

# MUNICIPAL BUDGET COMMITTEE

**Wednesday, January 25, 2017**

**Professional Development Room**

**Kennett Middle School, Conway, NH**

Chairman, Joe Mosca called the meeting to order at 6:34pm. The following members were present: Vice Chairman, Jim LeFebvre, Mike Fougere, Pat Swett, Terry McCarthy, Doug Swett, Bill Marvel, John Colbath, Steve Steiner, Richard Klement, Mark Hounsell, Mike Tetreault, Bill Masters. Also present: Lisa Towle, recording secretary, Kevin Richards, Superintendent for SAU 9, Becky Jefferson, Director of Budget & Finance for SAU 9, Kadie Wilson, Assistant Superintendent SAU 9, Aimee Frechette, Principal of the Pine Tree School, Rick Biche, Principal of the Kennett Middle School, Janine McLaughlan, Chair of the Conway School Board, Joe Lentini, Vice Chair of the Conway School Board, Chris Bailey, Social Studies teacher at Kennett High School and Co-President of the Conway Educational Association.

Excused: John Edgerton, Patrick Kittle, Frank McCarthy, and Peter Donohoe

Chairman, Joe Mosca lead those present in the Pledge of Allegiance.

## **Review of Minutes:**

Minutes from January 9, 2017, motion to accept the minutes by Vice Chairman, Jim LeFebvre, second by Mike Fougere. Discussion on minutes of January 9, 2017; there were two items missing that Lisa didn't pick up one was on page 5 she had a space in yellow, talking about the backup servers for the library, they are in Lewiston, ME. The second is on page 8, the person that is working for Paul the salary is split in 1/3's in buildings, highways and solid waste, solid waste was the missing piece.

**In favor: 13; Opposed: 0; Abstain: 1. Motion carried.**

Minutes from January 11, 2017, motion to accept the minutes by Vice Chairman, Jim LeFebvre, second by Dick Klement. Discussion on minutes from January 11, 2017; Bill Marvel noted there were a number of misspellings that didn't make a difference and everything was easy to figure out what it was supposed to be. I was wondering if we could correct something that was right, page 16, a paragraph in which I state that the actual cost of the teacher's contract is \$2, 342,489 that is what I said, but as many found out my email, by the time I got home I realized that was mistaken, so I wondered if we could insert parenthetically at the end of that sentence that, that figure was later corrected to \$2,804,415? John Colbath noted that in a discussion about the community center and

there was a comment about the tax abatement, it says that I made it but Bill Masters made that statement not me.

**In favor: 13; Opposed: 0; Abstain: 0. Motion carried.**

### **Discussion of School Budget:**

#### *Operating Budget:*

Mark Hounsell asked if the chair is going to do each article or the operating budget. Chairman Mosca answered that he is just going to open it up to whatever people have.

Mark Hounsell handed out a prepared written statement; because he wanted to make sure that what he says is understood by what I say and not by what someone might think I said, which was also read into the record as follows:

[A couple of notes before I start reading; I did this yesterday so the date is not correct it is the 24<sup>th</sup> and today of course is the 25<sup>th</sup>. The other thing is that these comments are reflective of not only the position of the school board of which I am representing, they are also my personal opinions.]

“Mr. Chairman, the operating budget for your consideration is an excellent budget that has neither glaring deficiencies nor hidden excesses. It is a good frugal budget that follows our community developed and community endorsed strategic plan.

In recent years the relationship between this committee and the Conway School Board has been excellent. The three steps required to garner the needed support of the people of the district relies on both bodies working in tandem. The determination of what the district needs is the responsibility of the School Board, as is the recommendation on how the district should pay for it. We respectfully request this board recommend it as affordable and worthy of affirmative support of the final decision makers – the voters who will cast their ballots on April 11.

The figures speak for themselves. District staff are in attendance tonight to offer further explanation to this committee if needed.

I shall conclude at this time by informing you this budget falls short of recommending all the needs of the administration. Sensitive to the question of affordability the board made the difficult decision to cut \$150,000 from funding all the identified needs. Be certain the board made those cuts not because of any disagreement on the need, but solely on the matter of affordability. Those reductions included 3.6 needed staff positions.”

I do want to point out for clarity that the budget also includes the creation of a new position the Family Liaison at the middle school, so the net reduction based on need

would be 2.6. That's on the need, not a cut in the budget, it is a cut in what we believe is a prudent reduction in the need request. Thank you, Mr. Chairman.

Dick Klement noted that he previously asked about the cost of the food program and that they ran a deficit this year and do they expect one next year. If I recall correctly the answer was yes. When I look at the budget itself it is level funded from last year. If there is an anticipation of a loss of \$150,000 if it is that high, why wasn't that included in the budget? Becky Jefferson, Director of Budget & Finance for SAU 9 answered that you will see it as a revenue short fall, so if you look at the revenue side on the revenue page you will be \$200,000 short from accepting the revenue. Basically, you have to gross fund the budget, the lunch program, that's the \$900,000+, so the offsetting revenue is going to be \$200,000 less than that budget. Dick Klement asked yet at the same time the budget says it's going to cost "x" amount of money, when we know its "x+y". My question is why wouldn't we show that in the budget itself because there is a need for another \$150,000. Becky Jefferson answered that the budget that you see is 100% of the total cost of the lunch program. Where your short fall is coming from is not in the expenses, the short fall is coming on the revenue side. So, you are showing that the lunch program is costing basically almost a million dollars, those are your expenses for the lunch program. You are offsetting revenue from the federal government and from sale of the student lunches is coming \$200,000 short. I will do you out a budget and then you can see. It's on the budget – budget on the other side. If you look at our last year's expenses, we were at the \$900k and then we had revenue that was short to cover all our expenses. It is difficult to understand. What would happen Dick if we showed that \$200,000 there, then you would be raising \$400,000 in taxes and we don't want to do that.

Article Two – Raise and Appropriate 2.1 million dollars for the upgrades at Conway Elementary:

Vice Chairman, Jim LeFebvre asked the 2.1 million is basically the same as the one for the other school, correct? Kevin Richards, Superintendent answered the scope of the work is exactly the same, there is \$100,000 increase from the John Fuller job to this.

Steven Steiner asked why there is a \$100,000 additional when it is the same work a year later? Kevin Richards answered inflationary cost to make sure they can do the same amount of work a year later.

Vice Chairman, Jim LeFebvre asked did the budget for the first school come in under budget? Mr. Richards answered it did. Vice Chairman, LeFebvre asked how much was that? Mr. Richards answered the final bill was very close 1.99. Vice Chairman, LeFebvre asked so it wasn't a \$100,000 savings. Becky Jefferson answered no.

Chairman Mosca asked isn't part of the cost, the additional \$100,000 is that there was going to be savings if we bought 6 boilers at once, buying 2-2-2? Mr. Richards answered there was going to be an economy of scale. Chairman Mosca clarified that part of the \$100,000 is some of that also.

Articles Three, Four and Five – Trust Funds:

No comments / questions asked.

Article Six – The Teachers Contract:

Bill Marvel noted I do wonder, I know that Mark is expecting to have a debate tonight and I am always happy to argue with him, but I am just wondering if this is the night it should be. I mean we have people out there who are here to answer questions. Would this not be something we should be doing the night we argue the. Chairman Mosca clarified that I am not saying that we are arguing, this is a time to ask questions come up with comments or concerns. That's what this whole night is about. Bill Marvel said that is why he is wondering if this is the night for it. Chairman Mosca said I don't know if we are going to be full out brawling but I expect some lively discussion about the contract.

Mark Hounsell, I am going to follow the same thing I have a prepared statement and I am not looking really for a debate in the classical sense. I do know that there is going to be some push back on our proposal, so if I might I would like to begin the discussion that will include all of us by reading my prepared statement.

“The Warrant Article pertaining to a well-developed fair and affordable three year teacher's contract that the Conway School Board has prepared for the voters consideration on April 11, just 2 ½ short months, will be adopted by their affirmative support. Allow me a moment as I explain why I am making such a bold prediction.

Our joint mission to inform the public that includes parents and grandparents; uncles and aunts; friends and neighbors; young and old alike who, by their good nature and commitment to the future well-being of all the children who cross our path, will be determined by winnowing deep nonsense from deep insight.

To that end I would like to answer the two questions regarding compounded cost. To the question, is the anticipated compounded cost [again I want to stress the word anticipated] of the teacher's increases over the next three years over \$2.8 million? The answer is, “Yes it is”. But it is necessary to point out the fact that the anticipated compounded cost of the previous three years was \$2.5 million but the expended cost was far less. As you can see the three-year anticipated compounded cost of the proposed CEA contract is in line with the anticipated compounded cost of the previous three years. It represents the average annual increase to the increases teachers have contractually gotten over the past three years. It is not excessive.

To the question should the language of the article that will appear on the warrant include any mention of anticipated compounded cost? The answer is “No! It most definitely should not”.

It would be a terrible mistake to use a ballot to be written in such a way as to tell only one part of the issue. Fairness would dictate the clarity on anticipated compounded cost would necessitate the need to include the opposing view on the ballot. The warrant question would surely become a debate, not a simple question. The political strategy of complicating a ballot in order to stop an initiative is not a new idea, but it

remains a bad idea. A simple question answered carries more understandable and appreciated credence.

The value of this contract far outweighs the cost. Please consider its merits.

- I. The proposed three-year contract will help the Conway School District to offer compensation package that allows us to recruit, recognize and develop the most effective personnel. The contract focuses on the following areas to achieve this goal:
  - a. Increase the starting teacher salary in an attempt to bring our starting teacher salary closer to the median starting salary level of comparable school districts.
  - b. Salary increases for existing teachers to help bring our average teacher s salary closer to the median salary of comparable school districts
  - c. Update the way teachers are reimbursed for credit courses to allow for a timelier distribution of approved funds
  - d. A three-year contract helps to demonstrate the district's commitment to the teachers which, assists in retention and recruitment. It also allows for the district to plan future budgets in a more efficient way.
  
- II. The proposed contract puts into place measures that will lead to a significant reduction in the long term financial exposure of the district. The targeted areas used to accomplish this goal include:
  - a. Phasing out retiree health insurance benefits
  - b. Continuing to support the phase out of longevity benefits
  - c. Ending the student loan repayment benefit in 2020
  
- III. The proposed contract also includes language that will protect the district, and teachers, from additional financial liability, should our health insurance plans be identified as meeting the criteria for the "Cadillac Tax."

### **Supporting Facts for Discussion**

- I. Salary increases for ALL Conway School District personnel, over the past five years, total 2.8%
  
- II. Since fiscal year 2012, there has been a 4% reduction in enrollment AND a 4% reduction in staffing."

Vice Chairman, Jim LeFebvre I believe it says here from the hand out from the School Board that the median number of years for the teachers in the Conway School is 7 years in the district, is that correct 7 years in the district? Mr. Richards answered that is in Conway years, correct. Vice Chairman, LeFebvre asked do you know compared to your other districts what the average median is there? Mr. Richards answered, as I said I would

have to get individual reports, there is no warehouse for that type of information. Vice Chairman, LeFebvre asked the State Department of Education doesn't have. Mr. Richards answered, no they will have things like the average teacher salary and they will have the salary schedules but they do not have a breakdown of the amount of continuous service within that district. Vice Chairman, LeFebvre asked if in our district is it going up, down or staying stable. Mr. Richards answered that what is happening is we are front loading, and I think I gave you some of that information, but we are front loading. It is one of those pieces that we do have a lot of turn over at the front end, that 1-4 / 7-year period.

Vice Chairman, Jim LeFebvre asked the 82 teachers who are off the salary schedule could you address how they are compensated for being over the 12 years? Mr. Richards answered that when you are off the salary schedule recently before there was that merit pay system that depended on where you are at, but in Conway after 10 years on a salary schedule if you have a bachelor's degree or 12 years if you have a master's degree you are considered to be off the schedule. So, this proposed contract has \$1,700 off step, \$1,800 and \$1,900. In years past it has been \$1,500 and \$1,250 so it depends on the negotiated agreement.

Bill Marvel asked those steps, is the contract written currently in such fashion that those steps are cooked into the default? Mr. Richards answered in the default budget, if the contract expires there is status quo language, means that whatever they make this year is what they will make next year but the default budget has to, if there is a contract that goes into place, does have to absorb that. Mr. Marvel asked does this contract? Mr. Richards said this contract doesn't go into the default budget, not until it is approved. Mr. Marvel asked is this contract written in such a fashion that a future default budget would include the step raises? Becky Jefferson answered only for the multi-years, if the contract is approved for the 3-years, multiyear contract, then if there isn't a subsequent contract approved it would end on whatever the salaries were for the 3<sup>rd</sup> year.

Dick Klement asked if the contract is not approved what happens to next time around? So, I have a master's degree I have been here for 10 years the contract is not approved, I stay at step 10, next year the contract is approved do I jump up to step 12? Mr. Richards answered no, that would have to be negotiated. There are different ways that could happen, some contracts adjust for that independently, that's what I am saying there hasn't been a consistent method to negotiating contracts for a number of years. So, there was no projection moving forward which was really a detriment to anybody that was in the district because they couldn't depend upon knowing where they would be in 2-3 years.

Bill Marvel discussed Mark Hounsell's comment that \$2.8 million is not the real cost. He outlined 3 earlier one year contracts in which the School Board in each case indicated what the cost was, yet according to Mark's argument that was not the real cost either. Because there were savings in other areas that ended up reducing the number they put on the warrant. Consequently, there is no argument for saying that you shouldn't indicate the full cost of the 3-year contract in the warrant article this year, \$2.8 million. Otherwise, perhaps this is the intent, you are going to deceive people into thinking that all you need to raise is \$1.4 million or there about to cover the 3-year contract. If you do that you are going to come up \$1.4 million dollars short. The very reason the Sanborn decision came

down was because of that sort of confusion and, you never know what a judge is going to say, but let's say some gab fly citizen decided to challenge the contract if it passed. It's quite possible a judge will say no people were confused and it is going to be even more possible for a judge to say that if the School Board doesn't tell them it's \$2.8 million, when Mark already admits that it is. That's one issue. Mark Hounsell responded that first of all the School Board is doing everything it can to be as clear as possible and we are not the ones trying to confuse the ballot in order to get it to pass. It seems to me that this discussion about something that is totally meant to confuse the budget in the attempt to stop it from passing. You confuse the budget you will defeat it with enough confusion. You got to look at anticipated compounded cost. Every time that a cost is put on a warrant article it is anticipated it is not expended. The reality and the true reality is you need to look at expended costs. The 3 contracts that we have just gone through that each one each year had an anticipated cost, when you compound that out and you look at the expended cost you will find that the school district spend considerably less than what those compounded costs would be. So, to include the clouding number of \$2.8 is so that is what it is going to cost is in fact the confusion. Even though we identify the cost as anticipated it's a long way before we actually spend it. We have a lot of things like turn over people leaving hiring young people it's a whole different thing and some positions may not be filled. So, it is not right to say that because we list a cost, an anticipated cost, that that is what we are going to spend, because history will clearly show that that is not what we are doing. To put this on the article is an attempt to defeat the article by confusing the article. If you are going to put the explanations that Mr. Marvel seeks then you have to put the counter argument on the ballot and that makes the ballot so big that no one is going to vote for it. So, the School Board is not going to change this article. This article has been looked at as far as acceptable language and we have no indication that what we have put before the public, which is consistent with everything we put before in the past, is an error and if there is a court case there is nothing we can do about that, people can sue at will. We are confident that this sustains the test of any type of legal challenge based on the argument that Mr. Marvel is presenting. This School Board is doing everything it can to make sure the public is fully informed of what these contracts represent.

Chairman Mosca asked why was the town in 2014 by the DRA that they had to include something on the compound cost on the police contract and every contract since has had a compounded cost. They have a warrant article this year that's for a 3-year contract that has a compounded cost in it. Mr. Hounsell responded that the town's decision to do things does not necessarily... Chairman Mosca responded that it was not the town's decision, the DRA directed them to do that in 2014. Mr. Hounsell responded that this is what we were told and this is what you can choose to believe or not. The fact is, not some sort of made up fact, not an alternate set of facts, the fact is this warrant article is consistent with the way school districts place these warrant articles, in fact there are other languages that I would think, if you were to look at them you would say well those could be open to challenges. Districts like Londonderry and others, those articles are approved, now there may be somebody down at DRA that will bend someone's ear and they may say ok, because you said so we'll do it. That doesn't necessarily mean that is the right direction. Just because someone from DRA picks up the phone and quickly answers a question to get that question answered, doesn't mean it's the right answer to the question.

Dick Klement commented that the \$1.4 / \$2.8 you compound it you don't, it is still obligating money. It is saying that if you if you make \$10,000 this year you are going to get \$1,700 more for next year and the year after that and the year after that. What's not talked about when you look at the warrant article is the stuff that is stuffed in the budget. Right now, we have a \$475,000 increase in health insurance that is personnel driven. We got another \$160,000 in retirement cost that is personnel drive. So, what is the actual amount of money we are giving people? We talk about salary, it's all by itself, we are not talking about these other costs. If you were a business owner and you had somebody you paid \$10.00 an hour to put you paid another \$20.00 an hour in benefits, that person costs you \$30.00 an hour. We are not talking about that, we are talking about a subset and I think we have to look at the big picture and the big picture is more than \$1.4 million.

Bill Masters commented that it seems to me if the total cost of that warrant article is \$2.8, is it the intention of the School Board to deceive the public and I find that kind of hard to believe. If that costs of that warrant article over the life of that contract is \$2.8 million and you do not tell the public of that then the public has a right to question whether you intended, if you knew that was going to be the costs of that contract, you are intending not to tell them of the total value of that contract and they have a right at that point to raise a question of deception. Chairman Mosca responded that he doesn't think anyone is trying to deceive anybody, I think it is interpretation of the DRA and what different people tell different people. As Mark stated someone at DRA can tell me one thing and tell him something else. So, its who you are dealing with, what's coming back, the School Board, I believe the article the way it is written is correct based on the information they are getting from DRA, I have a different take on it, again it is who knows what's right. They think they are right and we will just leave it at that.

Bill Marvel said that the entire argument you made Mark about this year's contract warrant article refutes what you did in the previous 3-years. You basically argued that you should not have put the figures that you did on the warrant article. I will just say that if it should happen to pass muster in court that's one thing but it doesn't meet the standard of transparency that I am accustomed to hearing demanded from you.

Mark Hounsell said that he hopes that tone is not that anyone is trying to deceive anyone, I hate to hear those words. They are good people doing good work and trying to explain to the public, so words like deception speaks to some sort of alterier motive. We are looking at a warrant article that is consistent with warrant articles that we have always had. In the past, we have had one year articles so there was no discussion of compounded costs but the question has been raised about transparency and deception. I am stating on behalf of the School Board, yes if you look at anticipated compound cost it is \$2.8 million. You got to look at each of the individual one year contracts and do the same thing with them. If you did that compounded costs look you will find it is about \$2.55 million in the previous years, so who is confusing who. Who is trying to cloud this thing up? The School Board is doing its legal work, its moral obligation to inform the people and we could not have a projected compounded cost on a 1-year contract because that is not what you do with 1-year contracts. You identify the cost for that one year. This contract identifies the anticipated costs of 3- consecutive years, yes you can compound those and have an anticipated cost, but be careful to think that that is what is spent. The expended



costs is far less in the past 3 years than the \$2.5 million. So, there is no reason to think that the anticipated compound cost of \$2.8 million will actually occur. So again, I will say who is trying to confuse this issue, this is a simple 3-year contract that opens up all kinds of opportunities for us and we are trying our very best to be transparent, clear, and honest. We do not agree that it is necessary for us to confuse the ballot by putting anticipated compounded cost at \$2.8 million. We feel that by doing so we are not serving the public well by confusing the ballot.

John Colbath asked assuming that it is correct that this article has DRA approval the way it goes in, but the way it is worded to raise and appropriate the sum of \$461,000 so then next year would there be a subsequent article to raise or will that become a line item in the budget? Chairman Mosca answered that it would become a line item in the budget. Mr. Colbath asked so this is an approval of a 3-year contract? Chairman Mosca answered we are only raising and appropriating this current year.

Vice Chairman, Jim LeFebvre asked has this article as written been officially run through the DRA and given its stamp of approval or did you just as was eluded to have a phone conversation without the actual wording in front of the DRA? Mark Hounsell answered that as far as he knows this article has been previewed / reviewed with the DRA and it meets their approval, am I correct? Mr. Richards answered that is correct.

Janine McLauchlan, Chair of the Conway School Board responded to Bill Masters in regards to his comments about deceiving. Just by reading the article, if you look at the second paragraph which states, "and further to raise and appropriate the sum of \$461,926 for the upcoming fiscal year. Such sum representing the additional costs contributable to the increase in salaries and benefits required by the new agreement." So, this warrant article is presented to represent a contract that was negotiated for additional salaries that would be paid to the teachers if it were to pass. So, there is not trying to deceive anybody other than the fact we are stating why this warrant article is on the ballot and that is to raise and appropriate additional sums to meet the agreement of the proposed contract. Bill Masters asked if that includes total value of that contract or just these additional sums not including what it is going to cost the tax payers on a long-term basis. Ms. McLauchlan answered when you negotiate, you negotiate for additional or fewer benefits or salaries. This is representing as it says in black and white the additional monies needed to fund the proposed negotiated contract. The additional monies that is what it is asking for. If somebody gets a raise, they are given an annual performance review and you get a \$1,000 raise and now you are making \$31,000. When year two comes around you are still going to be making \$31,000 and if you get another \$1,000 raise of course you are going to be making \$32,000, that's a given. It's not a onetime increase, it's not a bonus or stipend it's an increase to your salary that will of course remain as each year goes by.

Dick Klement asked in year two of the contract we are going to get another \$450 + in salary benefits but each teacher is also going to get their step raise. Becky Jefferson said no, that is inclusive. Dick Klement clarified that the step raises are inclusive in those numbers.

Chairman Mosca read a note from Pat Kittle, who was excused from the meeting tonight due to another commitment, which reads as follows:

“I will not be able to vote on the teacher’s contract due to a conflict, but I still believe that a multi-year contract is beneficial to the school district and the town. I have negotiated contracts when I worked in the paper industry – the negotiation process is tedious and a distraction and I think it makes sense to do it only once every 2-3 years, provided that the resulting agreement works for both sides. From a money standpoint, I agree with Mark Hounsell’s position that this three-year contract pretty closely follows what was done in each of the last three 1-year agreements, with a very similar financial impact to the taxpayers whether it is three 1-year contracts or one 3-year contract.” – Pat Kittle

Bill Masters commented that the difference between the three 1-year contracts and the one 3-year contract is that people understand every year on the 1-year contracts what’s happening. What Janine just explained makes perfect sense to most people and it doesn’t take long to explain it, but the way its worded here it is ambiguous enough that many people will take it the other way. Whether there is an intent to deceive or not the probability that some people will be deceived is unavoidable.

Pat Swett asked on your starting salary, if your starting salary is ‘x’ then next year they go to a different figure, but if you hire new people are they going to come in lower than that second year. Because otherwise you are going to have to jump your second year up above what you are hiring. Mr. Richards answered again, that’s an issue we have been dealing with every time we changed the consistency of the contract, is there has been that catch-up money and we have had to make salary adjustments from year to year. What this will do, is if you have somebody who has started their career here, they are we will call it step 3 for this year, with the new contract they will move to step 4. If somebody came in from the outside with 5-6 years teaching experience they would be placed on step 5 or 6. The issue is when they come in with more than what the salary schedule is. So, bachelors as I said was step 10, that’s as far as they can go, so the new hire I will not hire at more than bachelors step 10. Pat Swett clarified that what she was referring to was a new teacher, just starting out and they got a certain salary, next year they go up here, but you got new teachers coming in that same year they have gone to the second year, is that below? Mr. Richards answered it is.

Doug Swett noted that this confusion is always caused by the rules of the DRA, people here know how they would like to write this, but they can’t write it the way they really like to write it with the DRA dictates how they do write it. Chairman Mosca responded that again there are different interpretations depending on who you speak with at the DRA, I have been speaking to several people and I can’t get the same answer out of anybody.

Mark Hounsell commented that the School Board has placed before this committee and will place before the people the language that is in the article before you. It’s not going to change. It is unfortunate that one would think that the result of the vote whatever it might be could be interpreted that one side or the other participated in some sort of deception. That is not it, that isn’t fair, it isn’t a good word to use. What we have is a complicated

issue that takes time to explain and in the explaining, might get even more confusion. We will talk and we will consider this as we try to get everyone through the cloud of confusion so that on April 11, everyone will understand exactly what's being voted on. This discussion tonight, it's on the air, it's going to be in the paper, we have identified the very thing that those want to see the \$2.8 million see. It's a discussion, it's going to be well vetted it is going to be considered. It is not going to appear on the ballot, because putting it on the ballot will confuse it. The ballot should be, as all ballots should be, a simple question, as simple as possible.

When you go to a 3-year contract, which is new for us in the school district with teachers, it is not new to us in this community for other positions, but on the teacher, it is the first 3-year contract that I can remember. The importance of the 3-year contract is not just found in whether the language is acceptable to members of this committee, or if it gets it vote by the people or not. We will do everything we can to make sure it is clear and transparent. The value of this contract instead of the cost, the value of this needs to be looked at further. We need to get off the idea that this language is going to be changed, it's not. That can be what anyone wants to say it is. What this contract does should it pass, is it frees up a lot of brain power that is used year in and year out, almost continuously if you do 1-year contracts where you have to start thinking, what is the next band aid we are going to put on this inadequate contract. Inadequate in that it does not retain teachers, it does not produce a competitive wage, which at one time this district did, it has features in it that are antiquated to this district, like retiree health insurance benefits. This contract moves us away from that and onto a better track and it frees up the School Board and the brain power of the staff to start talking about other things that have been long waiting because we are always doing this. Things like curriculum development, how can we best tackle the problem we have with the food service, that's a big problem. We don't solve anything with one budget, that's impossible, what we do is we build to a better future. These proposals that are before you and in particular this one here is tied directly to a community developed and a community endorsed strategic plan. We have been straight forward in the development of that plan, inclusive of anyone who wants to show up, took their words, it was a good healthy process. It gives confidence to the School Board and administration, that this is the direction we choose to go. The direction that we have chosen to go based on the strategic plan leads us in this direction. It leads us to a better relationship with teachers, it takes us away from always continuously having to negotiate another teachers contract. We did 1-year contracts, the next year negotiations start on April 12<sup>th</sup>, the day after the votes, you don't have enough time to not start the process again. That process eats up a lot of time that can be used doing something else. So, when you look at the costs that we are talking about, I would ask that you look at the value as it pertains to a laid out well defined, well developed, strategic plan.

Janine McLauchlan further stated that getting past the language of the warrant article, obviously this contract, we feel that the Conway School Board negotiating team has a lot of merits. What it does for us, it helps us correct some of the imbalances that have been a part of the contract for a long time, that being the salaries, what we pay our teachers as well as the exorbitant amount we are paying to retiree health insurance. Going into negotiations we knew, the Conway School Board negotiating team, that asking the

teachers to give up retiree health insurance benefits the way it is currently written is a big ask. We knew that the only way for them to agree to that is to be able to negotiate a 3-year contract that not only gave us the ability to reduce a long-term cost in retiree health, but to give them a more competitive salary. So, the 3-year contract was a strategy that we used particularly because we knew that if we negotiated a 1-year contract, that wasn't going to be enough to be able to get them to agree to giving up, and they are giving up, retiree health insurance benefits. Chairman Mosca notes that the teachers are getting the money up front and the taxpayers won't be seeing savings on the health care for 30 years. Ms. McLauchlan answered not 30 years, the way that the new language is written in the proposed contract we can see those savings in as early as 10 years. Staff hired as of 2007, will have the reduction in the retiree health insurance benefits.

Bill Marvel noted that a quicker way to realize savings would be staff reduction and that has been my complaint for years, it has been my principle objection to passing further teacher contracts. This staff is just too big. I did a little thumb nail sketching of the history of the staff enrollment ratio. The earliest town school report I had was 1970, but at that time, we had 1606 kids, now we have 1816 on the last report and that is an increase of 13% in 46 years. We had then 79 educational staff we now have 232, that is an increase of 194%. The staff is increasing at 15x the rate of the enrollment, I mean in 1970 you had one educational staff member for every 20.3 students, now you have one for every 7.8 students. That's more than 2.5x the ratio of educational staff to enrollment. I see Joe shaking his head but these are the numbers. You can't blame all that one governmental mandates, you can't blame it on changes in education, that is a broadening of the curriculum, and when you broaden the curriculum you make it shallower and that is one of the problems with this particular school district.

Everyone will say that's not the teachers fault, but to a degree that is actually but only in a minority sense, but they certainly benefit from overstaffing. It reduces individual work load, but mainly and again we don't know if this is deliberate or not but is the effect. Increasing the staff exploding the staff as it has over the last few decades, inevitably increases the proportion of the population that draws part or all its income from the school district and that increases the chances of passing all school budgets. That's why the teachers contracts individually become so expensive, because there is too much staff. That's why we can't pay enough.

You want to talk about competitiveness, you can't forget the ability to pay. The local area can't afford as much as most of the rest of NH. I looked at the NH Department of Labor's occupational employment and wages for 2016. They divide the state up kind of oddly, they have Conway and Wolfeboro together, I don't know why Wolfeboro is richer. The average wage in our area is \$19.30, Keene \$22.53, Dover and Durham \$23.58, Manchester \$24.70, Portsmouth \$25.35, Nashua and Derry \$25.74, and Lebanon and Hanover \$27.65. That's anywhere from 17-43% more than the average wage in the Conway / Wolfeboro area, and as I said Wolfeboro is richer than Conway. You have to take that into consideration, you can't simply compete with Nashua, Manchester and Portsmouth for teachers. If you are having trouble getting a lot of new teachers, then why are you exceeding your required amount of approvals for early retirement? Why aren't you keeping the experienced teachers, the ones that you already know instead of giving

them extra retirement benefits and changing the rules so they all jump ship at the same time? That's enough for now.

Joe Lentini, Vice Chair of the Conway School Board responded to the discussion about student – teacher ratio; according to the NH Department of Education which is the receptacle of these figures, in 2014 Conway had a student -teacher ratio of 11.3, the comp one which are the northern districts had a ratio of 9.8 to a teacher, the state average was 12. In 2015 Conway's ratio was 11.2 to one, the comp one districts which are in the strategic plan were 9.3, so we have a lower student - teacher ratio to many of our comparable districts. Bill Marvel stated that's not the same. Mr. Lentini stated I don't understand what's not the same? Chairman Mosca clarified that he wasn't talking about the student-teacher ratio, he was talking about educational staff. Bill Marvel answered educational staff, you are skipping the 99 aides that we have. Mr. Lentini responded that if you go back to 1970, which you seem to have gone back to, I don't think there were as many mandated aides in the system. There has been a major change in education since 1970 and there is a lot, we have to approve on a regular basis one-to-one individual aides, in our school system as a federal mandate. Bill Marvel responded that he said an increase of 194% in the educational staff cannot be completely explained by governmental mandates or changes in the nature of education. It cannot be completely explained by that. Mr. Lentini responded that we will disagree on this because, personally, I believe if we were to go back to the standard of education we had in 1970, it would be destructive at best to our educational system, personal opinion. Bill Marvel responded and said you can't go to too many School Board meetings without hearing the cheerleading about what all the graduates are doing, but when I think back to the front row of my English class, Bruce Shaw was on my left he became a doctor, Chris Stojkovic was on my right she ended up getting PhD back when the basic requirement for that was not just the tuition and I had some success at that in my own field. I think we got as good an education perhaps better for the investment than we are getting today, it certainly was not worse, which I think was your implication.

Mark Hounsell commented that he joined with Bill, I long for 1970 type stuff, not just in education but a lot of different things. We had the IDEA of the federal government and other mandates starting to become imposed on us in the 70's and 80's and it hasn't stopped. It continued with this no child left behind, which caused us to have to teach to a test instead of teaching to curriculum. There's many points that Bill brings up that I think we need to consider. When we compare the education that we get now to 1970, it's a little bit like comparing apples to kiwi, but I think it is important to note that the education that those of us did attend in 1970 was a very good one. A very good one that produced Bill and I. As much as we long nostalgically for the past it is not in our grasp, the future is what we are headed towards and if we want to address the needs that are facing the young people who are being born and going to school, we had better understand that our educational process should be utilized to prepare them for the future and that requires investing money into teachers. I would like to have this put aside for 3 years so I can do exactly what Bill is talking about and spend more of my time talking about curriculum development. I am absolutely biting at the bit to start the conversation why we should be teaching cursive writing in the elementary schools. It is something that people might fluff off, but if we don't something like cursive writing who is going to read

the original documents? We are going to have to rely on someone who can read cursive in order to tell us what it says. I prefer to read it myself and do own interpretation less someone might try to deceive me. Yeah there is work we need to do on curriculum, yes there is teacher staff ratios we need to talk about, but it would be a lot easier to do meaningful conversations if we didn't have to constantly work with this insane idea that we can improve education in this community with 1-year contracts. We don't do it we are falling behind and if we go that route, if we continue that route we are going to continue to fall behind and think matters are going to be worse. This 3-year contract affords us the opportunity by its value to solve a lot more things by given more brain power attention to it. So, I think it is important to look not only at the cost but the value of it. This opens up a lot of opportunities for all of us.

Dick Klement, to get back to the warrant article, this is not a suggestion, but more of an observation, there are a number of people sitting around this table on the budget committee that have a problem with comparative vs cumulative vs year by year. We will vote on this at some point and we will vote on the final wording in the warrant article. So, just as an observation the School Board might just want to sit back and think about this for a minute is it in their best interest as the school to go forward with the warrant article as written or to find a middle ground with us, or those of us who are looking at the cumulative cost in the hope that a better vote come forward. It is just an observation. Kevin Richards responded that the School Board puts the language of the article and then the budget committee can do the number, you can't change the language of the article. Dick Klement responded I am not saying that we would change the language I am just saying that we would vote on the warrant article as it is written. Chairman Mosca clarified that what Dick was saying is that if the language were different it might pass the budget committee, the way the language is written now it may not pass the budget committee. I don't want to interpret what Dick is saying but I think that is what Dick is saying.

Bill Masters asked in clarifying the language for the contracts dealing with the health insurance, this is for we have negotiated an agreement where we are adjusting that for the retirees, are they current retirees or future retirees? Chairman Mosca answered that it is future. Bill Masters said so it is the future retirees who already retired are locked in place with their retirement.

Bill Marvel pointed out that as Mark has indicated there has been a slight reduction in staff with a series of one year contracts. What a 3-year contract gives the administration probably more than the School Board, although the School Board is complicit in it, gives them the opportunity to not reduce the staff for two years or to increase it and that has been the problem. The only reason I voted for the teachers' contract last year is because it was a 1-year contract and there was at least a token reduction in the staff. It was satisfactory to me, the figure was not satisfactory to me, but I felt I needed to make a good will gesture to indicate that I was willing to do my part if you did your part and I don't think you have done your part.

Joe Lentini commented that as a member of the School Board that is something that has been on very much on my mind all way along, is it is about staffing, we are constantly

looking at where we can reduce staff. I know myself personally, I know other members of the School Board who just because a contract passes and the concept of the contract is to be able to recruit and retain the best quality staff possible. In no way is that going to have many of us look at just maintaining the numbers we have. If we are shrinking in population we will be looking at shrinking in staff. We have eliminated some positions for this upcoming year, every year we look at where can we reduce. We look at the needs based budget, not a wish based budget, but a need based budget. So, I can guarantee that is something we will look at next year the year after and forever forward.

Chairman Mosca commented that I look at the total increase it is \$1,412,558. Take out worker's comp, retirement FICA [I have this nice little spread sheet in front of me that some of you don't], there's a total of \$286,754. So, the salary increase is \$1,125,904. Just taking that number against the salaries as of right now which is \$8,305,317 it's a 13.5% increase over 3 years. About 4.3% year and over the last 5 years we were only 2.8% and I know at least one of those years there wasn't a contract. I just question whether we are trying to jump things too fast to try to catch up and I know it has been a long process to get there. Last year I voted for the contract because of some of the language that was in the contract. That the budget committee suggested a few things the School Board and the teachers listened to what the budget committee had to say and I couldn't say no I'm not going to vote for a contract because they did what we were suggesting, it was greatly appreciated, but it was a 5% contract overall. I said I would never vote for a contract that is at 5%, this one at 4.3% I am questioning. I want you to know that I don't know whether the town can afford that. Mark Hounsell responded I don't know how the town can afford not to, we are looking at trying to get this out of the way so that we can start addressing the needs of staffing and student ratios. We need to start being able to spend time on those things and this frees up that time. There is not going to be great surge in the budget and the expenditures. The other night we had a matter in front of us and after I got home I said no wait a minute that was wrong, this stuff moves quick and sometimes you know you can do the best you want but you can also miss the opportunities because you are not focusing on one thing. I agree with Bill Marvel and Joe Lentini that we need to take a look at staffing and I believe there is room to consolidate certain classes and certain positions. To do that we really need to dig in to do that, this contract settles an awful lot and allows us to go forward with some things that will make improvements to offerings for our students and with an eye on affordability to the taxpayers. We are not sitting back thinking that whatever money you have we are going to just willy-nilly throw it out, we are very attentive to what we should do. We are also caught up in, I will call it an industry, that has so many different parts to it, that it is hard to absorb it all and the need to absorb it requires focused attention. We spend so much time discussing teachers' contract year in and year out that we never see any relieve from it and that costs us big. Last year we passed 2 multiyear contracts I forget which one, one was a 3-year for the support staff and one was a 2-year for ASME, those were multiyear contracts, those involved staffing, but it seems to me that when we get around to talking about teachers staffing and teacher's contracts there is a different tone or expectation than when if it was police or highway or multiyear contracts for anyone else. It almost sounds that any increase to any teacher is going to be met with objection from certain members on this committee. Having recognized that and seeing that, I think that what we have done tonight has been very helpful to not only the committee but the public who is watching, the public who will make

the final determination. I will end by saying what I started out by saying, the people will support this contract because this is in their best interest and it is in the best interest of the students. Given the 2.5 months that we have it is going to be a good discussion that I hope many people join in and that discussion is going to be what clears the air and makes it unclouded and makes it possible to move forward.

Pat Sweet I just wanted to say that I have been on the other end of negotiations, I have been on teacher's negotiations and it does take a lot of time. At the same time, I would like to say, and I have stated it before I think you are up for a failure going to 3-years.

Bill Marvel pointed out that he scrambled through the minutes from last year looking to see how I voted and I can't find it. I am pretty sure I voted against the other 2 contracts last year on those very grounds, but I did so reluctantly. ASME for instance they are always the first to respond to a down turn in the economy. I hated to do it but I did it and so did others.

Vice Chairman, Jim LeFebvre asked is it the position of the education board that you should have grades 6, 7, & 8 in a school environment as a unit? Chairman Mosca ruled him out of order and asked him to put that question in writing. Mark Hounsell stated that if this is a question from Mr. LeFebvre that is fine, but if it is a question from the budget committee then we should take a vote on that, this is not a policy. Chairman Mosca clarified that he already ruled him out of order and we are not going anywhere with it right now, we are talking about the teachers contract and we are done with the teachers contract.

Article 7 we already talked about.

Article 8 – Project Succeed:

Dick Klement asked we have some \$50,000 for Project Succeed however, money has been in grant form come forward to support this, what is the status of that grant funding is that running out? So, next year perhaps instead of looking for that \$50,000 we are looking for a greater number? Mr. Richards answered that they are in the process of re writing the grant for next year. Amy Frechette clarified that we did not get the grant 1 of our 3 elementary schools last year, but the other 2 are up for this year. Dick Klement asked so the domino falls next year, potentially. Amy Frechette answered it depends if we get the grant.

Article 9 – School Busses:

That's all the articles we will be back Monday evening to have a final wrap up with the town and the school. If anybody has any questions we will discuss it under new business we can get it to Kevin and staff and hopefully have answers by Monday. Anything else for the school department while they are here?

Dick Klement stated there was a discussion that took place board a couple of meetings ago about the amount of real estate, then Mark made a statement that the School Board



has said that they will not close a school. My question is based upon the information in the report card that the cost per pupil, this is 14/15 numbers, vs state in the elementary area means we are paying \$1.2 million over what the state average is. If we look at the middle school with just under 300 kids the cost is about \$750,000 more. So, the discussion taking place we have to do something with middle school because the cost is so high. Then I go to the high school and we are actually under the state average at the high school, yet every time the ax comes out to chop something the high school takes the brunt of it because they have the most people. One might ask the question if we are paying \$1.2 million over the state average for elementary schooling might we be real estate rich and that begs the question as to has the town and school sat down to see if they can close an elementary school and replace the rec department and the town hall in the closed school and put the other schools together. Has that discussion taken place? Chairman Mosca said don't think that is a question that I am going to ask anyone to answer, because the long-range plan that has been done doesn't show a school being closed. So, I personally don't think that conversation has taken place. I think if somebody wanted to broach that between the selectmen's office and the school then that's up to them. From everything I understand the long-range plan and is all 3 elementary schools are staying open and that's what the School Board is working off of. Not saying I don't disagree with everything you are saying. Dick Klement said because a decision was taken at one point in time does that mean the decision is locked in stone or should these be periodically revisited. Chairman Mosca said that is the question for the other board not for us, I think you make a good point.

Bill Masters to follow up on that, we really need to take a look at do we need 3 elementary. Chairman Mosca said I am going to stop you there because I let Dick go on too long that is not our purview. It's not anything to do with us. If you want to go to the school board meeting and bring it up at the school board meeting anybody is more than welcome to do that. The budget committee looks at budgets, we look at the numbers that are presented to us, we vote yes or no, we have healthy discussion, we interact with the department, but it is not up to us to decide what buildings or what real estate the school or the town owns or what they do with them, we look at the budgets.

Bill Marvel said you are absolutely right, but policies that drive cost impact the decisions of the budget committee and if we are going to be accused at looking to closely at the school, the school administration might consider that their own decisions have caused us to do that, what we consider profligacy boils down to tax dollars and that is our purview

Bill Masters stated that my only concern with that is that this \$2.1 million dollar per elementary school, so that is my concern in terms of staffing and taking real estate off the books, it's a considerable savings for the taxpayers and that's where I am coming from, because you are right. The school closing study, I am going to paraphrase because I don't have the it in front of me, if you factor in moving students out of the elementary schools, the 5<sup>th</sup> and 6<sup>th</sup> grade, the money that would be saved after the revenue losses would be about \$350,000 - \$400,000. Bill Masters asked for how many years? Chairman Mosca answered for perpetuity. Bill Marvel asked how much of that is because of the contract with the sending towns that is up for negotiations soon? Chairman Mosca answered that we will be losing about \$400,000 a year in revenues from sending towns. so, if the

sending towns stop sending their children here then that is a whole different discussion because, I don't know how many buildings we would need. Again, that is not up to us at this point and time.

**Old Business:**

Meeting minutes we are missing October and December, I know Karen Hallowell is working on the December meeting minutes. The October meeting minutes nobody knows where the disc is, we don't have any minutes. That is when Iris was having some issues and I emailed Iris the other day and she said she didn't have them. The people from Valley Vision are under the impression that Iris may still have the disc from October but I will touch base with Iris again. Lisa Towle checked with Rick from Valley Vision and he indicated that if they had one Iris would have it. Chairman Mosca said that meeting of October 16, 2016 was about 14 minutes long if I recall correctly and that was the meeting that we actually discussed the budget and then we discussed how we are going to get questions together for the December meeting. It was a very short meeting and something I could probably put together; the only issue is I don't have who was in attendance or who made motions. It was pretty basic like I said, we were in and out of here in less than 15 minutes that night.

We have not voted on the September meeting minutes yet, I have them at home and I will resend them to everybody just in case people don't know where they are. Well Jim and I have been discussing this for the last couple of meetings trying to figure out what is what to get us up to date. So, I will send out the September meeting minutes again to everybody and Monday night we will vote on those and hopefully we will have the December 14, 2016 meeting minutes by then and I will make up something for the October 16, 2016 just so we can have a record of what transpired. Bill Marvel asked if it was the September 23<sup>rd</sup> minutes you are looking for? Chairman Mosca said it was September 21<sup>st</sup>, I have them, I don't know if everybody still has them, but we never as a committee voted on them. If we did we voted on them in October and I don't believe we did. I would just like to revote on them, I will resend them out to everybody so they can review them.

**New Business:**

none

**Comments from the Public:**

none

**Mike Fougere moved, seconded by Dick Klement, to adjourn the meeting at 8:00 PM. Motion carried unanimously.**

Respectfully Submitted,

Lisa E. Towle, Recording Secretary