

**MINUTES OF MEETING
MUNICIPAL BUDGET COMMITTEE
December 12, 2012**

A meeting of the Municipal Budget Committee was called to order at 6:34 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Maureen Seavey, Steven Steiner, Michael Fougere (arriving at 6:45 PM), Peter Donohoe, Maury McKinney, Karen Umberger, Danielle Santuccio, Bill Marvel, Brian Charles, Greydon Turner, Mike DiGregorio, Karen Milford and Mark Hounsell. Excused: Doug Swett, Syndi White and John Edgerton. Also present: Dr. Carl Nelson and Evan Lucy.

Peter Donohoe led those present in the Pledge of Allegiance.

APPROVAL OF MINUTES

Karen Umberger moved, seconded by Bill Marvel, to consider and accept the Minutes of November 14, 2012. In favor: 10; Opposed: 0; Abstain: 3 - Greydon Turner, Mark Hounsell and Mike DiGregorio.

Chairman Mosca stated he had a couple of corrections: Under Election on page 1, third paragraph, line 6, new sentence should read "The purpose of attending ..."; under New Business on page 4, first paragraph, line 14, should read "...be the meat and potatoes ...".

SCHOOL REVIEW

Dr. Nelson stated that he had handed out two documents to the members present; one being the Budget Summary that they are in right now and the other one is early to get out to the Committee but it is what the School Board went through last night and he wanted to hit some highlights and give the members some food for thought as they ponder the School Budget for this year.

Dr. Nelson stated that the important thing about the current Budget that they are in is that they are in the hole about \$300,000.00 in Special Education as things stand right now, that could change tomorrow, kids could leave the District and they could be even or they could have other students identified and they could up that \$300,000.00 even more. What that means, and he will try to point it out when he hits the next document even though it is next year's budget, but the two get intertwined for one big reason. Because they have that deficit, right now they are estimating a zero Fund Balance on the expenditure side when they build next year's budget which means they are down in the revenues in that department alone about \$400,000.00 just in the unexpended funds. What he is going to do is freeze the Conway Budget effective December 21st with the exception of essential items. That way they will get a real read in the next month before coming to this Committee with the full Budget with all of the revenue and all of the expenditures. They will get a real read on what the Fund Balance might be, if there is going to be anything in there to offset it. That's the news, that's really it; members will see the lines in parentheses, second line in, one big one in

Special Ed of \$205,000.00 and then there are other areas such as Speech, Occupational Physical Therapy and things of that nature where they are anticipated or already have a deficit situation.

Dr. Nelson stated that they do have a \$300,000.00 Trust Fund and they could take all of that \$300,000.00 out and apply against this which would leave them nothing if they had a problem the following year. What he is suggesting they consider is looking at a combination of taking some money out of that Trust Fund, maybe half, and try to absorb the other half within the budget and then leaving them with something of a Fund Balance to move ahead with in the next year.

Mike DiGregorio asked if the Trust Fund Dr. Nelson was talking about was the Warrant Article for the Special Ed money. Dr. Nelson stated yes, they now have \$300,000.00 in that Trust Fund. Mike asked if that passed last year and Dr. Nelson stated it did and that it was the year before that it was zeroed out. That is kind of like the security blanket if you will.

Karen Umberger asked if the deficit was because of new people moving into the District. Dr. Nelson stated either new students moving in or students already identified having a change in their program, like moving from one school to the next and maybe needing a 1:1 Aide or as the year went on their program changed or their IEP changed to require more services.

Karen Umberger asked if it was known the number of new students that moved in. Dr. Nelson stated they do, but he did not have that with him tonight. Pam had it the other night when she went over this and he didn't have it with him but could get it for her, it wasn't an issue. Dr. Nelson further stated it could also be students who live in the District and were placed in a residential setting; in other words, they were once here and were moved into a residential setting; a combination of those things. Karen stated she guessed what her concern was that as we move forward into next year's budgeting that we don't just automatically see a \$500,000.00 increase unless we have some sort of idea as to how much it is going to cost us for the rest of year if we are \$300,000.00 down and we've only done 3 months of school, then that must mean if we multiply that times 3 more quarters. Dr. Nelson stated \$652,000.00 and that they have encumbered for the rest of the year what they have now. If everything were to stand still today, they would be about \$300,000.00 in the hole which is their estimate. This is where we are today; in other words, if nothing changed, if somebody new comes in - different story; if somebody leaves, changes that, but as we take a shot of it today, that's what it looks like. They know that's what their expenses are going to be at for the rest of year right now.

Maureen Seavey asked how much money from the sending towns in revenue coming in on the other side. Dr. Nelson stated the sending towns, if there's a Special Education Program and a child, for instance needs an Aide, that gets charged back to the sending town and it becomes a revenue coming into the District. It's a wash. We spend it and we get it back. Maureen stated it's in the Budget. Dr. Nelson stated it is in the Budget on the expenditure side and it's in the Budget as an Anticipated Revenue. It's in both places. Maureen stated if we are looking at this and Dr. Nelson stated it wouldn't be shown because the Committee only has expenditures right now.

Mike DiGregorio stated if you expended it this year, let's say somebody just moved into Albany, came here with an IEP that costs us a fair amount of money, it wouldn't be anticipated that revenue until next year's budget. Dr. Nelson stated no, we would get the revenue in this year's budget. Mike stated you've already anticipated this year's revenue and now you're expending what they had anticipated, correct. Dr. Nelson stated he was going to go through it this way: if a new student moves into Albany and they have an IEP that says they have to have a 1:1 Aide and they come up here to Conway Elementary School, an Aide is assigned, Albany is charged that and they might not have anticipated that either and then that's a problem he has with Albany's Budget because what they do in SAU 9 is they budget what IEP's they have in place and for the Budget they've built for next year is the IEP's they have in place and it's also what they are determining for their Anticipated Revenue. It's the CAT Aid that they get a year later.

Peter Donohoe asked if Dr. Nelson could provide him with an increase in population and changes in IEP's, maybe not even raw numbers but percentages, that are responsible for that increase and he thought trend was probably the word he was looking to understand, but perhaps look at prior years as well. He was not sure if that was too tall an order. Dr. Nelson stated when we get to that section and that will be next year's Budget coming up, he will have Pam provide that information.

Bill Marvel stated he was asking Peter (Donohoe) when he spoke of trends was he asking for trends in types of IEP's or types of disabilities. Peter stated not so much that but what happens in a given year when someone is reclassified according to their IEP to require more services and the number of new people coming into the District. Those two groups could perhaps be responsible for such an increase. Bill stated he was wondering if Peter was asking for something he was interested in what he would call fad disabilities. Peter stated you mean the definition of the disability itself. Bill stated such as Autism. Greydon Turner asked if it was also going to show the people coming off those IEP's as well. Dr. Nelson stated it would.

Maury McKinney stated he wanted to understand the name of the Trust Fund, was it a Capital Reserve Fund. Dr. Nelson stated no, it was a Trust Fund. Maury stated last year we talked about a Capital Reserve Fund specifically for Special Education to cover the possibilities of more students being placed in the District that we weren't expecting. He was not sure what happened with that. Dr. Nelson stated what they have is an Expendable Trust Fund which is different from a Capital Reserve Fund. With a Capital Reserve Fund you have to go back to the voters to get approval to spend it. With a Trust Fund, the Board, after holding a hearing, could spend those monies for the purposes defined in the Trust Fund. They are again asking for \$100,000.00 to be placed in that and this one, as it was before, is to be capped at \$500,000.00, no higher than that. So you can see if they have to use some or all of it this year, they would have to start over. Maury asked if it would be considered advisable to have a specific Capital Reserve Fund for Special Education. Dr. Nelson stated he felt this was the way to go. Chairman Mosca stated there is more flexibility this way; it's easier for the School Board to take the money when they need it rather than have a meeting and vote. It

is set up if it's there and there is a necessity they can take the money and use it. Maury asked if the cap on it was \$500,000.00 and Dr. Nelson stated yes.

Mark Hounsell stated he would like to know the numbers of coded students and the number of non-coded students for the last 5 years because he sees that there seems to be a trend; this is a tremendous spike and he thought there needed to be some sort of understanding of what's going on. Dr. Nelson stated that the SAU 9 Report Card would give the percentages, gives the percentages in each of the schools individually. Mark asked if those were on-line and Dr. Nelson responded that they were but did not know how far back they went. The current one is on-line and he can re-trace the others. The percentages for the Elementary/Middle School will be towards the front and the High School is towards the back of that; that will give you percentages. Mark (looking at a Report Card) stated it had 3 years; 9 through 12 - 15% for 2009; 16% for 2010 and 9% for 2011. Dr. Nelson stated and now it is going back up again when you see the new one; nationally 12% is considered average.

Peter Donohoe asked if the definition of students requiring services was broadening, narrowing or staying the same. Dr. Nelson stated that it was pretty much staying the same; it's been established by the Federal Government. Peter asked if there had been any changes in recent years. Dr. Nelson stated that there have been some changes, but the changes are more in the services that are provided.

Dr. Nelson proceeded with the second document passed out explaining that it is really next year's budget. These are the increases and decreases in each of the Units. The Conway Budget is broken up as Unit 2 is Special Ed, Unit 3 is Kennett High School, Unit 4 is the Middle School and so on down the line. Members can see right at the top where Special Ed's increase is 11% or \$652,000.00. All of the other Units have come in at where the School Board asked them to come in at which would have been a zero increase with the exception of such things as Health Insurance which in this District went up this year \$547,000.00 or 8.9% is what they have in the Budget because that's the guaranteed maximum. Retirement has changed, the employer is now required to pay almost an additional 3% - that's to make up the amount that the State is no longer funding and in Conway that converts to about \$320,000.00. There are two items in the Budget that sometimes we forget about, the CESP Contract - second year of that which is \$54,000.00 and the second year of the AFSCME Contract which is almost \$50,000.00.

Mike DiGregorio asked if they were already in the Budget. Dr. Nelson stated they were already in the Budget because they have already been approved. Mike asked if they would be a Warrant Article and Dr. Nelson stated there would not be a Warrant Article for those.

Dr. Nelson proceeded to state that those are items that are not controlled. Members will notice that the Budget is up \$1.3 Million approximately which is 4.2%.

Dr. Nelson wanted to quickly point out one more item, page 12 of the passed out document, which is Revenues that they are anticipating for next year. At the top, members will see under Estimated Fund Balance a

zero for expenditures. That is what he was talking about before with the \$300,000.00 down, they are not able to project a Fund Balance in that area. However, they do have a couple \$100,000.00 more in Revenues that they did not anticipate. A good portion of that are students that come from Hale's Location; they pay a tuition rate to the Conway School District. There is a Tuition Agreement with them; at the High School level that's about \$34,000.00. It varies at other levels, it's different at the Middle School and it's different for the Elementary Schools. That's a big concern; they need to get a real read on whether they are going to have a Fund Balance or not in order to make some determinations.

Dr. Nelson further stated on Revenues from local sources, it will be noticed that will be down about \$633,000.00. At the bottom of the Revenue side, \$870,000.00 less than what they had the year before to deal with in Revenues. You have an increase on the Expenditure side due to things that are beyond the control of the School Board and a decrease in Revenues. That is not a good combination and that combination converts into a tax rate that looks like a 15% increase. The 15% would be if all of the Warrant Articles they had listed passed. The only one they couldn't determine a value for right now is the CEA Contract which they have not concluded at this point in time.

Dr. Nelson stated the School Board Monday night threw out 2 Warrant Articles - one being \$250,000.00 for an Air Handler here at the Middle School and the other one being \$231,000.00 plus for the study on should they close a school in Conway. That is going to eliminate those two from the list that will be voted on in April. They also looked at some additional items that Administrators had requested which added about \$80,000.00 worth of items and then at the end of the evening the School Board asked him to go back and reduce the Budget by two levels of reductions, one at \$300,000.00 and the other at \$500,000.00 which they have spent a good deal of time on today. He will have it for the School Board on the 19th, they have called for a Special Meeting of the Budget Committee and of the School Board to review that. He is hoping that they can get something approved, at least something in the initial approval so that this Committee can have those. This is a real good summary of what's happened so far. The other pages that members see are the highs and lows, the increases and decreases in each of the individual Units. If members go through that, they will have a good head start on the big, thick, 3-ring book that he brings in.

Dr. Nelson asked if there were any questions and he thought it would be a good opportunity to catch the members up on the things that are really going to have to be worked on.

Karen Umberger stated the reason that the State stopped supporting the Retirement percentages is because just like Carl (Nelson) said, the figure is uncontrollable and it is uncontrollable at the State level, it is controllable at the local level because your retirement costs are based on salaries and if you increase your salaries by 3%, 5% or 7%, you can anticipate your retirement things going up. What the State was finding is that the State had no control of what was happening at the local level and so it became impossible for the State to budget for retirement at the local level because they had no control at the State level. Obviously we have control because the State does the negotiating

so we know where it is, but as far as the local level, we had no control of that and so the result of that was that it was always a total unknown in the State Budget and that was the reason why we moved it back. It wasn't because we didn't want to continue paying it, it was because we had no idea what would happen from year to year based on the fact that every single entity in the State negotiated their own contract with their own salary increases and so on. We know what the retirement is going to be and she assumed the increases were put into the Teacher's Contract and the two other Contracts that were for 2 years so we know what that is and so at this point Retirement is based on whatever happens with the Teachers' Contract. Last year was a transition year and the State did provide money to the towns and the schools to cover that transition year so that no town or school would be faced with an unanticipated increase in the Retirement, but we knew it was coming, we knew that last year and so now is the first year that the full force of the Retirement decision is going to affect both the Town and the School but we knew it was coming. The Towns and the Schools knew it was coming and knew that they needed to plan for it for this year.

Maureen Seavey asked Karen (Umberger) where did the money come from; was the State paying that portion. Karen stated just from the General Fund. Maureen asked why wasn't the State giving a portion to the Towns. Chairman Mosca stopped the discussion stating that it wasn't fair to put Karen on the spot to speak for the State and was going to leave it at that. It was not fair to Karen because she can't speak for everybody in the State House.

Steven Steiner asked if the drop in tuition was just less students. Dr. Nelson stated it was a combination of less students and credits that Conway owed the sending towns. In the Tuition Contracts there is what he calls an inflation clause which indicates they figure the operating costs, then they add 2.5% plus whatever the CPI is - last year the CPI was 3.6% - which means they added 6% over what the real costs were according to the Contracts and now because it didn't cost as much, they have to give a credit back to the Schools which means that we charge the sending towns less. A couple of years ago he came to this Committee with a \$700,000.00 or \$800,000.00 increase in tuition and now it has turned to a decrease.

Chairman Mosca asked Mr. Lucy if he had a question regarding the School Budget. Mr. Lucy stated that so far this sounds like a SAU/Conway School District budget meeting. Chairman Mosca stated that was on the Agenda for Dr. Nelson to be discussing the first quarter and he was volunteering additional information for the Committee.

Karen Umberger stated on the first quarter budget that was provided, are there any other areas that are considered at risk, if that was the right term. Dr. Nelson stated no, members would see it in parentheses if there were. There is a couple of small areas on page 2 of the 3, you will see Project Succeed Transportation of a \$4,000.00 deficit but they will get revenue from Project Succeed to offset that, there is a revenue piece to that. There's not much else that is in jeopardy at this point; it's really the Special Ed piece.

Peter Donohoe stated the \$300,000.00/\$500,000.00 in reductions were due and that the School Board would be meeting next week to discuss those he believed on the 19th. Dr. Nelson stated the School Board has a Special Meeting scheduled for the 19th, Wednesday night, here at 6:30 PM. Dr. Nelson stated he had already done most of the work; took all afternoon but it looks like he will have that piece together.

Karen Umberger stated that she knew it was mentioned that two Warrant Articles were taken out and she only got one of them, what was the other one; she got the one with the money for the closing of an Elementary School. Dr. Nelson stated the other one was the \$250,000.00 Air Handler Warrant Article; he wasn't sure of the number of the Article.

Chairman Mosca thanked Dr. Nelson for coming in and for the presentation.

OTHER BUSINESS

Chairman Mosca stated that next on the Agenda was to review the Budget Committee's Schedule. Having looked at the Schedule because he knew there was a question as to whether some of the meetings could be changed to Monday nights, he did not see many that could be changed at this point in time due to holidays and people's schedules. Chairman reminded the members that this Schedule has already been posted, the Department Heads have been notified already and people are prepared to come on the nights already established. Karen Umberger stated as long as no one minds her eating a sandwich or arriving late or being obnoxious because she will be tired. Chairman stated he used to be obnoxious and he can't any more because of where he sits.

Karen Umberger asked when the Budgets were going to be available; it's difficult to provide questions if you don't have the information. Chairman Mosca stated members were handed a lot of information from both the School and the Town and he knows that the Selectmen voted last evening to approve their Budget. The information that we received from the Town Manager a few weeks ago, the 101 page document, it is not changing much from that. Chairman did see a slight increase; he didn't see the exact numbers but he was in the Town Hall today and there is going to be a slight increase but pretty much what we have received is what the Budget is. Karen asked when members could pick up their books. Chairman stated that they were putting them together now and was sure Karen (Halliwell) will let him know when and he will let everybody know and as soon as the School gets theirs done, we will get theirs. It sounds like they are working towards getting it done sooner rather than later. He would anticipate that the Town books would be ready by the end of the week, the latest the beginning of next week. The Library is level funded and a little bit of money was put back into the Rec line item for Swimming Lessons that were cut out completely. That's the only changes in the Budget and, like he said, the number is pretty close to what we've already been given, from what he understands.

Mike DiGregorio stated that was the changes in the dollar figure. He thought there was some things that were shifted around a little bit. Bottom line is very close to what we've already been given. Earl (Sires) wanted Mike to point out that what the members have been seeing right now is not the final Budget. Chairman Mosca stated he thought everybody here

understood that. There may be some changes in line items, but the bottom line is fairly close to what was handed out a couple of weeks ago.

Chairman Mosca asked if anybody wanted to move any meetings on the Budget Schedule. Danielle Santuccio stated there's only two holidays and there's five Wednesdays. Chairman stated there's two holidays which means that the meetings he had on those days are now scheduled for other Mondays. The School Board members can't come on a couple of Mondays, so there's actually only two Mondays that are available that there aren't conflicts with other members on the Board and if we move anything that means we are going to be meeting twice in one week to do that and some weeks we already are. He tried to only do one a week, but towards the end when there are votes and Public Hearings, we can't avoid a couple of meetings in the same week. If there are no changes, then we will keep the Schedule as is.

Chairman Mosca proceeded with questions to be handed out based on the preliminary information that we received. He received questions from many members of the Board and he has everything listed. He didn't put names, there are no names attached for where the questions came from.

Mike DiGregorio asked if Earl (Sires) had been given a copy of the questions. Chairman Mosca stated no because we are talking about it first before Earl gets it or the School Board gets it. As he sees it right now, there are at least 38 questions going to the School and there are 29 questions for the Town. He was sure that this would be changed and be added to.

Bill Marvel stated he thought he had one question that consolidates several of the questions which was "what new positions are there". Chairman Mosca stated he thought that was a completely different question than some of them. He has read through them all. Mike DiGregorio asked if Bill was asking that of the School or the Town. Bill stated the School. Chairman stated that he would add that one in there and he thought there were questions for specific areas, specific schools. Bill stated unless there are other new positions, then that would accumulate to his question.

Karen Umberger stated it is more than just the School because you've got the SAU 9, you've got the District wide, the Maintenance and those are not tied to a school. She did not know if they were planning on any increases in those areas or not. To her, the School says Teachers and Aides and Principals. Bill Marvel stated he thinks of everyone in it as he is resistant to new positions, that's what he wants to know. Mike DiGregorio stated Bill's question would be "what new positions District wide and the SAU". Bill stated yes.

Chairman Mosca stated that for those who sent questions he may have re-phrased some things, he may have changed some things around and hoped that he didn't lose the content of what the questions were even though he didn't think he did, but he did change some things a little bit and conversion from his e-mail to a Word document he had a few issues, but believes he straightened them out.

Mike DiGregorio stated he was looking at the list for the Town and Question 29, he was not sure who wrote it or what type of written response that person may want. Chairman Mosca stated that question will probably come off or be re-worded. Mike stated he was just thinking that could be asked here at a meeting; however, we are asking these questions in a professional manner to get a professional response and that's what should be on the list. He didn't disagree with the passion, but just not sure it warrants a professional response.

Chairman Mosca asked if there were any other questions that any member wanted to have included at this time. If members wanted to send more e-mails, feel free. Peter Donohoe asked how much time did they have. Chairman stated he was going to go through this to make sure that everything is grammatically correct and then he is going to send it off to the School and to the Town, but we can add things right up through the whole budget process. He thought that if any questions came through him as the Chair, it just makes it easier because nothing is duplicated that way.

Karen Milford stated that Question 21 was one that she submitted and she found out after the fact that it was based on some wrong information and requested that it be removed. Chairman Mosca stated that he copied the same question over to the Town because he thought it was something that should be on both. Karen stated it was Question 6 for the Town. She thought all of that savings was only on the employee side, not the employer. Karen Umberger stated that is correct. Chairman Mosca stated that those would be coming off, Question 21 on the School side and Question 6 on the Town side.

Mark Hounsell stated that he thought to approach the School Budget, the school situation, it is necessary to understand what the Tuition Contracts are going to give us in the coming years. That's going to mean looking at the enrollment of Bartlett, Jackson, the sending communities. His understanding from Bill Marvel was that we have been warned that the Tuition Contracts may end up with reductions. We are seeing \$800,000.00 now. Mike DiGregorio stated he thought it was \$600,000.00. Karen Umberger stated it is \$800,000.00. Mark further stated he was just wondering what next year is going to bring and the year after because we can approach a budget year, but we may have to look at things like what type of education opportunity can we afford to give beyond the State Standards. Specifically 20 credits to graduate is a State requirement; Kennett is 25. He knows some may say that's reducing the quality of education, but aside from that it's affordability. He was just wondering what it was going to look like 3, 4, 5 years from now. There are a couple of trends going on; one being Autism, is that a new trend and also the Tuition Contracts. He does not remember enough about the Tuition Contracts to comment on them.

Karen Umberger stated she thought one of the things we should ask for is a copy of the Tuition Contract because there's maybe herself, Mike (DiGregorio) and maybe one or two other people that were actually on the Budget Committee when the Tuition Contracts all came about. It's vitally important and especially with what's going on right now in here, that everyone understands what it's about, where it's coming from and why we're having this problem. She thought when Dr. Nelson said we

overcharged them, how does that happen. Mike stated it was based on CPI. Karen stated CPI plus and Tuition Contracts are in arrears; it's not like they're up front and because they are in arrears, there really shouldn't be a problem, but obviously there is an \$800,000.00 problem this year. She just feels that it is really essential because it is vitally important to understand them. Karen thanked Mark (Hounsell) for bringing the Tuition Contracts up.

Mike DiGregorio stated he wouldn't mind reviewing them; he has read the Contracts and wouldn't mind reviewing them again. He won't speak for the School, but as everybody knows he was on the School Board and they did an exercise several years ago of what does the State require and what do we do. There is a significant difference and there's a significant cost to that. Again, they could name the things that could be eliminated, vocational education is not part of the State Standards. There are all sorts of stuff that we go above and beyond that are not required by the State. You would definitely look at the way the High School is done and say "do you want that or not". For him, he likes a lot of things that they do up there; it's a good thing to know what the bare bones budget would be if you eliminated everything that the State didn't required.

Mark Hounsell stated that was exactly his point; he likes some of the things going on up there too that may be defined as excessive, but we need to look at affordability beyond the State Standards. The whole idea of Standards; they change things and they forget to send the money, they forget that part of the Constitution is the unfunded mandates and we're seeing it with the Technology asking to get prepared for new Assessments that are being mandated by the State Department of Education that requires Districts to tool up with computers. It just seems unfortunate that those types of demands made by the State with no realization of the impact.

Mike DiGregorio stated not to get off subject, but its interesting Mark (Hounsell) brings that up; he just read a Court case with regards to mandates. It was interesting to read that once the mandate was in place changing the level of funding within the mandate the Court system said that is not a violation of any rule because the mandate is already there and you're just changing the amount. It was really amazing reading that.

Chairman Mosca asked that members stay on target.

Mark Hounsell stated his point is that the things that are driving a 15% impact are things that are contractual, Tuition Contract and unfunded mandates from the State and perhaps the District offering more than we can afford to offer. He was not hooking his wagon to anything; he was just saying that those are three areas that seem to be driving forces.

Mike DiGregorio stated again, when he was on the Board and specifically about Special Education, the funding was 10% not the 40% or 45% required under the law. It was 10% is paid for; that's no where near what everybody agreed to and that's a lot of money.

Karen Milford stated that Carl Nelson mentioned before the meeting something that she thought was interesting in that the percentage of the budgets for the High School versus the Middle School versus the

Elementary Schools that are somewhat funded by the Tuition Contracts with outside Districts so obviously with the Elementary Schools it is almost all Conway, but the High School 56% is funded by the sending towns. She thought maybe getting that understanding, maybe that's part of the Tuition Contracts, but she thought that was important to understand when looking at cuts and changes in the Budget and how they impact Conway versus the other sending towns.

Mark Hounsell stated that point needs to be understood too because there are some things we are required to provide to the sending towns, on behalf of the sending towns, that may exceed the State requirements. We may in those Contracts be required to offer more. He didn't know, but thought there was a minimum required to provide to the sending towns in the Tuition Contracts. Karen Umberger stated no. Mike DiGregorio stated we have to provide a minimum of State Standards in the Contracts was his recollection. Karen agreed that was hers also. Mark stated he seemed to recall that there was something that a sending District can get out of the Contract if we don't do something. Karen stated it had nothing to do with education, what you would call the core requirements.

Mike DiGregorio stated Karen (Milford) brought up a very good point when talking about adjusting budgets, let's say you took \$500,000.00 away from the High School, it has less of an impact into the Conway taxpayers than if you took \$500,000.00 away from an Elementary School because a good portion of the Elementary Schools are paid for by the taxpayers of Conway.

Chairman Mosca stated that we, as a Board, can make suggestions as to where we think things may be reduced, but it is still a bottom line budget and they can put the money where they want.

Mike DiGregorio stated he understood that; he was just saying that if somebody was saying that they wanted to do away with the entire High School Sports Program. Chairman Mosca stated the impact is minimal compared, shouldn't say minimal, but it is different than the impact to one of the Elementary Schools.

Karen Umberger stated this is only a hypothetical at this point because we don't know what's going to happen before the 31st of December in regards to sequestration and the budget, it's not the budget because we haven't passed a budget in 3 years, at least we pass budgets, right, wrong or indifferent. That activity could have a serious, serious impact on Federal funding for education and although we get something like \$1.3 Million in Federal funding, we also get Federal funding for meals and for the people in poverty and any number of other areas, and even if they just continue to do what they are doing and give them 60 days, we still won't know what's going to happen from that. It's a whole issue because education funding is on the chopping block like everything else is. This is a very scary little time in this budget cycle that we are going through right now. It will impact what the State is able to do as well, mostly from the education department.

Chairman Mosca stated if nothing happens, then the individual taxpayer's tax rates are going to go up enough that some people aren't going to be able to afford to pay for some of the increases in services that we are

looking at. There's a lot to what's happening in Washington. Now you have me sidetracked.

Karen Umberger stated it is something that she thought we all need to be really cognizant of when we are looking at this. She was not sure if Mark's (Hounsell) question shouldn't be put into one of the questions that we send to the School Board. Chairman Mosca stated he already had it written down because he thought it was a good point.

Chairman Mosca stated to the members that if anyone had any further questions, send same to him and he will send them off to the appropriate departments and we'll get answers when we go through the Budget process starting in the next month.

Karen Milford asked when they respond, do they do so verbally or in writing. Chairman Mosca stated usually in writing, usually everything is responded to in writing.

Mike DiGregorio stated for Karen's (Milford) benefit too, Earl (Sires) will come here as well as Lucy (Philbrick) and Carl (Nelson) and his staff will come here when they present their Budget and they will go through it and at the same time, they will probably answer most of those questions as well as any additional questions we may have here at that time. There will be plenty of time to get that stuff together.

PUBLIC COMMENT

Mr. Lucy stated only because he was not well informed, why did the State fund part of the Town and teacher's retirement. Chairman Mosca stated he believed, and he was not going to speak for the State because he didn't know, but he believes that it was something that's happened, something that's gone on since the beginning of time. It's customary that the State has funded part and he thought it was in most states that the State funds part of the retirement system for the public pensions. There's ways around it; obviously the State realized that it was something that was out of control and the way that we, as a Town or a community can control it is through labor agreements. We can have the employees pay a little more of their share and obviously it is still going to cost the Town more but there is a way to try to control it somewhat.

Mr. Lucy stated he thought his observation is back when things were fat and the middle class was making lots on its 401(k)'s and everything was honky dory and nobody looked down the road for the rainy day. The rainy day season has arrived and now it's like everybody's cutting funds while nobody planned on it. That's why he didn't realize why the State was paying Town employees, School District or whatever for part of their retirement. Chairman Mosca stated it was all part of the public pension system.

Mr. Lucy stated he had an observation concerning the so-called fiscal cliff, as a humorous comment, it seems like it is going to turn the Budget Committees into Estimate Committees. Chairman Mosca stated point well taken because that's all we can do at this point.

Bill Marvel moved, seconded by Danielle Santuccio, to adjourn the meeting at 7:30 PM. Motion carried unanimously.

Respectfully Submitted,

Iris A. Bowden, Recording Secretary