

MUNICIPAL BUDGET COMMITTEE

Wednesday, January 10, 2018
Professional Development Room
Kennett Middle School, Conway, NH

Chairman Jim LeFebvre called the meeting to order at 6:35pm. The following members were present: David Jensen, Mike Tetreault, Terry McCarthy, Steve Steiner, Doug Swett, Bill Marvel, Joe Mosca, Bob Drinkhall, Mike Fougere, Pat Kittle (arrived at 6:40 p.m.), John Colbath, and Bill Masters Also present: Lisa Towle, recording secretary

Excused: Pat Swett, Peter Donohoe, John Edgerton, and Ted Sares

Mr. Steiner led those present in the Pledge of Allegiance.

CHAIRMAN LEFEBVRE'S OPENING REMARKS:

- This is the first of two (2) meetings dedicated to discussing the school budget, the second is scheduled for January 24, 2018.
- It is important to consider the admiral adjustments the school board and administrators have already made being, the return of \$214,000 from the 2.5% keep back as well as cutting staff by \$300,000.

SCHOOL BUDGET REVIEW – ALL DEPARTMENTS:

Superintendent Richard and Conway School Board Chairman Lentini presented the Conway School District Budget.

The Process:

The marching orders from the School Board was to develop a need based budget; items necessary to support student growth and work towards achieving district goals. We spent approximately 2 years developing the strategic plan with many goals, outcomes, and tasks that are constantly monitored. The progress can be seen on the SAU #9 website and on January 18th at KHS there will be a community presentation on the strategic plan as well as a presentation on competency based education.

The first step taken was looking at data; class sizes, student needs, facility needs, and technology needs. Building principals and directors presented their needs and wants to the central office, which sometimes includes additional staffing. (No additional staffing was added.) Prior to the budget being presented to the School Board, administrators were asked to not only create new positions but also to reorganize staff. We started with a reorganization in technology; there was a reduction in building tech aides and replaced with one district wide tech aide and a technician, and an increase to library media specialist. The changes in technology resulted in a \$137.00 net savings or .7 FTE position. Mr. Richard explained the difference between a tech aide, technician,

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and library media specialist in response to Mr. Colbath's inquiry. In addition, positions were reduced such as; a World Language teacher at KHS, five (5) Paraprofessionals at different levels (not 1:1 aides), an English teacher at KHS and an Occupational Therapist. There was an increase in ESOL (English as a Second Language), however this position is shared 20% with Bartlett and 20% with SAU #13, therefore, Conway is reimbursed 40% from outside districts for ESOL services. There was also a need for a career development support person and that worked ended up being a swap out. The total reduction prior to the budget being presented to the School board was 4.17 positions that were in the budget last year.

The budget was presented to the School Board and they felt the affordability piece was still high and asked administrators to cut another \$300,000 from the budget. Additional cuts from the budget included; .33 Art teacher, Social Studies teacher at KHS, Health teacher at KMS, computer hardware, maintenance, an outbuilding, a wing mower, and an elementary teacher from John Fuller. These cuts do not include 1:1 aides as they are governed by the special education laws. The total reductions at this stage are approximately \$470,000 or 8.2 FTE. The School Board approved the budget after these additional cuts and this is the budget that is being presented to the Budget Committee.

In December health insurance rates came back, initially health insurance was budgeted at the guaranteed 15%, however, the rates came in at 6.9% resulting in an approximate \$500,000 reduction. In addition, Mr. Hill was able to lock heating fuel in at \$2.14/gallon which is a \$54,000 reduction from the initial budgeted amount. The SAU #9 budget also dropped because of the lower health insurance cost. The total additional reduction is approximately \$600,000. It should be noted that the School Board elected to not put the \$300,000 back in the budget.

Questions:

Mr. Drinkhall asked if the 8.2 FTE was already reduced from the reported 344.82 FTE in response to question #2 of the 12 questions previously presented to the School Board. **Mr. Richard** advised it was not, however, there will be some 1:1 aides contained within that number.

Mr. Marvel clarified that the total FTE is 344.82 minus the 8.2 FTE that were cut, then there could be additions or reductions of 1:1 aides. **Mr. Richard** went thru the reductions and additions step by step noting that the total reduction is 8.2 FTE except for 1:1 aides. **Mr. Marvel** inquired about the total number of aides and what the ratio is for special education aides. **Mr. Richard** noted that there are many different positions under the aide category including administrative assistants, secretaries, support staff, hall monitor, etc. For comparison purposes it would be best to look at 2007-08 school year after the KHS and KMS split.

The Overview:

The bottom line budget being presented to you shows an increase of \$417,927 or 1.14%.

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- There were adjustments made to the nurses, a couple of the administrator positions, as well as performance increases for all non-CBA staff, which accounts for \$59,000 of the increase.
- There is a \$66,000 decrease in salaries for all, due to the cutting of staff. Note also that we are in the third year of the 3-year CBA contract where all remaining staff will receive a 3% increase and those numbers are in this budget
- There was a \$157,000 increase in health insurance for all including retirees and the reduction in staff.

Questions:

Chairman LeFebvre asked if there was a better way to predict the actual health insurance cost based on the history of the cost coming in lower than the original guaranteed amount? **Mr. Richard** indicated that some years are close although some are lower, however the actions taken toward health insurance helped drive down the costs. AFSCME, Conway administrators, and one other group have already taken part in negotiations for health insurance costs and moving forward the School Board and administrators will continue negotiations to include retiree health insurance which is a tremendous financial liability for the districts. **Mr. Lentini** added that it would be irresponsible to create a budget that did not reflect the maximum projected amount. **Chairman LeFebvre** inquired if all of the bargaining units have agreed to the change. **Mr. Richard** advised that not all have agreed to the change plans, but they are exploring the possibilities. There are two different rates reflected, those that shopped around and those that did not and remain on the current plan this year. It is important to understand that the School Board chose to leave the budget as it stands independent of the \$500,000 reduction in health insurance.

- There was a \$93,000 increase to operational maintenance for the Siemens contract as the Conway EI warranty came off and there was an added contract for refrigeration work.
- Heating fuel is up by \$62,000 based on the locked in amount which was \$1.78/gallon last year and increased to \$2.14/gallon (the initial budgeted amount was \$2.40/gallon).

Questions:

Chairman LeFebvre inquired if a cost savings was seen with the conversion from oil to propane in the renovated elementary schools. **Mr. Richard** noted that he was uncertain of the exact number but believes there was an approximate savings of \$15,000.¹ **Chairman LeFebvre** noted that propane is less efficient per BTU than oil. **Mr. Richard** advised that propane was more efficient as it burned cleaner than oil and the new system was cheaper, however the oil provides more heat.

¹ Mr. Hill will be at the meeting on January 24, 2018 to provide the cost savings from converting to propane at the elementary schools.

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- Equipment is up \$39,000 to do preventative maintenance at KHS and KMS as the buildings and some equipment are 10 years old. There are also gas stoves in food services that need to be replaced.

Default Budget:

The default budget is derived from last year's budget which includes contractual obligations and then we make any additions or subtractions related to those contracts. This year due to the reduction in staff the default budget is \$22,000 less than the Conway School District proposed budget.

Revenue:

- Unencumbered fund balance is conservatively estimated to be \$725,000.
- The School Board retained \$214,000 in the fund balance.
- Kindergarten Aid is new this year with a reimbursement of \$1,100 per full time student. Conway has projected 80 students for next year for a revenue of \$88,000.
- School building aid, Federal aid for the free and reduced lunch program, and Medicaid is noted here as well.
- Tuition from sending towns is up \$450,000 this year.
- The total revenue balance against the budget results in an increase to the district of \$447,000.

Questions:

Mr. Jensen inquired about the reasoning for the sizeable increase in tuition. **Mr. Richard** explained that it is based on property valuation rates as well as the number of students. Conway has approximately 69% of the student population (53% of the budget) and the remaining 31% of the student population is from sending districts.

Tax Rate:

- If the operating budget is approved there will be a \$.24/thousand or 1.9% increase.
- If the all warrant articles as presented pass it will be an additional \$.23/thousand increase.
- The total overall increase would be \$.48/thousand or 3.73% increase on taxes.
- **Chairman LeFebvre pointed out that over the past 4 years the increase has increased \$1.34/thousand.**

Budget by Unit:

Special Education overview: Although the budget is down this year, it is driven by student needs and with that we are trying to be more cautious about how we deliver special education services, however, the budget could increase or decrease at any time.

Questions:

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Chairman LeFebvre inquired if there was a special education fund, what the balance was, and if it has been utilized in the last 3-4 years. **Mr. Richard** noted the School Board elected to not contribute to the special education trust fund this year based on the present balance of **\$402,000**, which has not been used for 3-4 years and should be enough to cover cost needed.

Chairman LeFebvre inquired of the average cost of a new special education student coming into the district. **Mr. Richard** answered that it would depend on the kind of needs the student had, where general needs would not generate additional cost, however a visually or hearing-impaired student would require more extensive services. Expenses associated with tuition students would be covered by the sending towns and out of district placements with associated transportation costs are reimbursed (reimbursable aid). The goal is to provide all services at the school in the least restrictive environment and keep the students in the and should they need specialized placement the hope is that down the road they come back to the school.

Mr. Marvel inquired about the increase in aides from the mid 90's to the present. **Mr. Richard** noted that the schools are doing a better job of identifying and meeting student needs. Pam Stimpson, Director of Special Services is researching how to become more efficient in providing services to students.²

Personnel: As previously discussed there was a reduction of staff which included an elementary teacher at John Fuller.

Technology: There was a reduction of \$20,000 in hardware.

Questions:

Chairman LeFebvre inquired about the status of the replacement of older hardware and licensures. **Mr. Richard** advised that the school district is in a good place and that Mr. Anderson has an obsolescent plan in place that maintains the status of the hardware and software.

Mr. Masters asked to be provided with a listing of all contracted services related to special education and the facility maintenance. **Mr. Richard** noted that would be a “huge” list and he would do what he could to comply with the request.

Career Tech: There haven't been any changes and that is why you see a \$3,000 delta.

District Maintenance: As previously noted the increase here is to replace equipment and for materials required to maintain and upkeep current equipment. There is also \$17,000 for the purchase of a new tractor.

Question:

² Ms. Stimpson will provide an update on the research she is doing on how to provide efficient services to special education students.

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Mr. Masters inquired if the contracts were open ended or not to exceed. **Mr. Richard** answered that some are for a period of time, such as the fuel bid is out 1.5 – 2 years. In addition, according to district policy anything over \$20,000 has to go through the bidding process.

Questions on the Budget:

Mr. Kittle: Is anything being done to stem the over diagnosis of special needs students? If we go back 30+ years students were taught without aides and we didn't have all the disorders that exists now. In my opinion the school districts are too ready to accept the diagnosis rather than let kids just go to school and learn. **Mr. Richard** advised that the process is driven by the Federal law and kids are being diagnosed younger (between 3-7 years of age), in response to the opioid crisis.³

Mr. Colbath: With the proposed replacement of the phone system how long would they be good for? **Mr. Richard** explained that the current system in the elementary and KMS is well over 30 years old. It is still being investigated, however the new system could potentially incorporate the chrome books in a cell phone like fashion with very little long-term costs and hardware.

Mr. Steiner: In comparison of enrollment from 2003, when high school and middle school were combined, there were 1363 students and today there are 291 students at KMS. In looking at closing a school there is 30% of KMS that is mothballed. **Mr. Richard** noted that during that time there were also 14 portable classrooms on site that needs to be taken in to consideration. **Chairman LeFebvre** clarified that to compare apples to apples you would take into consideration the 2018 enrollment at both KHS (750) and KMS (291).

Mr. Tetreault: Is the \$39,000 for the hot water heater at KHS in the new equipment budget? **Mr. Richard** explained that in that budget there are some contract pieces as well as supplies that allow the ability to fix equipment as things come up. Mr. Hill will address this question at the next meeting.

Mr. Masters: In your opinion could we save tax payers money by consolidating redundant services and if so can you identify those specific services where we have redundancy. **Mr. Richards** will provide that information at the meeting on the 24th.

Mr. Marvel: In reviewing the budget I found it to be discouraging and looking back at the bigger picture it is hard to understand why we are not seeing savings somewhere. In reviewing the list of FTE back to 1987 and using the actual number of people, I found the following:

1987 the staff to student ratio was 1:7.7; 1997 had a 14.2% increase in staff and a ratio of 1:6.6; 2007 had a 13.6% increase in staff and a ratio of 1:5.7; and 2017 had a 10.7% increase in staff and a ratio of 1:5.1.

³ On, January 24, 2018, Ms. Stimpson will provide further information regarding Mr. Kittle's question, "Is anything being done to stem the over diagnosis of special needs students?"

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I understand that some of the change is due to special education, expansion of services, and spreading out of the plant, however as we are being told by the School Board that they saved all the money they can while expanding the empire with more services and more people. It seems to contradict the effort to save money. **Mr. Richard** explained that teacher to student ratio as teachers are the most valuable part. In 2008 the student to teacher ratio was 9.88 (191 teachers) and this year it is 10.09 (175 teachers). The student to teacher ratio increased but the staff to student ratio decreased. In comparison geographically and with Comps 1 & 2 Conway is not overly staffed with teachers.

Chairman LeFebvre: *While I understand your answer, where do we stand on the larger issue as Mr. Marvel asked with entire staffing compared to other units.* **Mr. Richard** explained that data is not readily available, and he would have to go to individual districts to obtain the data. Ms. Stimpson did bring in an outside group to study the efficiency of special education and she is working on a model to increase efficiency.⁴

Chairman LeFebvre: In regard to special education, there was talk amongst the School Board about options to bring 3-5 PreK into the district, however in your previous response no budget information was provided as it was no longer being discussed, can you provide the committee with more information on this proposal. **Mr. Richard** advised that the School Board discussion had not gone beyond the options, however he would provide the committee with more information about the three options.⁵

Mr. Masters: I agree with Mr. Marvel's statement and it seems that we are working on wants rather than needs and some information that is needed to make an educated decision are being left out.

Discussion of the 12 Questions and Responses:

Question #5:

Mr. Jensen Is it possible to predict how the diminished population within the district will affect enrollment in the future. **Mr. Richard** noted that is hard to predict, however this year at Conway El, the biggest transient school, there was a 20% change in students but no change in enrollment, with 30 students in and 30 students out. Within the district the schools have remained stable over the past 5 years, however the outlying districts have decreased, and some have increased as people are searching for affordable housing.

Chairman LeFebvre inquired as to how many of the students are moving around within the district versus out of district. **Mr. Richard** noted that the research on this has just begun based on the question being asked by the School Board and the data will be forthcoming.⁶ **Mr. Lentini**

⁴ On January 24, 2018, Ms. Stimpson will provide more information pertaining to the outside group that was brought in to study the efficiency of special education and the model she is working on to increase efficiency.

⁵ On January 24, 2018, Mr. Richard will provide the 3 options that the School Board had discussed regarding Pre-K

⁶ On January 24, 2018, Mr. Richard will provide the number of students that are moving around within the district versus outside the district.

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added that the transient movement from outside of the district puts pressure on the classroom as you have students coming in that may not be at the same standard. However, there are no concerns when it is an in-district movement due to the continuity among the elementary schools.

Unrelated:

Mr. Masters inquired about the offering of school of choice based on information he found that it is not an effective way to manage resources. **Mr. Richards** advised that it is offered at the elementary level, parents apply and if there is room available at the requested school it is approved, and the parents are responsible for transporting their child. Based on the efforts of the school district to have continuity among the schools with curriculum, instruction, and assessment the students would receive the same education. **Mr. Lentini** noted that there is no cost to the district with school of choice as it is merely a parental choice and so long as there is room available at the requested school, they have no reason to not support the choice. [A further discussion ensued]

Questions # 7

Mr. Marvel: Is there an effort to get together the CEA and CESP to talk about consolidation of insurance happening now? **Mr. Lentini** answered that there is ongoing conversation through the Ad Hoc committee that continue to meet to deal with this important issue and there has been some movement to look at more options. **Mr. Richard** added that there will be health insurance changes within the new AFSCME contract that will be discussed further on the 24th. There are reductions to retirement health insurance moving forward

Mr. Marvel: Is there a plan to remove the retirees from the health insurance plan? **Mr. Lentini** advised that during the last contract negotiations with the CEA there is a plan in place to phase out retirement health insurance, which has already started with new employees but will take many years to completely phase out as we don't want to take the benefit away from those about to retire.⁷

Mr. Kittle: Have you considered self-insurance? **Mr. Richard** advised that it has been investigated but there are some risks that go along with it.

Question #8:

Chairman LeFebvre: Can you comment on the article in the Conway Daily Sun about the 4th year of math being a State mandate that came out in 2014 and is being implemented here in 2019. **Mr. Richard** advised it is a creative way to get people to pay attention to math with, CBE teachers have to ensure their courses have those standards and competencies as part of the curriculum.

Mr. Richard provided a handout that gives a brief overview SB 193, the voucher bill, that included websites for more information.

⁷ On January 24, 2018, Mr. Richard will provide the committee with the number of years for the phase out of retiree insurance

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Chairman LeFebvre noted that there will be another opportunity to ask questions of the School Board at the meeting on January 24th.

REPORT FROM THE BOARD OF SELECTMEN REPRESENTATIVE:

Mr. Colbath: The Selectmen met last night, where normal activities were conducted, bills were paid and non-public lasted longer than anticipated.

REPORT FROM THE SCHOOL BOARD REPRESENTATIVE:

Mr. Mosca: The School Board met on Monday where discussions revolved around SB 193 and the proposal of consolidating electrical and heating services with the town. This had been done approximately 15 years ago at which time there was a disagreement regarding locking in prices.

REVIEW OF MINUTES:

Motion by: Mr. Marvel, seconded by Mr. Jensen to approve the minutes from the January 3, 2018 Budget Committee meeting. (12-0-1 [Mr. Drinkhall])

OLD BUSINESS:

None

NEW BUSINESS:

Chairman LeFebvre advised the committee that Peter Donohue has resigned from the Budget Committee due to obligations with his business. Therefore, there is an opening on the committee at a very crucial time. The committee engaged in a conversation regarding the available options being; advertising the vacancy or offering the position to the other person who was interested at the time of the last vacancy, as this is an elected position that needs to be filled or attempted to do so. Whoever fills this position will only fill it until the next municipal election in April 2018.

Motion by: Mr. Mosca, seconded by Mr. Jensen to offer the position to Stacy Sands and if she declines the position will be advertised. (11-2-0 [Mr. Marvel and Mr. Steiner])

Chairman LeFebvre will contact Ms. Sands to see if she is still interested in the position.

PUBLIC COMMENT:

None

ADJOURN:

**Mr. Drinkhall moved, seconded by Mr. Colbath, to adjourn the meeting at 8:33 PM.
Motion carried unanimously.**

Respectfully Submitted,

Lisa E. Towle, Recording Secretary