

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
January 16, 2013**

A meeting of the Municipal Budget Committee was called to order at 6:32 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Maureen Seavey, Steven Steiner, Peter Donohoe, Maury McKinney, Karen Umberger (arriving at 6:35 PM), Danielle Santuccio, Bill Marvel, Greydon Turner, Mike DiGregorio, Karen Milford, Mark Hounsell, Doug Swett, Syndi White, John Edgerton and Michael Fougere. Excused: Brian Charles. Also present: Dr. Carl Nelson and Lloyd Jones of The Daily Sun.

Chairman Mosca led those present in the Pledge of Allegiance.

SCHOOL REVIEW

Dr. Nelson stated that first of all, the Committee had sent him about 45 questions, and he actually called it a final exam from the Budget Committee, but he gave the answers to each of those 45 questions in a packet. He did not expect the members to review the answers now, but it does have the information requested earlier and he was glad to have been able to bring it in this evening so that the members will have time to look at it and probably there will be more questions as we move forward.

Dr. Nelson stated what he would like to do, as has been done in the past, is to go through some of the essential parts of the Budget book that he left last week; highlights of things; answer any questions that members might have and he was sure there were going to be more questions generated as we talk through the night. There are going to be some questions when members go home and review the material even deeper and he would be more than happy to accept any e-mail questions either directly or through Joe (Mosca). He was not sure how the Committee wanted to work it. Chairman Mosca stated to have it go through him so that everyone is on the same page and that there are no duplicates sent out. Dr. Nelson stated he will answer any questions as the week goes on and the School will be back next week. As we go through tonight and with the questions members may have, those Administrators that you would like to have come in to explain something to you or have a conversation with you, if members would let him know who they might be, he would be happy to make them available next week. He would rather not have all of them out if he doesn't have to on a winter's night just to sit. If members have some questions, certainly they will be here and be available to the Committee.

Dr. Nelson proceeded with the Budget book by stating that the first page or two is really just information; a Memo that he sent out to the Administrators reflecting what the Board's desires were in terms of direction. The Board's direction was basically with the exception of a few things and he will list those off: health insurance increase, the increase in the Retirement that the local Districts are having to pick up and it's not just with the Teacher's Retirement System it's also with the other public employees; the second year of two Contracts that he will talk about in a little bit; and then some Technology money that the School is going to have to spend in order to get themselves up to speed

so they can assess the Common Core Standards as they become part of the State Requirements in 2014. There is about \$63,000.00 there, but that was the Board direction: come in flat within your particular units, and members know how they are broken up, 2 through 10: 2 is Special Ed, 3 is the High School, 4 is the Middle School and so on. Each of them did come in at that zero with the exception of the items he has just listed, so when members turn the Summary page in a minute, that will explain why there are some increases in certain Budgets because it's for one of those four items.

Dr. Nelson proceeded with the Table of Contents that gives a listing of everything in the Budget book and he wasn't going to go over that. Dr. Nelson asked that the members turn to Tab A - Budget Summary. This is a Summary by Unit of the various increases and, as he said, the increases pertain, with the exceptions of Special Ed which is by State and Federal Regulations, the other Units all come through. Unit 8 - Technology had a big jump, 16%, and that's because of the \$63,000.00 they have added this year to make sure that they are on target with the State's Common Core Assessments that will be the new direction for the State and probably about 40 to 44 other States in the United States right now. It's testing through computers and they need to make sure they can get all of their students through those tests within a time frame. They have not been told what the time frame is yet, but the NECAPs is a 2 week time frame so they are looking at that as probably a target.

Dr. Nelson proceeded with Special Ed had a big jump, almost 10%, and that again is by State and Federal Regulations. Originally in some of the questions that were asked, there was a \$652,000.00 number and members can see that has been adjusted down now to \$547,000.00 because of things that have happened from the time they first put the Budget together until this day; students moving in, students moving out, IEP changes, so it has been reduced to some degree. He pointed out that the Health Insurance increase which they were told would be the guaranteed maximum which usually turns into the guaranteed price was an 8.7% increase and that equates to a \$531,000.00 increase in this Budget. The Retirement which the State has now shifted to the local governments is an additional 3% over what they paid last year which equates to \$317,000.00. The second year of the CESP Contract which was approved by the voters last year equates to \$54,000.00 and the AFSCME Contract which again was approved is about \$50,000.00. As he mentioned earlier, the Common Core Standards and Technology, that is about \$63,000.00 to \$64,000.00 and if you add all of those up, it's about \$1 Million of increases that are there. They don't have much they can do about it and then you throw Special Ed on top of the \$547,000.00 and you are \$1.5 Million up without doing anything. Members can see the Units and it's a summary by Units, members can see where the High School went up by \$117,000.00, the Middle School is up by \$86,000.00, Conway El by almost \$50,000.00 and down the line. That equates to a 3.12% increase in the Budget; members can see that in the shaded line at the bottom of the page. The 2.97% is after you take out the Grants, but the real budget to budget number is the 3.12% although he would like it to be the other one as it is under 3%.

Dr. Nelson proceeded with a Summary by Unit of the different increases and then to the last page, these are the Budget cuts that the School Board made. Remember in our conversations earlier, they had asked him to

look at a \$300,000.00 level of cuts and a \$500,000.00 level of cuts. On that last page members are going to see Level 1, Level 2 and Level 3. Anything with a line through it which is almost everything on that page has been cut from the Budget that was originally proposed by the Administration. Anything that does not have a line through it is in the Budget, the \$33,509,885.00 Budget. The cuts the Board made already total up \$409,000.00 almost \$410,000.00. What members are seeing, even though it says \$500,000.00 over here because obviously some of the things were cut out of the Budget, the real number is the \$409,894.00. That was the Board's work on the Budget before it comes before the Budget Committee.

Peter Donohoe stated he had a math question; when he added up those listed, there were, for instance on the second page in Special Education Unit 2, you add up \$595,000.00 plus all of the line items that are cut, it doesn't equal \$135,750.00. Peter did not know if he was missing something, but thought there were two items that were supposed to have been lined. Dr. Nelson stated what has happened is you've got one Special Ed Aide, a Program Aide, that stays in John Fuller; the other ones, they only cut half of an Aide so that number is not going to total up. That bottom line number, \$135,000.00, that is similar to that \$500,000.00 number. If they were to have cut the full position, it would have come up to one of those, but they only cut half a position and that's why you see the line through at \$15,000.00 and then there is a \$15,000.00 that is solid, you'll see a line through another one, and then you'll see another \$15,000.00 that doesn't have a line through it. That's only because there was only half a position cut. If you add up all of the cuts, it's not going to come up to \$500,000.00, it's going to come to \$409,000.00.

Mark Hounsell stated on Technology, you speak of having to upgrade the computers for an assessment from the State Department or from the Federal Department that is mandating that these assessments take place. Dr. Nelson stated the Department of Education for the State of New Hampshire is changing it's Standards to the Common Core Standards, those are national Standards, and the assessment is going to get done through technology. They have to be up to speed with enough computers per student in order to accomplish that within the testing period of time. It's a Federal initiative in terms of the Common Core Standards. The State of New Hampshire has chosen to participate with that and become part of that; it's a combination of the two really.

Mark Hounsell stated so in effect it's a mandate. Dr. Nelson stated he didn't know if it was a mandate because there's a Regulation that says if it was a mandate, they'd have to fund it. Mark asked why it wasn't a mandate. Dr. Nelson stated one doesn't necessarily have to meet the Common Core Standards then one would not be considered an approved school in the State of New Hampshire. Mark stated he was talking about meeting them but having to upgrade and absorb a cost that comes from the unfunded mandate. Dr. Nelson stated they could use the technology that they have now, they are concerned that that won't do it in the time periods that they are going to be given to have all of their students assessed. There are probably some alternatives to doing things like that; instead of doing the assessment during the School day, do it outside the School day, and things like that. The State isn't totally clear as to what it is exactly going to take to do that yet. What they have asked their technology guy to, and he will bring Dale Anderson in next week, take a

look at what information they have. The first bit of information that they looked at suggested that they needed to add about \$125,000.00 to the Budget and then additional information came out from the Department of Education narrowing that down a bit so they are going to estimate by the time some of their equipment gets obsolete and no longer can be used and any new equipment they will need, it's going to cost the \$63,000.00.

Mark Hounsell asked when do the assessments take place. Dr. Nelson stated 2014/15. Mark asked if that would mean 2 years of increases. Dr. Nelson stated yes, they are anticipating it. They will know better when they get to next year whether they've got it all covered this year or not, but they have broken it up into 2 years and the original thinking was \$125,000.00 this year and \$125,000.00 the second year will get us there. Now it looks like they can cut that in half. They will take a closer look at it when they get to next year; will they need another \$63,000.00, can they do it less or are they already there, as they define it more clearly for them.

Mark Hounsell stated we've got 2 years out and we're looking to improve the technology equipment in a pace that could render them obsolete by the time the assessments are going to be done. He is concerned about this. Dr. Nelson stated it's not an easy situation. They certainly wish they had more information and more information will come, but they didn't want to be looking at next year and all of a sudden having to slap \$250,000.00 into the Budget 2 years out so they were trying to say "how do we get there in increments" and this is what Dale (Anderson) thinks will happen. He will bring Dale in next week and members can ask him directly how he put those figures together. He would be the guy to answer that.

Bill Marvel stated his question is somewhat related to that, but he didn't think it would take the Technology guy to explain it. He didn't see how this could not be considered a State mandate. It's one of those expanded or modified programs or responsibilities that the State is not constitutionally suppose to impose on a community to inflict local expenditures and much like the mandates for Special Ed, he can't understand why the Superintendents of the State, and he thought Dr. Nelson chaired or presided over their Association once, why don't they challenge that; why don't they ever question it; why do they just pass it on to the communities. Dr. Nelson stated he thought it was more legislative than it was administrative. Bill stated it's constitutional, it's legal. Dr. Nelson stated nobody's saying you have to go out and purchase the equipment, it's not requiring that. You have to meet a certain standard to get your tests done. Can you do it in a different way. They don't think they can; they think this is what they have to do in order to accomplish that and do it in a reasonable manner.

Bill Marvel stated what about Special Education then; why is that never challenged. Dr. Nelson stated he couldn't answer that; he thought it had been at points in time by different States because it's a Federal issue that he thought Bill was talking about where they are suppose to kick in their 40% of Special Education and it's never quite reached that; it's more like 17% or 18% or something like that.

Steven Steiner asked if there was any way he could bring that mandate or wherever this Regulation is coming from so that the members could see it.

Dr. Nelson stated he could. Steve stated that Dr. Nelson made a comment that it was only 3% and last night he was on a listing appointment and he was talking to a senior citizen who was selling their home because they can't afford their taxes in this Town. Again, at every meeting he has repeated himself and he is repeating it again, folks in this Town, at least the senior citizens, can't afford these taxes. When you say it's only 3%, talk to the customer he went to with the wife upset and so forth and so on. Dr. Nelson stated he was just telling the members what the numbers are.

Chairman Mosca reminded the members to please stick to questions on the Budget.

Doug Swett stated there must be a national Superintendent's organization. Dr. Nelson stated NASA represents the National Association of School Administrators. Doug asked if they had ever thought of getting together and to try to turn some of this stuff back. Dr. Nelson stated there's a continuous lobbying effort to deal with those issues; some of it is effective and some of it is not. Doug stated it's very easy for you to come here and put this stuff in front of us, but it's 3% here, 7% there and somebody talks about taxation. You're going to get your pay check and the next one; this is impossible.

Chairman Mosca stated on the very first page of the Budget, looking at the 3 Elementary Schools, why is Pine Tree going up so little and the other two going up 5, 6, 7 times more. Dr. Nelson stated a lot of it would have to do with what the needs are in that particular school. She is only going up \$9,500.00. They were all asked to stay within the numbers he has given so the reflection of Retirement, Health Insurance, it could be many different health insurance plans that costs more than the others. It happens.

Mike Fougere stated he was at the School thing the other day and wasn't there something about the Technology being split between two Schools so that one School is going to be left behind. Dr. Nelson stated there is a, and members will see another one, Warrant Article for \$75,000.00, that's what you're talking about. Mike stated he was not sure if that's what was indicated in the Budget. Dr. Nelson stated no, it's a separate plan and he will have Dale (Anderson) talk about that when he gets here. They asked him (Dale) to lay out how they would use that \$75,000.00, what's the most effective way to do it rather than distribute that all the way through. He will hit that when he gets to that Warrant Article.

Bill Marvel asked Chairman Mosca if he had seen the handout that Bill had passed out to the members. Chairman stated he glanced at it, but had not had a chance to read it. Bill stated he suspected that now would not be the time to go over it.

Dr. Nelson proceeded with the Default Budget and advised that they are in the process of completing it and he should have it to the Committee next week. The Board does have to approve it at some point in time so the best he is going to come up with is a draft waiting for the approval. The School Board does not meet again until the 28<sup>th</sup> of January and they had to have a regular Budget approved by the Board and that happened on the

3<sup>rd</sup> of January before they can even start on the Default Budget. That is to come.

Dr. Nelson proceeded with Special Education advising that the Summary page is what people have liked to see in the past. Special Education represents about 20% of the Budget and about 12% of the kids are Special Ed kids. He points that page out because that is usually something that people are interested in and at least want to know about.

Mark Hounsell asked are there new plans in this Budget for personnel. Dr. Nelson stated actually no; there was a request for a teacher, they actually cut half a French teacher. Mark stated he meant in Special Ed. Dr. Nelson stated the personnel would be 1:1 Aides that are required. Mark asked if there had been an increase. Dr. Nelson stated there is because they had Aides put in place this year that weren't in the Budget, they came in afterwards. Members will see that increase in the Budget. Mark stated he knew IEP's are written with a process in mind and it involves a lot of people including the parents, is there any such thing as 1:2 Aides meaning one Aide for two students. Dr. Nelson stated yes, they have several of those. In some IEP's they use the words "the services of a Special Ed Aide available to a student" which means that Aide could then service more than 2, 3 or 4 students, it just depends. There are a number of IEP's that are written that way as well. What you see in this Budget in terms of Special Ed reflects the IEP's that are in place right now. As he already showed the members, they've changed the increase in Special Education from \$650,000.00 down to the \$547,000.00 because things have changed; things will change from here to the time we vote and by the time we even go to the Deliberative Session and if it changes downward, they will make a suggestion that the community consider reducing that portion of it. They change from day-to-day.

Mark Hounsell asked if 12% was State. Dr. Nelson stated it's on the State average. If members take a look at the Report Card which is in that folder, it will give members the percentage of Special Education students in the Districts and that's all of the Districts, not all of the State, just all of the SAU 9 Districts and it will also break it up by School so you will know where they are in Elementary, Middle School or High School, but it's that percentage that's in there. Twelve percent is about the State average and that's where they run. Mark asked if 20% cost was about the same. Dr. Nelson stated he did not know the answer to that, he only knew what the percentages were. Mark stated he just wondered how we might compare in spending with other Districts. Dr. Nelson stated it's a good question, he doesn't have an answer on that right now.

Karen Milford asked how does she understand the difference between Special Ed costs at a District wide level, Unit 2 versus what's allocated to the individual Elementary School. She is looking at the Special Education Budget and guesses that she doesn't understand what the Elementary District wide is versus Special Education spent at Conway Elementary or John Fuller or Pine Tree. Dr. Nelson stated what happens is the Special Ed is done District wide with the exception of the Middle School and the High School, it gets broken up differently there. It all gets put into this one Unit, all the costs for Special Ed are now in one particular unit, Unit 2. Karen stated if she looks at Unit 5 or 6 or 7, she is trying to understand. Dr. Nelson stated that would be the Special

Ed costs for 5 - Conway Elementary School and 6 would be Pine Tree and 7 would be District wide costs. For instance, they have a Psychologist that travels District wide, a Psychologist that moves from building to building, it's not charged to any one building, it's a District wide cost at that point.

Karen Milford stated Unit 2 is a go to all of the Elementary Schools and then if she looks at the staff under Unit 5 for example, they are just concentrated at Conway Elementary. Dr. Nelson stated that was correct; if you're talking Special Ed staffing and it's in Unit 5, that's at Conway Elementary School. Karen stated then what is the staffing at Unit 2. Dr. Nelson stated Unit 2 would be Elementary District wide, again the Psychologist or pre-school person that services the entire District, not just a Conway Elementary or a Pine Tree. Instead of having one Psychologist in each building, they might have one that travels to each of the buildings in the Elementary Schools. Karen stated Line 1200 is Special Education Elementary District wide and she guessed Psychologists and Speech Therapists and Occupational Therapists are all listed separately. We have \$1 Million in Special Education District wide that's not allocated to any School. Dr. Nelson stated that's what the District wide is, someone who would be moving through all of the Elementary Schools and they charge it that way as opposed to piecing it out.

Karen Umberger stated her question is on Transportation and the asterisk says it includes a Special Ed Van. Are you buying a new Van; she was not sure she understood what that was. Dr. Nelson stated they were not buying a new Van and that would be transportation costs related to that. For instance, salaries and things of that nature, the bus driver for that particular vehicle and any of the benefits that might go with it. Karen stated that cost and that amount is \$61,000.00 and that covers the driver and the expense of maintaining it or just the driver. Dr. Nelson stated he would get a break out of those costs. He will have Pam (Stimson) do a break out and will have it next week and that way members can see what they are.

Syndi White stated for Transportation - Special Ed including that Van, isn't that all of the transportation that you do. Special Ed transportation isn't just the Van, there are other things. Dr. Nelson agreed. Syndi asked if it was all covered under that line that said Special Ed Transportation. Dr. Nelson stated there's another one on the other side. Karen Umberger stated \$32,000.00 under Unit 2.

Mark Hounsell stated it's hard to get into Special Ed items because of the privacy connected to it, but at the same time we're going to have to take some sort of leap of faith here. Something, as he mentioned a few weeks ago, is happening here because all of a sudden, and he was looking at Unit 4, Special Ed Middle School with a 60% increase, Speech Therapist 54% increase, are these attributed to one or maybe two IEP's. Dr. Nelson stated what these are attributed to when going to the Middle School are students who were in the Elementary Schools; it comes out of the Elementary School Budget and goes into the Middle School Budget. So the students going from Grade 6 to Grade 7 and any costs related to that student are now in the Middle School. They've left the Elementary School and moved to the Middle School. That's why that seems to be a significant jump.

Syndi White asked if that included students that are coming from other schools instead of just our schools. Dr. Nelson stated it could be some from a sending town going to the Middle School and there might be a cost there. If it's an Aide for instance, that gets charged back to the sending town.

John Edgerton stated if they're moving up, both Conway Elementary, Pine Tree and John Fuller would remain flat, almost flat this year versus last year and yet the Middle School has jumped. Also, Unit 2's Transportation jumped up to \$32,000.00 from \$1,000.00, that's a big jump. Dr. Nelson stated that's because obviously we now have a couple of students that require Special Education transportation that they didn't have the year before and \$1,000.00 would have been a marker that they would have put in the Budget just to keep the line in case they needed to increase it later on, but that would be the case there.

Mark Hounsell stated this is a tough one to ask and he means no offense by it at all, but when it comes to sitting down and coding a child and developing an IEP, are we searching all the different options with costs in mind or are we locked into a set way. Do we process it quickly. Dr. Nelson stated it's not processed quickly and, as a matter of fact, to put a 1:1 Aide with a student, there's a whole checklist that they go through to find out and after they have checked enough of it off, then yes the student does need a 1:1 Aide. There is a guideline that they use and that tries to tighten it up; the Regulations stipulate we should have the least restrictive environment, so every time you add something that's usually more costly, it's becoming more and more restrictive. By law they are suppose to look at the program that requires the least amount of assistance to the student, but does meet the student's needs in order to achieve.

Syndi White stated along with that least restrictive environment, instead of putting kids into a specialized program in a separate room in a separate school, children for years now have been integrated into the regular school and in order for a kid to be successfully integrated with their non-Special Ed peers and in the regular classroom sometimes that takes different levels of support. One level of support which is successful is having the 1:1 Aide, somebody with them to help them through each step of the day. They've tried different things instead of having the 1:1 Aide; things that we've talked about like the 1:2 Aide or to write the IEP so that you're giving 1:1 when the child needs it, but they don't need one staff with them all the time. It could be different staff helping them whenever they need it through the day, so there's a continuum of care so to speak and you are always trying to lessen it because then the child is becoming more independent and able to function more on their own.

Dr. Nelson stated the ultimate goal is that by the time they are a Senior, they should have no supports. That's what they hope for; doesn't always happen. They monitor this and look at this as closely as one can imagine because it is a big ticket item, 20% of a Budget, it's a big ticket item and it's had a significant increase this year. As a matter of fact, right now they are in a deficient position for the Budget year that they are in with regard to Special Education.

Syndi White stated if you look at it this way, if they didn't provide the 1:1 Aide which seems like a lot of money, they could be looking at out-of-District placement for these kids because they wouldn't be successful within the school and then we're talking hundreds of thousands of dollars. It's kind of like you're frontloading, you're putting the money down to make sure that kid can be successful in this school and that we can pull that away rather than say "no, we're not going to do that any more" and then what you're facing is that kid is not getting what they need to have an adequate education, appropriate education and then you're looking at outside placement and your costs just sky rocket. Dr. Nelson stated it could be \$180,000.00 to \$200,000.00 for one student for the course of the year, depending on what the needs are.

Karen Umberger stated she may have misinterpreted what Syndi (White) just said, but do we still not have the 3 programs in the 3 Elementary Schools, she didn't remember what each was designed for. Dr. Nelson stated they don't have them any more; over at John Fuller they have some of the behavior management piece, but for the most part the rest of it, the kids are in a different setting. It didn't become cost effective to keep it that way. They were talking about a couple of teachers for one or two kids so they approached it differently. Karen stated so the programs, whatever they were called, have been eliminated. Dr. Nelson stated he forgets the names because they haven't used them in such a long time. The structure is much different at John Fuller than it used to be. Karen asked if anyone knew when that changed. Dr. Nelson stated it's been a few years. Syndi White stated it transitioned slowly. Dr. Nelson stated he would have Pam Stimson come in next week to answer that question.

Mark Hounsell asked if they are seeing much more Aspergers and Autism coding now than years previously. Dr. Nelson stated yes, they are. Mark asked if Dr. Nelson had any numbers for over the last 5 years, 10 years. Dr. Nelson stated he could get them, he didn't have them with him, but he can get them.

Dr. Nelson stated to Ms. Bowden that he hoped she was taking good question notes because he's going to have to read the Minutes to get these questions and he's not writing them down. He is not going to remember all of the questions.

Syndi White stated that she wanted to say something on the Autism. Four years ago it was 1 in 150 kids being diagnosed with Autism and the last figures that she saw it was 1 in 68. Something's going on; nobody really has a handle on it, they're doing all kinds of research on it and trying to figure out what it is. It is something that is hitting us, especially when you're looking at the younger kids, the kids that are in pre-school, Kindergarten, 1<sup>st</sup> Grade, that's where the numbers are getting them.

Dr. Nelson proceeded with the Revenue page, it's a little depressing but we'll look at it any way. As the members can see right at the top, they're estimating as we sit here today, basically because they have a \$300,000.00 deficit in Special Ed for this year, probably a zero Fund Balance with regard to money they would save on expenses. They do anticipate money on the Revenue side coming in; their estimate is that they will have \$200,000.00 more than what they estimated in the book.

Moving down the line, members can see a big chunk called Tuition and those are all of the Tuition Contracts and members can note that has gone down by about \$630,000.00. Part of that is because of the way the Tuition Contracts are written whereby some of it has to do with the number of students, the number of students has declined from some of the sending towns but also the fact that they have to even out the expenses from the previous year. In their Tuition Contracts there's what they call an Inflation Clause that says that we'll figure out what the tuition is add 2.5% so Conway is not holding the money if you will for the other Districts and so Conway is not spending it's money while the other Districts are hanging on to it. On top of that, add whatever the CPI is for that year; two years ago it was 3.6%. If you add 2.5% and 3.6%, you are going to come up with a big number. That's changed; the CPI this year is much different so what happens is that they figure out the following year and this year we have to charge the sending towns less, they actually have a credit from them. A couple of years ago he was here and was pleased to tell the Committee that they had a \$700,000.00 increase in this line and he thought he said at that time that it would probably come back to haunt us and we're going to see it swing the other way. This is the year it has.

Dr. Nelson stated that he wanted to point out that at the bottom members are going to see in bold where it states State Adequacy Grant; they sent us the Adequacy numbers back in November which they have to do by Regulation and because Adequacy is being looked at a little differently, they told us that the number could shift by up to 5%. The number the State gave them was \$3,000,093,00; they took 5% off that and said what's the worse case they could get, 5% less which would be the \$2,938,000.00. That's the number they are using, but that could go up slightly, not going to go up a lot, but it could go up slightly. They have always tried to put up the worse case scenario so that people were ready for the worst. He gave the members a copy on the back of the Revenue page where one can see the State estimate of Adequacy and if members read through it, it talks about the 95%.

Mark Hounsell stated he had a question for his edification on tuition; the non-Contract which is somewhere around \$100,000.00, what are those. Dr. Nelson stated those are students that live for instance at Hale's Location. Hale's Location doesn't have a school and they actually have a Contract with them but they are not the original Tuition Contracts. The Conway School Board has a policy that says any District wanting to send students here who is not a party to the original 8-Town Tuition Contracts, has to pay the amount that's equal to the highest amount that a District would be charged if you were to break it into a per pupil cost and it's not figured on per pupil. They ended up figuring out what each District contributes to each of those different tuition pieces and then they divide it by the number of kids they are sending in that particular year. If you do that, you'll find that Jackson is the highest with about \$32,000.00/\$33,000.00 per student, if you were to do it that way. They then charge that amount. Mark stated he just noticed that they're all zeroed out, you don't have any tuition students. Dr. Nelson stated they were not anticipating any and if they get some, that will be a plus.

Dr. Nelson proceeded with the estimated Tax Rate. The Tax Rate for the Budget as it stands right now, the \$33,509,885.00 Budget would be an

increase of \$.70 per thousand assessed and, of course, that's estimated which would be an increase of approximately 6.1%. They have completed the negotiations with the CEA, there is a Memorandum of Agreement that has been signed by the negotiating teams and that will go to the full Board probably on the 28<sup>th</sup> of January, that's if the teachers ratify that, that is not in here now and as soon as he has that estimate and he knows what the mathematical estimate is, he's done the calculations but is not at liberty to discuss that until both sides approve it and that should be by the 28<sup>th</sup> and he should be able to get the information to the Committee on that. That is at a zero and members can see what the rest is estimated at. If what they have in the book passed, it would be \$1.16 per thousand increase or approximately a 10% increase in the tax rate.

Chairman Mosca stated a \$200,000.00 home would add about \$232.00. Dr. Nelson stated somewhere around \$250.00, that would be correct.

Dr. Nelson proceeded to review the Warrant Articles. The first page is a Summary of what all of the Warrant Articles are and it gives the total as they have it to date. The first three are all the Warrant Articles that are required by the Tuition Contracts in order to maintain the Expendable Trust Funds, the Maintenance Trust Funds. Currently at Kennett High School they have \$319,000.00 in that Trust Fund and members can see what Conway's contribution and what the sending towns contribution will be. The second one is the Middle School and they have \$103,000.00 currently in that Fund and number 4 is the Elementary Schools and that's close to \$50,000.00 currently in that Fund.

Dr. Nelson proceeded with Article 5 which is on the second page, that's the Budget and obviously right now if everything were to stay the same, the recommended number by the Board would be the number given before which is \$33,509,885.00. The Budget Committee obviously doesn't have a recommended number yet, but they will come up with one between here and the end of the process at the hearing and the Deliberative. The Default Budget will be coming to the Committee as soon as they complete it and the Board gives full approval of that.

Dr. Nelson proceeded with Article 6 which is a new item that has been legislated this year. The Towns can carry over money from year to year if they have extra funds and they sort of put that in an account to use the following year for something. The State is now looking at and letting the voters vote it in to have the School Districts keep up to 2.5% of their current fiscal year assets and the Department of Revenue Administration determines what that asset number is; they don't do that locally, DRA tells them what it is. If this were to pass in Conway, Conway could keep up to \$389,000.00 in a Fund to be used to either offset taxes or to deal with emergency situations. Emergency situations have to be approved by the Department of Education but, if you think about it, in this year when the Revenues are down and they had \$400,000.00 they could use all or some of that to offset the lost Revenues. It is something to think about. That's new and it has to be approved by the voters.

Greydon Turner asked if there was a cap on that. Dr. Nelson stated the cap is what he just mentioned. You can't accumulate that each year. You get to that level once and then it could go up or down. If the net assets go down, then you could only accumulate whatever that would be equal to.

Dr. Nelson proceeded with Article 7 which is the place holder for the CEA negotiations.

Dr. Nelson proceeded with Article 8 which is Project SUCCEED that is usually on the Warrants. Mike DiGregorio stated he thought in this Town we have the rule that if something was being funded originally before it gets into the Operating Budget it becomes a Warrant Article for the voters to approve. Why has Project SUCCEED stuck out there for at least 10 years as a Warrant Article since the grandfathering is all done now; why have they not been put into the Budget if you feel there is a value to the program. Dr. Nelson stated it would have to be changed to a Special Warrant Article; it is a Special, it would have to be a separate Warrant Article and then it would automatically go into the Budget and stay there because they would never put it up that way. Mike stated he knew they never put it up that way and he is asking why. Dr. Nelson stated he thought that people were happy that this has been successful this way and that the Town voted it in and they are satisfied with allowing that to continue to happen rather than take a separate approach of making it a separate Warrant Article and then the Town would have no say in it in the future and he thought that is what has been the thinking.

Mike Fougere asked if it could be possible that we are at a junction where that could be looked at differently where it has become a success. Dr. Nelson stated there is a Deliberative Session and you can change it at the Deliberative, the Town can do that. Mike DiGregorio stated you can change the wording of the Article and you can change the amount too. Dr. Nelson stated it might be a suggestion that people want to make in the future. It's a good suggestion. Mike DiGregorio asked how long has that been around. Dr. Nelson stated a long time, at least a dozen years. Originally this came out of a large Grant way back when, 12 or 15 years ago. Mike DiGregorio stated he was just throwing it out there because it is a successful program. Dr. Nelson stated maybe the Municipal Budget Committee might want to take a vote on that asking the Board to change it. See what the pleasure of the Committee is and recommend that they make a change.

Bill Marvel stated maybe the reason it hasn't been changed is because people who are in the program are perhaps afraid if it goes to that sort of Article that would meld it into the Budget and that people who are not satisfied with the program might put up enough of a fight that they might lose. He did say maybe those who administer the program have thought and he shouldn't speak for them he's just speculating, but maybe they've thought that if they put it into that Special Warrant Article, it gets blended into the Budget that perhaps people who are not so convinced that it's a successful or worthwhile program would argue vehemently against it and they might lose it for good.

Mike Fougere stated the flip side is that's been approved for 20 years through a regular Warrant Article that taking a chance on a Special Warrant Article doesn't seem that big of a stretch. Chairman Mosca stated he thought Bill's (Marvel) point is if the Special Warrant Article is approved, the funds have to be expended for that purpose. If the money gets put into the Budget and someone down the line decides they don't

like Project SUCCEED, they could take those funds and use them for whatever they wanted to use them for. He didn't want to put words into Bill's mouth, but he thought that was what Bill was alluding to. Bill stated the Chairman and Danielle (Santuccio) both have a habit of improving his comments. Chairman further stated he thought when you look at it like that, it may be smart to leave it as a Warrant Article. Dr. Nelson stated it was discussed 5, 6 or 7 years ago and this was the way everybody decided to proceed. Chairman stated it works; sometime you don't fix something that's not broken.

Mike DiGregorio stated the person in charge of it and he certainly has had conversations with that person and if that question comes up, it will be in front of us at some point. Chairman Mosca stated what he was saying is that the people in charge now may not be in charge at some point in time. Mike stated yes, this Board changes, the School Board changes and it's either a valuable program or it's not. Chairman stated his point is that if it gets put into the Budget, it doesn't necessarily have to be spent on Project SUCCEED. Mike stated you can make that argument with everything. Chairman agreed and stated it happens with a lot of things. Mike stated is it important; either it is or it isn't.

Dr. Nelson proceeded with Article 9 which is the Building Maintenance Trust Fund. The other ones were individual ones; again contributions from the sending towns. This is District wide for Conway and currently has \$196,000.00 in it. The maximum it could be is \$500,000.00. Mark Hounsell stated he has always been curious as to why there would be a dissent. He sees that the School Board voted 6 to 1 on Article 9 and was wondering what the opposition was. Dr. Nelson stated the School Board would have to be asked that when we come to the meeting. He could not remember who voted in the negative on that. Syndi White could not remember who voted in the negative on that.

Dr. Nelson proceeded with Article 10 which is the Bus Warrant Article which speaks for itself. Karen Umberger asked if the Committee was going to get the Bus Spreadsheet as the Committee has received in the past. Dr. Nelson stated to look on the last page of the Warrant Articles for the information on the buses and there is a description of Project SUCCEED in there too.

Dr. Nelson proceeded with Article 11 which is Technology and Dale Anderson will give a break down of that next week.

Dr. Nelson proceeded with Article 12 which is the Special Ed Trust Fund Warrant Article. There is presently a balance of \$300,000.00 in that Fund.

Dr. Nelson proceeded with Article 13 which is to replace a portion of the roof at Conway Elementary. John Edgerton stated for years now we have asked regular Maintenance to be in the Budget. Conway Elementary School has come up almost every year as a Special Article, gets turned down and it still gets done. If you do a Special Article, you can't do it. The reason why he is saying don't put it in there is if it needs to be done, it needs to be in the Maintenance Budget. Dr. Nelson stated it is similar to Joe's (Mosca) conversation about Project SUCCEED. If it's in the regular Budget, it doesn't have to go to the roof. John stated it doesn't

have to, but if it needs to be done. In the past you've taken the money from somewhere else to do it because it had to be done. It's a required maintenance program. Dr. Nelson stated he would take John's comments to the Board. John stated year after year after year you've done the same thing. Dr. Nelson stated they just feel that if that passes then it is to be used specifically for the roof and it's done. He understands what John is saying and he would be happy to carry the message. John stated if it fails, you still do it. Dr. Nelson stated no, that's not necessarily true.

Bill Marvel stated he guessed it was time for him to make his annual pitch to put all of the maintenance, except for the contractually allocated funds, in the regular Budget. This year Dick Klement suggested an item for maintenance in the Budget, actually in the Budget believe it or not. Of course, they had to cut that because they had a lot of additional costs, but his argument year after year is that if you take maintenance out of the Budget, you're basically distorting the cheapness of education. You don't recognize that that's part of the cost of education too and he thought that's why we've gone absolutely crazy on curriculum because all of the maintenance is out of the Budget. You look at the main Budget and it doesn't seem that bad until you put all of the Special Articles back in for maintenance and other things so we throw in a new program every couple of years. Maintenance is an expected cost; why isn't it part of the Budget. He knows that Jim (Hill) has argued that he likes it this way because at least if he gets the money, he gets it. The Administrators don't cut the funds but maintenance is part of the cost and he thought we were deluding ourselves by taking it out.

Dr. Nelson stated with the exception of the Trust Funds, he might add that's the only item in the Warrants, just one, not all maintenance, it's just this one roof maintenance for \$95,000.00, but that's the only one in there. Bill Marvel asked about the \$5,000.00. Dr. Nelson stated that was a Maintenance Trust Fund, it doesn't have a specific purpose; it's Conway's Trust Fund in case an emergency occurs, i.e. a roof shatters, a boiler goes down, they had an oil tank that had a leak a few years ago and had to be corrected. That's what that's for, it's not for specific maintenance. Bill stated he had hoped that was a backhanded way of starting to put maintenance back into the Budget. If it wasn't, then he's sorry for that too.

Karen Umberger stated she had just one question; she missed the last dollar figure in Article 9. Chairman Mosca stated \$196,259.00 and Dr. Nelson agreed.

Dr. Nelson stated that was all he had at this point; the members had a lot of stuff in front of them to consume and take a look at. They will be back next week and he will answer any questions members may have now. He asked Chairman Mosca to let him know what Administrators the Committee may want to talk to.

Bill Marvel presented a comparison chart to the Committee. What he did was calculate the credit requirements 45 years ago and the credit requirements now and this is all based on the fact that, as some of you may not know, we now require 20% more credits than what the State does for graduation. We require 25 credits and the State only requires 20. In

1967, he thought 16.5 credits was the State requirement and that's what we required and at that time we had a ratio of 14.1 students per faculty member including administrators. Now we have the 25 credit requirement and we have a ratio of 9.5 students per teacher or administrator. That's a 66% increase in credit requirements and it's a 67% increase in the proportion of faculty to the student body and that just seems too striking to not have some direct connection. He knows that probably the best intentions have created this 25 credit requirement, but it imposes an enormous financial burden on the community and he thought it had an academic cost as well. There are only 4,320 hours in the average High School student's academic years and there were in 1967 and if you divide 16 credits into that, each of those credits is worth about 270 hours of instruction, that's what it reflects. If you divide 25 into it, it's about 170 hours.

Bill Marvel further stated what we've done basically is expanded the smorgasbord from which students can choose and given them a smattering of familiarity with a larger number of topics but less real understanding of as many topics as used to be entailed in a 4 year curriculum. There is only so many hours in a day and if you cram in more credits you are deluding the education for each dismally and what it seems to boil down to is having more teachers. It's almost as though the education of the students isn't so much the business as the employment of the adults. That may not be the case; it would have to be a vast conspiracy for it to be that way, but bureaucracies have a way of growing themselves and that's why our payroll costs and our insurance costs are so great.

Bill Marvel proceeded to state that he had listed the credits that appear to be required in 1967, he could only do the College Prep course because he was going by his own credits. There were 4 credits of English, Math and Social Studies required; now there are still 4 credits of English required, but only 3 of Math, 3 of Social Studies; one of each was stolen he thought to feed Science which now has a 3 credit requirement where it only had one before. He didn't particularly argue with tripling the requirement of Science credits. If you look down at the bottom, he only had 2 Electives which he happened to take as Foreign Language; now there are 9.5 Electives, 3 in focus area and 6.5 just generally. Why can't we, as a matter of both fiscal economy and academic wisdom, drop 2 credits. One of these credits is, a half credit, is vocational requirement, Career & Technical. That became a requirement about 5 or 6 years ago and it was a h\*\*l of an impediment to our 2009 graduate, she almost could not take AP Calculus because she had to have a vocational course and she found some worthless course on-line that was traded for the requirement. She almost couldn't take AP Calculus which she ultimately aced. He thought that would have been a tragedy and that was because of the requirements. It's almost as though you are looking for business in the vocational department even if you have to steal it from academics. People can, with as many Electives as they have or even a third of what they have, they could take that vocational course if they wanted. He did not know why it's required; why can't we drop 2 and even 3 credits of the requirement and beef up the core requirements in return.

Dr. Nelson asked if Bill (Marvel) was looking to him to answer that. Bill stated if he wanted to answer right away. Chairman Mosca stated if you want to wait Syndi (White) wants to respond. Dr. Nelson stated he would

let Neal (Moylan) respond as well when he gets here, but he thought, first of all the Board has asked that they look at if we were to reduce to 23 credits for Graduation, what would that look like. That's not an easy task; it's going to take some time to figure out what do you drop, what don't you drop. They will take a look at that.

Bill Marvel asked what if you simply dropped 2 of the general Elective requirements; that wouldn't require you to reduce a particular course. Dr. Nelson stated let me give you an example; which 2 Electives do you drop. If you decided you were going to eliminate a World Language, that would be an Elective. Bill stated you simply hypothetically drop 2 Elective requirements and the students will choose which ones they don't want to take, enrollment would drop accordingly and you would reallocate manpower. Dr. Nelson stated you are still going to have to deal with those students somewhere. Bill stated you had to deal with them before. Dr. Nelson stated yes and they were sitting in Study Halls which is something they prefer not to have: jam packed Study Halls. Bill stated obviously with the same number of hours each year, he didn't remember a lot of Study Halls when he was in school and thought maybe there was one a day. Dr. Nelson stated he couldn't speak for when Bill was in school; he wasn't there. He does know that is something they would want to keep reduced.

Danielle Santuccio stated these might be dumb questions and she apologized, but she did not know the difference between focus area Elective and Other Elective. Bill Marvel stated that's taken directly from the *Program of Studies* and he presumes it means that now High School students, not only undergraduates from College, but High School students now have to have a focus area. Danielle stated that makes sense and it was kind of what she thought, but she wasn't sure. She doesn't see Foreign Language on here, would those be in the Other Electives. Bill stated there is a Foreign Language requirement that he noted. Dr. Nelson stated he didn't believe there was and, as he mentioned before, that would be part of an Elective. Bill stated that was what he did, there was no Foreign Language requirement, it was a suggestion. Danielle stated she thought this was pretty fascinating and asked if there was a way to find the same information on every school to see how we compare.

Syndi White stated as the representative of the School Board she would really like to speak because this is really a School Board issue and people are discussing it around her. Chairman Mosca stated to Syndi that she would be recognized when Danielle (Santuccio) was finished.

Syndi White stated this is an issue that the School Board has been discussing and it is a School Board issue to discuss. She agrees with Bill (Marvel) with the amount of credits and they are looking at that and they are not just looking at it, they have asked Carl (Nelson) to go and look at if we dropped 2 credits, but what they are really looking at is the State's Standards which is 20 so they have from 20 to 25 to look at. There's a lot to think about with those 5 which Carl was alluding to such as time spent in learning. For one thing, there is a State Regulation for the number of hours per year in learning and she did not have that off the top of her head, 900+ hours. Dr. Nelson stated 935 rings a bell. Syndi stated you have to provide instruction for that number of hours at the High School level. Also, when you look at those credits, that is

dictated not by them just deciding what they want to do, but what the State Regulations say they need to provide, so that's another thing to consider.

Syndi White further stated another reason you see a difference from 1967 to now and the types of courses that Bill (Marvel) took as to now, they have been adding a lot of Advanced classes. One area that they really weren't addressing were our best and brightest students, so they have added over the years continually more Advanced Placement courses. If you look at that wall, they've won an award 2 years in a row and they are the only District in New Hampshire to do it 2 years in a row. Dr. Nelson stated we are the only one and if not, then maybe there is only one more. Syndi stated what that means is that the students that took the AP Exams, for one thing they are having more and more students. Syndi asked Dr. Nelson if he had any idea how many students were involved as it was an incredible number. Dr. Nelson stated he did not know but that Neal (Moylan) could give that number next week. Syndi stated this is something to really be proud of because those kids scored so high and when they score so high, some colleges will actually give them credit for courses. Her son who was going to Keene earned 20 credits so he entered not as a Freshman because he was already a Sophomore so that can really benefit kids to do that. It just ups their whole system in terms of quality so you do see more courses and therefore more teachers because they have to offer the whole continuum. It's not just College Prep and General any more so that's one reason.

Syndi White further stated when looking at Electives, you are looking at the Arts and she does know a lot of people say to just offer the core academics, but the Arts are very important and it's important to offer those. They can't offer everything, they can't have everything and they need to pick and choose what those things are. They are thinking exactly as you (Bill Marvel) are; we are looking at the same thing as you are and we want to offer an excellent education at the best cost possible using our resources in the best way and that's why they are also looking at the credits. She just wanted to let people know that they are moving exactly in the same direction. Dr. Nelson stated the Board has asked that to be concluded by April.

Mark Hounsell stated it's difficult to sit and your focus is on the Budget without wanting to also be on the School Board to address some of these issues. He appreciates the work that the Administration and the School Board does; however, the fact remains there's one source of funding that we are concerned with and that's the property tax and until we can somehow get caught up with what the Schools are doing and what the property taxes are doing, until we can somehow mesh that, there's got to be some kind of brake put on. As an example of that, today he believes Neal (Moylan) published his *Program of Studies*. Dr. Nelson stated it will go before the joint Boards on the 24<sup>th</sup> of January. Mark asked who the joint Board was. Dr. Nelson stated the 8 towns that represent the Tuition Contracts, each of them have 3 members and it's an Advisory Board. Mark stated so there's some 20 to 30 people. Dr. Nelson stated 24 could be the number. Mark stated so you have 24 people that's going to look at the new *Program of Studies* which is going to have a lot of the Electives in there and that drives Budgets. We are sitting here now looking at a Budget that doesn't include what's coming down the pike. Somewhere there has to be,

this is not a slight against the School Board or the Administration, this is just the way things are, there has to be brakes put on in order for the budget process to get caught up with it. The State requires 20 credits and he thought Bill (Marvel) pointed out a very valid point, do away with Other Electives as a requirement. Face the reality that we can't afford to do better than the State requirement. The reality is the property taxpayers are maxed out.

Dr. Nelson stated he was not going to disagree with the burden that's on the taxpayers, but he thought the School Board has made an attempt to put on the brakes over the last several years by saying "come in at zero", a flat Budget. There are certain things that are required that we can't change, i.e. the Retirement increase that the State has asked them to contribute. The School Board has for 3 years at least asked for no increases, no increases and they've delivered on that. He explained those earlier this evening. Dr. Nelson thought that there has been a very serious attempt by the School Board to do that.

Syndi White stated she thought members were going to see changes. They do want to see this happen; they do want to look at other ways and the first thing they thought of was the same thing: let's look at those credits. The other thing is that they are looking at computer base learning; offering classes through the Internet instead of through a live teacher; Graduation early if enough credits are earned. There are all kinds of things that one can look at which will decrease the amount of time that a student has to have teacher instruction. They are entering a new age of education and these are all things that they need to start moving towards.

Karen Umberger stated if she was not mistaken, it was when Jack Loynd was the Principal at the High School when you moved to 25 credits, about 8 years ago. Dr. Nelson stated don't forget that was at a point when they were on warning with accreditation and they made a number of recommendations and one of them was the expansion of those Electives.

Karen Umberger stated she had a comment and she thanked Bill (Marvel) for producing his sheet because she thought it gives the members awareness of what has changed and she certainly agrees with Syndi that, in her mind, you could certainly still require the 25 credits but only produce 20 at the School and the other 5 to be taken on-line. However and whatever it is because the Virtual Academy offers a wide range of courses for no cost and so you wouldn't necessarily have to lower where you were, you would just have to change the method of delivery or you could say right now you can still earn a 20 credit degree that's called something and then you have a 25 credit degree which is called something else. She thought that we are still offering those two degrees to the students here at Kennett.

Dr. Nelson stated we are offering the 25 degree which is the Kennett credit and, by the way, they do have kids now that do take courses on-line and get credits; they have a number of seats that are filled through that. Eagle Academy is the 20 credit diploma.

Karen Umberger stated so we do offer both; one through the Eagle Academy and then the other one through the High School. It's not like there aren't in many ways options to make up those credit differentials and she

agrees that we have "x" amount of hours for student education and that's not growing. We are not expanding the School day. As a matter of fact, if she thinks about the School day compared to her School day, her School day was longer but she is not near as old as Bill (Marvel) is. She doesn't remember how many credits she needed to graduate.

Dr. Nelson stated they do have a number of those things, the work base learning and different things like that where kids are receiving some credits in another way. The Board has asked that they look at it in depth and they will do that.

Mike DiGregorio stated when he was on the School Board years ago, they looked at it then, State Standards to Kennett Standards. There was a lot of talk about building a zero based Budget, what do you really need in there. He thought what was quickly recognized is that Kennett does do a lot more than the State in an effort to get kids better educated and more prepared. He used his son as an example who is in an aerospace engineering school in Colorado; his son has kids flunking out all around him because they went to school and were not prepared and he is doing very well out there and as a result of what he's learned at Kennett High School has prepared him for it. That is worth a little extra money in his mind. Hopefully these young people who go out into the big world and get their education will hopefully at some point come back to this Valley and either start a business or work here or something. He didn't know how much Aerospace Engineering there is around here, but hopefully he starts a company some day around here. The point is that it does need to get looked at and it's good that the School Board is looking at it again. He doesn't want to do State Standards, he really doesn't. He doesn't think that State Standards are good enough; he wants better and he was sorry that other people don't, but he does.

John Edgerton stated first of all, the 20 credits is a base. The students can still take 25. Mike DiGregorio stated not if you shut down the Budget. John stated no, because they have Study Halls and they don't need a Study Hall, they can take a subject. At least when he went to school you could have 5 periods a day or 6 periods a day and you could take the courses. Just because it says 20 doesn't mean you're locked into 20. You miss one course and you stay back in High School. You've got to be able to take more than the 20, but you don't have to. Dr. Nelson stated they have kids that take more than the 25.

John Edgerton stated the most important part of the Budget is the bottom line to taxes and we have to consider the whole Budget as one item. All of the Warrant Articles and the Budget and you (Dr. Nelson) said here this is going to increase the tax rate by 10.15%. Dr. Nelson stated that is their estimate, yes and that's without one Warrant Article. John stated that's a 10% increase in the tax rate flat out. Chairman Mosca stated a 10% increase in the School tax rate which is 65% of the tax bill.

Mark Hounsell stated he didn't disagree with what Mike (DiGregorio) had to say regarding wanting excellence over and above the State Standards in certain areas. He also served on the School Board and he supported, happily so, improvements that we have within the School system, especially the Elementary Schools because he thought we have quite a fine

system there. But we are looking at the affordability of it and he has parents who are in their 90's, his father went to Kennett, graduated in 1938, has always supported education and he was Chairman of the School Board, is living in the house he was born in and if his taxes went up \$200.00 on a fixed income, how is he going to afford it. There's affordability, there has to be another way to fund education. The impact that there is on the property taxpayer is just so tremendous this year; you've got the County tax, you've got the Town tax, you've got the School tax and he is hearing from a lot of people who are pro education, as is he, saying "enough is enough, we can't afford it" and that's a tough place to be, but we can't afford excellence off the property tax.

Dr. Nelson stated he didn't disagree that a tax increase would be a burden on people. He thought we needed to look at the State's contribution to the local education pieces. You can see that the Adequacy Grant money is not going to change very much. We are on the average of the State across New Hampshire, per pupil cost at the High School level. He would like to see that bar raised even higher. He thought we should strive for excellence, not only on the property tax and he would agree on that. Those are two good examples of it over there and he thought the fact that the drop out rate that was 1% last year and he is hoping that they reach his goal this year. We should find out very shortly. People know what that is: he wants to see a 0% drop out rate here, but he thought they do a great job in Conway educating kids at the Elementary and the High School level. Yes, he thought we have to look at some other ways to be more efficient and that's part of what the Board's trying to do, that's part of what the Administrators do when they go through their Budgets and look at staying on that flat line that the Board as asked them to do. How can they be more efficient and still provide a quality education. He thought they need to continue to look at other ways of doing things.

Bill Marvel stated he just wanted to add or to maybe reiterate, there's not only an economic impact but an academic cost and it's fine to say that more is better, but it isn't always. Twenty-five credits requires a kid to take 6.5 credits a year that tends to dilute the per credit concentration and, at least for him, that would be a severe impediment, not a help and he thought that was the same for many other students.

Mark Hounsell stated he had a final point that he wanted to make. Since the assignment that we are engaged in here is Budget and since the impact is what he would call horrific, he is going to be looking for places where this Budget can be trimmed, not because he doesn't like what's taking place or what we need to strive for, but we can't afford it and there needs to be at least a strong effort towards reducing the impact.

John Edgerton stated the math behind this is that 10% every year is going to double your taxes from \$20.00 a thousand to \$40.00 a thousand in 7 years. Chairman Mosca stated he has put a matrix together that he will hand out once he gets the figures for the School Budget. Members will be surprised and he thinks that is what most people don't understand is how quickly the person right now paying \$4,000.00 a year is paying \$8,000.00 a year if the costs continue to go where they're going, both with the School and the Town. He has done it and all he has to do is plug in one number once we get it, but it's pretty amazing.

Doug Swett stated he didn't care what kind of taxes you use for education, those taxes whether they're Federal or what come out of the citizens' pocket. We've got to know the difference between red and black ink and there are a lot of people around that don't.

Mike DiGregorio stated it seems as though the Budgets are out of control. We all know that; it gets worse every year. It seems as though when we want to lower, we attack the things that are doing well. Educating kids is at a high level and right now they do fairly well. For years the medical and Special Ed Budgets have grown and grown and grown and there has been nobody at a State level that's willing to go after that and figure out what it is and how to stop it. We have 2 State Legislators here in this room; he knows Syndi (White) has just started and he didn't want to pick on Karen (Umberger) but his point is what legislation has been entered down in Concord to go after these items. None. Nobody is doing anything about it. \$12 Million out of this Budget right now is just those two items.

Chairman Mosca stated medical is private businesses and he doesn't know how the Town or the School goes about their medical, but there's an institution that he belongs to that every year they put out a Contract for medical services for their employees and every year the same company gets it and they come in at 1.5% or 2% increases where everybody else is paying 8% and 9% increases. If they lose it, they're never going to get it back and they realize it. As he said, he doesn't know how things are done here, but you can go out and do that, shop around.

Mike DiGregorio stated you can't shop around, there are only two companies because of the way the Legislature changed it 10 years ago, there are only two companies out there. There's no place to shop. John Edgerton stated the State is closed; it's got to be opened. Chairman Mosca stated then they do have to open it up.

Karen Umberger stated the reason that health care costs are as high as they are in the State is based on the fact of the mandates that everyone has to have. She doesn't qualify for most things so she doesn't even know what they are, but she thought last year they took off the mandate for Hearing Aids. That was a mandate that every insurance policy had to cover Hearing Aids and there's a list about this long of those mandates and that's what drives up the cost of health care in New Hampshire. When Governor Shaheen was Governor, and she doesn't remember what took place but that's when a variety of health care companies left the State and she thought a lot of it was over the mandates but she doesn't know when and she wasn't involved in Concord at that point. From what she has been reading, with the implementation of ObamaCare and the mandates associated with that, we are going to see insurance rates go even higher. Now, because our State has lots and lots of mandates already, our policy will probably not go as high as other States that don't have mandates today. That's something that she is keeping her eye on and that seems to be where it's going, but we won't know that until 2014 really, next year in the Budget, when all of that settles out and we'll have a better feel of where we are and where we are going and at this point no one can predict what's going to happen. That's from her meeting and from her knowledge of

what's happening down in Concord. You can not get a mandate eliminated in this State.

John Edgerton stated one of the other things is that the Cost of Living Index for 3 years we finally got 1.7%; so far this year it's -.03%. It doesn't look like we are going to get another increase and to go along with that every single employee in the civilian industries just got a 2% reduction in their pay because they have to pay out of their pay the change in Medicare. The School is asking us to pick the whole bill up.

Chairman Mosca asked for final questions for Dr. Nelson on the Budget at this point and he will be back next week and he will bring Technology. Dr. Nelson stated he will be bringing Pam (Stimson) for Special Ed, Technology and Neal (Moylan) for Kennett High School. Chairman stated to the members if they wanted to have anyone else present at next week's meeting to let him know and he will advise Dr. Nelson, the sooner the better.

Chairman Mosca stated he passed out something that a friend forwarded to him on Bureaucracy; we are not going to discuss it this evening because he wanted everybody to take it home and read it. He wanted to give Syndi (White) credit because he thought he saw something in the paper where she thought that we may have to look at Administration/Administrators and this article deals with that so he will let Dr. Nelson look at it and hopefully everybody here will have an opportunity to read it between now and next week and maybe we can discuss it some next week.

Steven Steiner stated when he was going to school, he had to take Math, English, Social Studies and also Physical Education and he went to a vocational school. His class sizes were running about 25 to 30 students per class. His fellow classmates, obviously we have plumbers and electricians and carpenters and auto mechanics, he also had people that are biochemists, doctors, lawyers, across the gamut and that was education back in 1979 when he graduated. What he would like to see is what would a Budget look like if we had class sizes of 25 to 30 students and consolidated these schools into one campus like he's said before. He'd like to see a Budget and what it would look like.

Dr. Nelson stated the answer is still open out there. There was a Warrant Article that addressed that last year. Right now the Board has not moved forward with a Warrant. There was a Study that they did in 2009 that gives you some indication of what that is. They gave the web site to go to and you can look at that Study and that will at least give you the consolidation question.

Steven Steiner stated there is several thousand square feet in this building that's been mothballed. He heard it was 20% of this building. Dr. Nelson stated it was something like that. Steven stated he was sorry, he didn't mean hundreds of thousands of square feet, but he didn't know about any of these Studies but if you just came back and said we have so many 1<sup>st</sup> Graders, 2<sup>nd</sup> Graders and if we consolidate into classroom size of 30, this is what it would be. Dr. Nelson stated once again he was going to bring the members attention to a Warrant Article on the ballot last year. The Board has looked at hiring a consultant to do that, the estimated figure was close to \$250,000.00 to get the question answered

that the Board needs answered in order to do that. Steven Steiner stated he was just a simple vocational school graduate and he doesn't need a \$250,000.00 consultant to tell him that if we do this, this is the end result.

Syndi White stated even though we are not going to go with that \$250,000.00 figure to do that, that does not mean that they have stopped their process of looking at exactly the things being talked about and the options out there. As they move forward with that, thinking of a different way to do it, they will be letting everyone know and see how people can participate, but that is something that they are intending to move forward with.

John Edgerton stated that brings up the subject of the 6<sup>th</sup> Grade to the Middle School which 5 years ago or 8 years ago, there was no reason in that Study why it didn't move except when you take an Administrative School Board decision and make it an emotional issue and send it out to the public to vote on it, it's an emotional issue, it negates the financial and economic and business aspects of the change. The public isn't going to want it because they don't even understand it.

Chairman Mosca stated he didn't necessarily agree with John (Edgerton) on that. He thought that if the public had the opportunity to vote on whether the 6<sup>th</sup> Grade should be moved to the Middle School, a lot of people would say yes because most people think the 6 Graders relate more to the 7<sup>th</sup> and 8<sup>th</sup> Graders than they do to the 1<sup>st</sup> and 2<sup>nd</sup> Graders. He read the Study and thought that for a Study that was done by a concerned group of citizens it was a good Study. The end result was let's do nothing because we can't make a decision and that's not good either. All in all, that's not what we are here to discuss tonight and he knows it has financial impact, but what we are discussing is the Budget at hand.

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

#### OLD BUSINESS

Chairman Mosca stated that he had a couple of items under Old Business. Last week the Center Conway Fire Precinct presented their Budget and the question was asked what the Capital Reserve Fund was. The Capital Reserve balance is \$93,073.00. The other Old Business that he would like to discuss is whether or not we have another meeting to discuss the Warrant Articles for the Town side. The responses he got were 50/50 for having a meeting/not having a meeting/do it on a night that we already have. Unless people feel that there is going to be a lot of additional questions for the Town when they come in on the 30<sup>th</sup>, we can use that evening. He did not know if there was going to be a lot of questions for the Town other than what we've already thrown at them. He is of the opinion to just use that rather than adding a night unless the members want to add a night. From what he heard and from what he's seen, he didn't think there was a lot we're going to be asking of the Town.

Bill Marvel stated first, the Library might raise some dander and the other is what Chairman Mosca was referring to with the e-mail he sent out with two possible dates. He thought the Chairman was adding a day and was asking which one do you want. Chairman stated no, those were dates that

are on the calendar that he said we could potentially use. The Library will probably take some time, but he didn't think it was going to take a great deal of time on that night.

Mark Hounsell asked if Chairman Mosca had heard back from the Library. Chairman stated he had not received anything from the Library yet. Mark stated there's a Trustees Meeting tomorrow; maybe that's when they are going to discuss it. Chairman stated that as soon as he gets something, he will send it out to everybody. His sense is that we can go through the Town Warrant Articles fairly quickly. It's a group decision: another night or the 30<sup>th</sup>. A majority of the members stated the 30<sup>th</sup>.

Karen Umberger stated that last week she indicated that she would put together some information on the Retirement System for everyone. She does have a stack of information and what she has done is pull information out and she will get it to Chairman Mosca sometime shortly. She will also scan to the Chairman the entire briefing and all of the pages so that if he wants to do more than that then he can. Chairman stated he will forward the entire scanned document out to everybody.

Karen Umberger stated that the second thing is that on the 28<sup>th</sup> of January at 10:00 AM, she believes in Room 210, there's going to be a briefing on education funding. It is an interesting process. She is planning to go down so if anybody wants a ride, she will leave about 7:30 AM or 7:45 AM and she can take 3 people with her. Chairman Mosca stated that he had a meeting in Boston that afternoon, but he might come down for the morning. Karen further stated that is the only thing going on.

#### NEW BUSINESS

Chairman Mosca stated that there was one item that he would like to discuss under New Business and that is the non-profits that are going to be coming in on February 6<sup>th</sup>. Last year we gave 15 minutes per; this year we are giving 10 minutes per. Most of them didn't need 5 minutes. There were a couple that needed more than their allotted time, but most of them went through fairly quickly. His question to the members is we don't really have parameters. Everybody votes based on what their feelings are and he didn't know whether we should try to put some parameters together or whether we just go the way we've always gone and people vote what they believe.

Chairman Mosca stated as of this point in time we have: Tri County Cap Transit, North Conway Community Center, White Mountain Community Health Center, Northern Human Services, Gibson Center for Senior Services, Tri County Community Action Program, Children Unlimited, Vaughan Community Service, North Conway Day Care and Starting Point. They are listed as they came in; first one in, first one on the Schedule.

**John Edgerton moved, seconded by Danielle Santuccio, to adjourn the meeting at 8:25 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary