest. Karen Umberger stated plus the special Articles.

Chairman Sordi stated he was going to open up the meeting for public comment and would ask that if you do wish to speak, you come up to the microphone and state your name.

Paul Mayer stated a couple of issues; he hears it was not the intent of the Budget Committee for the Deliberative to increase the 10%, that your true, honest opinion was that, like your lawyer said, there was no intent that the Deliberative body would increase by 10% so that you supported a \$4 Million cut in our educational system here in the Mount Washington Valley. He finds that hard to believe. The comments from the Budget Committee, we often hear about the fact that the Conway taxes have doubled in the last 10 years. We sat down with Tom Holmes, took a \$200,000.00 home in Conway, an actual house, we went back 10 years, we calculated what its taxes were, we calculated every increase on that house by the record, by the tax assessment, it only increased 40%. Adjusting for CPI, which is just regular inflation, if you index that for 40% even with ups and downs in the CPI because we all know its been tough times, the \$200,000.00 home owner in Conway, non-precinct, saw an increase in their real estate taxes of \$239.00 over 10 years. These are real numbers and they're not double and they're not going to move anybody out of their house, nobody's losing their home, we haven't lost the farm yet. But what we are looking at here is a school system where we have two contracts; we have a contract to the sending towns that says that Conway is responsible for supplying an adequate education for our community and we'd like to think that could be an excellent education, we'd like to raise the educational expectations in the Valley and that has nothing to

do with raising taxes. We're not looking at raising taxes and the School Board didn't want to raise taxes and, in fact, it recommended a decrease in taxes which he thought most citizens would say would be prudent.

Mr. Mayer stated there's a second contract and that's a contract you all inherited as citizens of the United States and that's to educate your children and the Budget Committee, by recommending a \$4 Million cut, he believes is in breach of that contract and he thinks that anyone who listened to that meeting and heard the comments about that 11% cut and how well if they add this back in we can still get them for 1%. He thought any lawyer in this state would be glad to take that case. He was going to ask the Budget Committee to reconsider their fiduciary responsibility not only to the citizens of Conway but also the sending towns and present a recommendation to the budget that's fiscally responsible and that you've done your due diligence and have questioned every aspect that you can question, offer any improvements that you can, but then allow us to teach our children the best that we can. Thank you.

Kelly DeFeo stated really you should be ashamed of yourselves for what you've put forward here as a budget. Her question to the attorneys is that this obviously can't stand and so how much is this going to cost the Town of Conway when this goes to court and how quickly can it be stopped and will it affect this school year. Can it be a hold on the amount of money that's being put forward and how should we proceed should they, they've obviously shown that they're not reasonable people, so how is this going to proceed from here.

Chairman Sordi stated if we continue with the name calling, he will close public comment. The people on this Budget Committee are volunteers and he thought they had put their due diligence into their review of the budget and we're having this meeting to discuss this issue, but if it's going to digress into something less than just an exchange of information, then he will close public comment and put it to the Budget Committee immediately.

Chairman Sordi asked Attorney Malia if he would like to respond and asked Attorney Teague if he would like to respond. Attorney Malia stated he had no interest in responding to the cost of a hypothetical lawsuit.

Hunter Libby stated he was a Freshman at Kennett and remembered that somebody was talking about the low SAT scores and standardized testing scores. He feels that if you make the \$4 Million in cuts, that's going to take away from the Music and the stuff that promotes school pride. If we lose that pride, we're not just saving money, we're going to be slashing those scores even more.

Melissa Stacey stated she would like to respond to Ray (Shakir). She has sat on the Board for 5+ years, most know who she is, and most know that she is fiscally responsible and has on more than one occasion asked the School Board to go back and say "you know what, this is too much". She would like to say to Ray (Shakir) to just think about, she was not saying the cut was right, wrong or indifferent, but think about the fact that if you continue to make that cut and Special Education is affected, not only are you going to have the lawsuit that's going on between this, but you are going to have every single parent who has ever spent 5 minutes

advocating for their child taking you guys to due process and we will take it and what will happen is that we will be found in the right, you guys will be found in the wrong, and then it cost the taxpayer yet again and so now any way you look at it since she was a taxpayer, she was just getting screwed over because she can't get her child educated. She has 3 children in Special Education and has spent years advocating for her children and to this day, because of the fact that this school provides an education to her children, her daughter is now mainstreamed, her daughter is moving on to the Middle School and she is ready to move into regular education. She will not be there with assistance, the only thing she will have is modified education, so her daughter has gone from costing you from when she started in Kindergarten a significant sum of money with her occupational therapy, her physical therapy, her speech and language and every other thing, to costing you almost the same as a regular education student.

Ms. Stacey stated now hopefully with any luck, the fact that her children are in Pine Tree and they will continue to go there and they will continue to get a superior education provided by a wonderful staff, with the positive behavioral intervention system that they have in place and has been there since her children started going there, they will eventually be in the 6th Grade. She has one in 1st Grade and she has one in 5th and all the way up through there has been nothing but positive things said to her children. There has been nothing but let's try this, let's try that, let's try to do everything we can to push this kid to the point where they will be able to learn whether it taking them out of this class and moving them to this; whether it be doing this or that. Now, by law, yes they are required to do that, but they are not required to tell her kid every day they're a good student; they're not required to tell her kid every day "I want you to come to school and I want you to be happy about learning", but every single day she walks in there and she can hear at least once "I want you to be happy about learning". Those are the people you are going to be cutting and what you don't understand is that she doesn't want her child in 6th Grade at the Middle School. She doesn't want her child to be exposed to the things that 7th and 8th graders do because there is an age difference there. Going from an 11 and 12 year old to a 13 and 14 year old is different.

Ms. Stacey stated now when you get into the cuts that you are making, you're cutting Special Ed and you're cutting that Warrant Article and that Warrant Article was put in place for the simple fact of being able to say if a kid moved into our District and they have severe disabilities, because we are required by law to educate them no matter what, we have the money to do it rather than take from the AP courses, rather than take from every other course that is possibly out there. Now whether or not you agree with me, you don't have to; what she is telling you is what is going to happen. The parents of every Special Education student will feel like they have been cut and that they are not getting their due process and they will take it to Court which then puts the School District in Court for 2 years at least. So look at it this way, you could be saving in the long run if you just take the time to not make it sound like it was such an arbitrary cut. She wasn't saying don't make a cut. If you want to make one, she's stood behind Doug (Swett) and he's made cuts before and she's said okay give me your rationale and he's

given it to her and she's okay with that, but she would rather hear something other than 11%. Why do you want to make a cut; what do you see as fat; tell her so that she can support you. That's what we are all looking for, we're not looking to calling you jerks or calling you any other thing because she sat right where you are sitting and can tell you it doesn't feel good. She can tell you that it does bother you and she wasn't saying you haven't done you work; let me tell you, she knows she did (pointing to Karen Umberger) because she knows Karen (Umberger) can spout the figures right back at her. What she wants to hear is why, that's really what she wants to hear, why. Why 11%, where do you see fat.

Jason Fougere stated pretty much everything was written down that he wanted to speak to. Bob (Drinkhall) made a mention to the \$174 Million from the State which is a big issue that is coming around and Dr. Nelson responded to that by talking, and he wanted to reiterate, that Conway's share of that would be about \$428,000.00. Those are important numbers and he feels when we talk about this budget to the Conway taxpayers, it's sometimes hard for the citizens to take in a number like \$174 Million and decide what that impacts to them. It was a wonderful piece of research and information to present and perhaps in the future look at a way of presenting in a way that's meaningful to the individual person who has to consider the budget. Additionally, in previous meetings you've talked about the types of families that might be impacted by an increase in budget that would fall on hard times and to look at that and come back perhaps with a demographic that says this percentage of voters will be affected directly by this particular increase as opposed to singling out one family in consideration of an entire budget. Again, he would like to support you in continuing to pursue that direction so that we can, as citizens, make an informed decision that's reasonable within terms of Conway.

Mr. Fougere stated he wanted to say to John (Edgerton) he believes, you stated if taxes continue to increase since the last 15 years, if taxes continue to increase in "x" amount of time, we're going to have to an enormous budget, it's going to double again; it doubled in a period of time and it's going to double again. He thinks it is important to mention that something that's new on that agenda is the school and that it's doubled over that period of time, we've added a school in there. In order for it to double again, logically to him, it would seem they would have to add two more schools because there was an original budget and we added a school. In order to double again it would seem to him at that rate of a huge expenditure it may have to require two schools to get to an additional double and he does notice that John (Edgerton) and it is a tool to demonstrate points that you use a doubling number often to indicate yes we could potentially see a doubling effect and that's a very powerful term especially when you talk about rates of money and such; you're talking about exponential growth and if you look at the budget, just the amount that it's increased over that period of time, it's different than doubling from here to here and then doubling again.

Mr. Fougere stated to Ray (Shakir) he just wanted to reiterate some of the comments made by people and it is important to present your ideas and look for solutions and perhaps it is a legislative issue that needs to be addressed on the Special Ed front and he just kinds of cringe when he

hears let's look at cutting that. From saying as a school to get rid of these programs is different than saying maybe as a town we could look at understanding the issue on a bigger scale and addressing the legislature which would then change the conversation here in how he feels in a responsible way. Because of the emotional statements made here today, a lot of them can be derived from impacting something such as Special Ed because it's a very emotional issue and people have advocated very strongly for that and there is an imbalance of people being able to advocate for themselves for programs that are difficult to establish. Again, perhaps a strong point to bring up and move forward on and gathering support and understanding that better and hopefully presenting to the community in a bigger way with good ideas.

Bill Marvel stated he wouldn't speak to the amount of the cut, the percentage, but he thought we've been a long time getting here and to a certain extent the present School Board is suffering because of actions of previous School Boards. He has done some similar calculations with the Town Reports and that sort of thing trying to figure out ratios of increase and he discovered for instance between 1999 and 2009 the Town budget increased 46% with about an 8% increase in population which translates into about a 35% per capita increase of delivery of services. During that same decade, speaking of doubling Jason (Fougere), the School budget doubled and because of increases in staff and decreases in enrollment, the per student cost, the real cost, not the cost that the State cites by dropping major expenses, the real cost per student has increased 126%, that's more than three and a half times the rate of increase in the School as in the Town and that really is kind of frightening. There is some obvious explanations for that.

Mr. Marvel stated periodically he's sat in School Board meetings over the last couple of decades and with one exception of a Board in the mid-90's, he's felt as though our School Boards never saw a program they didn't like to add to the curriculum and having more programs is not necessarily always good. He didn't know if we should be adding programs when the ones we have need improvement. He'd rather see some extra AP sections for instance than have Fashion Marketing and yet he is one that doesn't believe that Art and Music should be basically extra curricular as at least Music has become at the Junior High. He thinks it should be part of the curriculum, but he doesn't think we should be expanding programs in our various disciplines when not only are the test scores low and he cites test scores a lot even though he has a lack of faith in standardized testing, they have some uses but they also have a lot of flaws, he's more concerned with things like graduating a Senior two years ago who was near the top of her class and couldn't get a nod from anything except a high tuition, low standard private college and UNH, where she is now and he suspects that has something to do with the reputation of Kennett.

Mr. Marvel stated he doesn't think the problem is money per se, we do have some low teacher salaries but we have a lot of teachers; if we had fewer teachers, fewer programs, we could pay the teachers we have more and thereby not attract better ones but keep the ones we'd like to keep and there are quite a few that we'd like to keep and there are also some that he thinks should go elsewhere and perhaps into another line of work.

Mr. Marvel stated he's kind of sorry it's come to this pass because he had some hopeful signs from the School Board. He was pleased to see them institute basically a conflict of interest clause that permits School Board members from stepping right into work at the school; he was pleased to see that most School Board members were able to understand that donating proceeds from a sports event amounted to basically making a private donation with public money, sorry the Principal didn't understand that; and he was hoping to see the team reduced at the Junior High. He really thought that if that had happened, we wouldn't be here tonight.

Mr. Marvel stated he thought there is a little more sense of responsibility on the School Board now, but he doesn't think the understanding is there yet about what the public feels that doesn't work at the school right now or have children in the school. A lot of us are frustrated year after year and he went to the December 28th meeting hoping, expecting that you were going to make some other cuts and he was really hoping that it would happen but it didn't and he thought Dave (Sordi) said it's not just because of the economy, we have to be fiscally responsible all the time. He has to every year.

Colleen Cormack stated she was from the Albany School Board and she agrees with Dick (Klement) and some other people that commented that what she saw on Channel 3 from the meeting was what they were seeing too. There seemed to be some tinkering with that 11% to end up with no less than a 1% cut and she thought Karen (Umberger) had stated if we want to do 1% let's make an argument for 1% and not do it this way. She thought it would be prudent to really review that DVD. The other comment she had was the discussion of closing a school and she was not sure if the members were aware of it because she wasn't, even as a Board member, until she really looked into it, but when you make a change like that, it opens up Contracts with the sending towns again so those Contracts become null and void and you have to start all over again there. The other thing she wanted to ask because she's not really sure if she understands, but if this Board should get its wish and an 11% cut, \$4 Million cut goes in front of the voters and they decide to either vote it up or down, if they vote for it, they get the \$4 Million cut; if they vote against it, exactly what do they get. They get the Default Budget which is more than what the School Board proposed. She was hearing a little bit about how that's not really set; could you clarify.

Chairman Sordi stated it was his understanding they would get the Default Budget if the original budget is reduced. You raised a comment that there's a possibility they may reduce the Default Budget, he's never heard of that and was not sure if that's ever happened before and he really didn't know. The understanding of the Budget Committee is if the School budget is voted down, whatever it turns out to be, then the Default Budget becomes the budget and he does know that one of the comments made in the Budget Committee vote was no matter what the budget came out as and presented to the voters at the Deliberative Session, there would be a choice between two separate budgets.

Dr. Nelson stated he thought that needed to be clarified. Attorney Teague stated gray is never clarifying, but unfortunately that's what attorneys

do best, talk about the gray. This is actually an unresolved issue and he has discussed it with DRA and it hasn't happened in New Hampshire to the knowledge of the Municipal Resource Division, so it would be subject to question, let's just put it that way, as to whether that Default Budget would be subject to the 10% rule. It's not certain; there are two arguments.

Dave Robinson stated his question is: where is the pain across the board. You say okay you've got 11% or 10% is added back in; you said you asked everybody to come in at a 5% reduction, correct. Chairman Sordi agreed. Mr. Robinson stated nobody came back with any reductions. Chairman stated in some cases they did. Mr. Robinson stated so there's budgets reduced by 5%. Chairman Sordi stated no, but there were some budgets that were reduced. Mr. Robinson stated in other words, his question is, it seems like a witch hunt to him literally. To say, okay 11% on the School budget and nobody else gets cut. Now, if we're going to share the pain, let's share the pain here because we're all in this boat together. If you're going to cut one, why didn't you cut the other one.

Chairman Sordi asked if there were any other public comments and, there being none, he closed the meeting to public comment. Chairman adjourned the meeting for a 10 minute break.

Chairman Sordi called the meeting back to order. Chairman asked if there were any other comments from either of the attorneys before he presents the question to the Board.

Attorney Teague stated he had a clarification for Peter (Malia); you described the process of going down through the Warrant Articles and cutting off at a certain point, that suggested to him a non-SB2 type of meeting and he just wondered if that shouldn't be clarified. Attorney Malia stated yes, why don't you. Attorney Teague stated you are wrong, you are just plain wrong. Attorney Malia stated it goes backwards and Attorney Teague agreed and stated that he thought everybody understands that point probably.

Chairman Sordi stated as Peter (Malia) said at the beginning, the Chairman was going to ask if anyone would like to make a motion to reconsider the amount that was voted on in the last meeting. The only people that can make the motion are the ones that voted affirmatively for that in the last meeting and if he remembers correctly that was Bob (Drinkhall), Bill (Masters), Ray (Shakir), Doug (Swett), John (Edgerton) and Linda (Teagan). Those are the people that can make a motion to reconsider and asked if anyone wanted to make a motion to reconsider. Okay, no one is making a motion to reconsider.

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

Respectfully Submitted,

Iris A. Bowden, Recording Secretary