

**MINUTES OF MEETING  
MUNICIPAL BUDGET COMMITTEE  
February 4, 2013**

A meeting of the Municipal Budget Committee was called to order at 6:34 PM in the Professional Development Room at Kennett Middle School with the following members present: Chairman Joe Mosca, Maureen Seavey, Steven Steiner, Peter Donohoe, Maury McKinney, Karen Umberger, Bill Marvel, Karen Milford, Mark Hounsell, Doug Swett, John Edgerton, Michael Fougere, Brian Charles, Danielle Santuccio, Mike DiGregorio (arriving at 6:38 PM), Greydon Turner and Syndi White. Also present: Dr. Carl Nelson, Evan Lucy and Lloyd Jones of The Daily Sun.

Joe Mosca led those present in the Pledge of Allegiance.

SCHOOL REVIEW

Chairman Mosca stated tonight was all about final questions for the School and asked the members to start firing away. Dr. Nelson stated that he would like to give the Committee some information on the packets passed out because some of it had answers to questions already presented from the Committee the last time he was before the Committee. There are a couple of things that he needs to add to the Budget, not dollars and cents wise, but Warrant Article wise.

Dr. Nelson stated the top sheet he passed out entitled "Requested Information" is the questions that members had asked last week and he was not going to read them as the members could read them at their leisure. He did do the personnel salaries the same way as was previously presented a couple of years ago. All of the Units are in there and there is a total amount for the Health Insurance. They have been advised by counsel that they shouldn't disclose it individually, but they can disclose it as a total. There was a question about the different groupings and members can see the dollars and cents of that in number 4. CEA is the teachers; CESP is the support staff; AFSCME is the Custodians, Bus Drivers, etc.; there is the Administration costs; and then you have the troops which are people not represented by anybody, there are itinerants, speech assistants and things of that nature. They are not under any of the Union Contracts or the Administrators Personnel Policy, they have their own and that includes the Benefits.

Dr. Nelson stated he gave an update on the Technology Warrant Article. Somebody asked for the number of classrooms at Kennett and the Middle School and that has been disclosed. He has also provided an explanation time line that the Conway Board has had before it with regard to the Tuition Contracts and the assumptions of the Tuition Contracts. The SAU Budget is also in the middle of the packet.

Dr. Nelson stated that he wanted to bring the other packet passed out to the attention of the members which were items that they didn't have earlier. The first one being the Default Budget which the School Board approved at its meeting on the 28<sup>th</sup> of January. Members can see that this year's Default Budget will be about \$125,000.00 higher than the Budget that the School Board is proposing. Most of you are familiar with the

Default Budget, but for those of you who are not, the Default Budget is really dictated by Legislation and it is last year's Budget minus any one-time expenses, like equipment would be a one-time expense and replacement of equipment would be a one-time expense and things of that nature. You then add into that Budget any of the contractual obligations you have, one example of that would be the increase of 3% in the contribution that the District has to make to the Teacher Retirement System, that gets placed in there. You then have to deal with the increases that becomes part of your Default Budget. When you cut the other things out of the Budget, that's what ends up driving your Default number higher than your proposed Budget.

Dr. Nelson stated the next item that he put in the packet was a copy of the Memorandum of Agreement between the CEA and the School Board. That has been ratified by both groups and will go before the voters in April. He has given the members the whole thing and he has costed it out at the end and members can see the basic agreement is a 1.7% increase across the board, and as he mentioned last time, it does not include any more of the performance pay. There is still evaluations, still performances considered but not when it comes to the increase of 1.7%, that's across the board. Then the second year of the agreement it's an increase of 2.5% across the board. Members can see what the grand totals are on the cost-out sheet. That's really the significant part of it. If you have questions, he can answer them now or next week before the Public Hearing.

Bill Marvel stated as he had mentioned to Carl (Nelson), he had spent a good deal of time today looking at the Contract he had until he realized that's not the one we are going to have. He has to say he was astonished at how generous the language in that Contract is. The particular question he has at the moment is in the revisions, or in the existing Contract although he couldn't find it, is there anything you would call an Evergreen Clause. Dr. Nelson stated no; as a matter of fact in the old language there's an actual sunset clause which is the reverse and in this one as well.

Dr. Nelson proceeded with the summary of the proposed Warrant Articles, now revised because they have added the Budget. This Committee hasn't put their number in the proposed Budget and at some point we will have to do that and vote on that again, but it does have the Teacher's Contract in there, number 4 of the proposed Warrant Articles.

Dr. Nelson stated he has provided a review of the estimated Tax Rate. If everything should pass, if all of the Warrant Articles and the Budget passed as the Board has proposed, there would be an increase of \$1.33 per thousand or 11.59%. That's if everything were to pass. If it was just the Budget that they were concerned about, then it would be a \$.70 increase or a 6% increase in the estimated Tax Rate. He is hoping that gets better as we get towards the end of the year and can see a greater Fund Balance. Remember the Fund Balance in this proposed Tax Rate is zero. Right now, and it has been for awhile, they have frozen the Conway Budget and things are only purchased after his approval. They are hoping to be able to conserve a little bit of that to go against the Tax Rate next year.

Mark Hounsell stated the problem as he sees it is that the property taxpayer can't afford to spend this type of money on the School District

next year and as he kicks this around in his head, it's fairly simple it has to come down to cutting spending. There's going to be discussions about where to go and he would like to suggest a thought that he had and just run it up the flag pole. In the Warrant Articles we have Maintenance Funds and we have Capital Reserve Funds for School Buses and the Technology Plans, etc., with the exception of Project SUCCEED and the Capital Reserve for the School Buses, he is going to propose at the appropriate time that those numbers, each one of them, be cut in half. That's to say that the programs have merit, it's just too costly for us to pay for in this year at these levels. For example, the School Building Maintenance Fund which has historically been \$100,000.00 per year can experience one year where it's \$50,000.00. Maintaining the Technology Plan he thought could also be cut. Again, he is not going to support any increase over last year's Technology line item in the Operating Budget since it can be attributed to an unfunded mandate. Just to open the discussions on where at least one member's thinking.

Dr. Nelson stated he wanted to call Mark's (Hounsell) attention to when he talks about the facilities Maintenance Trust Funds. Those first 3 Articles, the High School, the Middle School and the Elementary Schools, are all part of the Tuition Contracts. He just wanted to bring that to everyone's attention.

Mark Hounsell stated he understood that, but at the same time they are up for a vote on the Conway District Warrant and let the Contracts be the Contracts. These are spending items and if we're going to ask for \$54,443.00 with the understanding that we have to say "yes", then why even print it in the Warrant Article. We don't have to spend that much money this year, we can only put so much in and if the other Districts can't understand that, deal with that when it happens.

Dr. Nelson stated he just wanted to caution the Committee to not jeopardize the Tuition Contracts. Mark Hounsell stated he wasn't jeopardizing the Tuition Contracts as much as he is watching out for the people who have to pay property taxes in the Town of Conway. A 12% increase is too much; it's too much.

Dr. Nelson stated he agreed with Mark (Hounsell) that we need another funding source, another funding revenue to help offset the responsibilities. He thought we need to look to our Legislative people for some assistance there. Mark stated he's heard that song for 40 years and it's not going to happen.

John Edgerton stated he agreed with the concept and as far as the surrounding towns, we don't need to add a 10% increase on their taxes either. The Contracts are going to put a 10% increase on the taxes in the whole Valley. He can't go along with that.

Bill Marvel stated when Neal (Moylan) the other night mentioned the Revenue problem, it occurred to him that for generations this Town has been able to afford all that it wanted to provide for the School system. Suddenly the Schools are becoming so expensive, disproportionately expensive per student that people want a new Revenue source. Let's deal with the over staffing. What he was looking for was a 3 year old newspaper clipping about the Londonderry School District which he thinks

is its own SAU. A few years ago they noticed that the enrollment was dropping and they concluded to reduce 1 certified teacher for every 20 students that the enrollment dropped and 1 non-certified staff member for every 9 students. Even if we started at our inflated staff numbers, if we had done that now, we would be letting go of 6 people this year compared to when that plan began. Just 6 people is \$300,000.00 to \$330,000.00 probably and instead of adding staff as enrollment drops of course you're going to need a new Revenue source if all you're going to do is add programs and expense for the same number of students. It all feeds back, in a way, to that Credit discussion we were in. Many members have probably gotten an e-mail that he sent out about that. Neal (Moylan) sat here and told us last week how many Schools require more Credits than we do. He forgot to tell us that most Districts require fewer and he thinks that prejudicial prologue probably will be reflected in that impact study that he does. That's what needs to change, not necessarily the Revenue source.

Steven Steiner stated in the Middle School, part of the School is mothballed, is that correct. Dr. Nelson stated yes, it is. Steven stated between the High School and the Middle School we have 119 classes, not including the Gymnasiums. Dr. Nelson stated if that's what it says then that's what we've got. Steven stated so there is no way between Conway Elementary, the Middle School and the High School we can consolidate, increase the classroom size and consolidate to one campus; Conway Elementary and the Middle School would be one campus and maybe shifting one class out of the Middle School to the High School. You've talked about since he's been in this community and heard about closing down one school but nothing's being done. He then sees that they are going to be adding fiber optics to all these new locations when, if we had one campus, we'd need one fiber optic line to one location instead of 3 locations. Are you serious in trying to cut the Budget because the people can't afford it. Dr. Nelson stated the answer to your question is yes. Steven stated but it doesn't look that way. Dr. Nelson stated he wasn't going to repeat himself.

Mark Hounsell stated it's been his observation that when School Budgets have been developed there's been a lot of thought given to them and they are developed by people who are part of the educational industry and they are overseen by School Board members who have a desire to help out with the School issues and are supported by voters who are pro-School. He finds himself in a position where he doesn't hesitate to say that he is pro-education, he's pro-Schools, but the people of this Town are looking to this Committee to make recommended cuts. He can approach this Budget saying that every line item on it, every one of them, has got merit and is thought out and should have support. What he cannot say is that we can afford it and until he can say we can afford it, he can't endorse it. He has to deal with this, as everyone else does, on a daily basis with household budgets and when he tells his kids that they can't have something because he can't afford it, it doesn't mean that he is anti-kid or anti my kid. He really wants to make sure as the discussion goes forward that no one starts thinking that we aren't pro-education or they are just against teachers or whatever. To him, the whole discussion is about affordability and he again commends the School District for putting forth the Budget; they do a good job and have been doing it for awhile.

Karen Milford stated she has clearly been trying to learn a lot this year and get up to speed on things and one of her biggest observations is not concern necessarily about just this year's Budget but in looking ahead at what's going to happen in the next couple of years. We could cut some of the Warrant Articles and that might help us this year, but as we look at all of these baby boomers that are getting ready to retire and the amount of benefits that our retired employees are receiving, when we look at the State Retirement Fund that earned less than 1% last year when the S&P earned 8% or 9% last year and our assumptions for the liability assume 7.5% and she sees our Retirement contributions going up, when she sees Health Insurance Benefits continuing to go up, we've got a much bigger problem than what we are seeing in this year's Budget.

Karen Milford further stated as John (Edgerton) has talked about, these Budgets accumulating 10%+ a year. Next year this increase is going to be significantly greater unless we start doing things like looking at the Union Contracts. From her perspective, we have to start reducing the Benefits that we're granting to our retirees so that we can start to make progress, it's a long term thing. Looking at the long term thing, she didn't know if she necessarily agreed with reducing Credits, but we have got to start looking beyond a single year. Looking at the \$250,000.00 Study, looking at the amount we are spending on facility expenditures, it's huge and the fact that one more time we're kicking that ball down further into the future and not looking at it is more accumulated expenditures. She thought this Committee needed to kind of think about not what we are just doing about this year's Budget, but how we are responding to the commitments that we're making to future years.

Mark Hounsell stated he agreed that that made sense except that the realist part of him kicks in and this is the Conway Municipal Budget Committee and really the only thing we can do is deal with the Budget presented in front of us. We can become aware, but we can't really make any long reaching impact on future Budgets except through our awareness and our articulation. You (Karen Milford) are right on everything you are saying, but we've got a month, less than that for the Public Hearing, and we have to deal with this year's Budget and this year's set of problems.

Karen Milford stated one of the discussions that we had a couple of weeks ago was committing to a 3-Year Police Budget. She is totally in support of our Police force and all that they do for us, but we're essentially committing ourselves to expenditures 3 years down the line. We are being presented with a Teachers' Budget that includes a lot of the same benefits packages and we are being asked whether or not we recommend our voters support or don't support that Budget. She thought we do have a significant opportunity to say "no, we don't support these Union Contracts". Not because we're anti-education or anti to what these people are doing, but we can't afford it and we need to change our format.

Chairman Mosca stated he thought the dialogue going back and forth was great and he thought next week we're going to have a lot of that as we discuss and begin to vote on things, but right now we are suppose to be working on final actions for the School and he would like to stay on that target if we can. He didn't want to stop the discussion; we can do that afterwards under Old Business because he thought it was a discussion that

needs to take place going into voting, but if we could stay on the School at this point he thought that would be helpful to everybody.

Danielle Santuccio stated she didn't know if she was allowed to ask her question or not because it's on the Contract. Chairman Mosca stated if it's on the Contract that's fine. Danielle stated it's concerning the medical benefits and she has two questions, issues or maybe comments; when you have the 80% premium on the health portion, you can't predict if health costs go up next year, you're committed to 80% of whatever that increase costs. Dr. Nelson stated that was correct. Danielle stated having a set dollar figure that you will contribute to so at least you can control it a little bit rather than be at the whim of what the health care cost is. She thought that was a little dangerous, the percentage portion of it and she thought it was a high percentage. Her bigger concern is no matter what the cost is, it's 80% and next year if it doubles or triples. The Dental she thought was a significant benefit to be offering as well. Danielle asked if this was for part-timers as well. Dr. Nelson stated on a pro-rated basis. If you work 50% or more time in the School District in Conway, it's on a pro-rated basis after that. Danielle stated she thought that the percentage base that they are committing themselves to was dangerous because you can't control any of it.

Chairman Mosca stated the Town on their side pays a set dollar figure per employee for the lowest paid and if the employees want one of the other insurance Plans, they pay anything above that cost on their own. Danielle Santuccio stated that's what her employees do.

Dr. Nelson stated Conway has several Plans, this is the lower priced Plan and if a person would like to buy a more expensive Plan, then they have to pay a greater percentage. It's not 20% across the board. Chairman Mosca stated then it's 20% of the lowest Plan. Dr. Nelson stated it's the HMO Plan you see in front of you with a \$500.00 deductible. Chairman stated if it's a higher Plan than obviously they will be paying a higher percentage. Dr. Nelson agreed. Karen Umberger stated the \$500.00 deductible is covered; there is no deductible because it's covered.

Syndi White stated she wanted to explain that. What happened was is that they went to a Health Insurance Plan, and Carl (Nelson) can complete this if she doesn't say it right, that was much cheaper and that Plan had the \$500.00 deductible on it. Dr. Nelson stated the negotiations brought them to a Health Insurance Plan that was significantly cheaper for the taxpayers if you will and there were a couple of items in that. One of them being the \$500.00 deductible, they still saved a lot of money even with the \$500.00 card, the Debit card, and the other part of that was the negotiation centered around a Prescription Drug Plan and that dropped their costs significantly too and that was several years ago.

Danielle Santuccio stated that doesn't address the concern she just stated. Dr. Nelson stated he understood what she was saying about the dollars. Danielle stated that's great that there's a lower cost to shopping around, but percentage versus a fixed dollar amount remains a concern. Dr. Nelson stated part of the negotiation process, that's what happens.

Karen Umberger stated her question was on the Contract also. It says that in 2013 all teachers will receive 1.7% and then it says that in 2014 they will all receive 2.5%. She had thought from what she had read in the paper was that it was limited to whatever the Social Security increase was, but that's not what this says. Dr. Nelson stated that's correct. This does not say that; it says 1.7% which happens to be the Social Security increase this year and then 2.5% as agreed upon by the two Bargaining Units.

Chairman Mosca stated so the Contracts are not connected to the Social Security Index. Dr. Nelson stated no, that was used in discussion and in order to be able to formulate what would be acceptable and not acceptable, but this does not refer to the Social Security Index at all. As Karen (Umberger) said, she is absolutely right; it's 1.7% across the board the first year and then 2.5% across the board the second year.

Bill Marvel stated this was more of a complaint than a question. The teachers now have a 187 day work year and they get 3 personal days, 13 sick days, 5 days bereavement leave for an immediate family member or reasonable facsimile thereof who should die. Even without bereavement, 16 days out of 187 is the equivalent of 21.5 sick days for someone who works full-time 250 days a year with 10 days vacation. That's phenomenal. When he's had sick days, there's never been more than 3 a year and he never used them all up. Of course, the same is true of the Police Contract.

Bill Marvel stated another thing that struck him and this may just be window dressing because he doesn't know if we have anyone on staff who is in the Reserves, if you're a teacher and you get called up, you get paid while you are on duty. If you're deployed for a year, you get paid. Karen Umberger stated you get the differential. Bill stated after paying the substitute according to the Contract, isn't that right. Dr. Nelson stated he didn't have it with him; he would have to go read it. He knows there is a section in there that does talk about the Reserves.

Karen Umberger stated that's not an unusual arrangement. Danielle Santuccio asked if there was a Federal law on that. Karen stated there wasn't. Danielle stated every where that she's been has been like that. Karen stated what that does is if you're earning \$50,000.00 a year and your Reserve rank or Guard rank is a one striper, you're only going to make \$32,000.00 so the differential that's paid is between the \$32,000.00 and the \$50,000.00 and that is so your family doesn't have problems. It does eliminate the health benefits because you have health benefits with the military and dental.

Bill Marvel asked Karen Umberger if she was quoting a standard Contract or this one. Karen stated it's that one; it's a very common thing that people do. Bill stated he wished they'd had that when he got drafted. Karen stated if you'd been in the Reserves, then that would probably have occurred.

Karen Milford stated that she thought the Health Insurance for retirees is partially subsidized by the State in terms of the Health Insurance subsidies or medical subsidies. Dr. Nelson stated not any longer. Karen stated when she went to the Retirement web site, her understanding was that when an employee reached retirement, the School could request those

funds to be applied towards the employee's health insurance benefits. Karen Umberger stated she believed that was up until the year that Jack (Loynd) retired whenever that was and she doesn't remember the year, 2009 maybe. Karen Milford asked if it would still apply to those employees that retired up to 2009. Karen Umberger stated it would. Karen Milford asked if those funds were being requested. Dr. Nelson stated yes, those funds they do. Karen Milford stated she was looking for them on the Revenue sheet and didn't see where those were reflected. Dr. Nelson stated it actually offsets the costs that they pay to the insurance company; Karen (Umberger) is right only those that were involved in that prior to whatever that date was. Karen Milford asked why are we still paying it; if it's not valid any more and if we look at the Retirement contribution made to the State. Dr. Nelson stated it's one of those situations where employees were grandfathered and everybody that was under that before still had it and those in the future don't. Karen Milford stated she wanted to make sure she was understanding it, so if we look at the Retirement contributions there are two components: there's a retirement and a medical subsidy for teachers. You are saying that the medical subsidy is only paid against those salaries. Karen Umberger stated against those retirees that are under the program. We do have some sort of retiree medical contribution for everyone, correct. Dr. Nelson stated the District, yes. Karen Umberger stated the District pays for a portion of the health insurance for every retiree. Karen Milford stated right, but it's not subsidized at all by the State. Karen Umberger stated no, that's if you retired after 2009.

Bill Marvel stated just to correct the record for him, the pay is apparently for Summer Camp, if you're called up for longer than 30 days it's unspecified but it appears you don't get the differential although he wasn't sure if that's the case. Karen Umberger stated she hadn't read that part of the Contract in awhile. That's why she asked that we needed to get the entire Contract because this is fine for the changes, but a lot of the people here haven't seen the entire Contract.

Chairman Mosca stated that was provided to us he believed in a packet Carl (Nelson) gave the Committee way back when. Dr. Nelson stated all 3 Contracts are in there. Karen Umberger apologized for not knowing.

Bill Marvel stated while we are on the subject of what we got, this week we got the salary schedule but it's only partially useful because in the zeal to avoid indicating what individual teacher's are being paid, we weren't given for instance the experience, number of teaching years, years in District so it's hard to tell Teacher #1 gets \$42,800.00, Teacher #2 gets \$65,198.00; what's the difference, how do we know. He guessed there is some fear of applying the actual salaries to the names of the people who draw those salaries. This is much the same thing except all of the teachers are together. You have no idea who has 20 years experience or whose brand new. He just filled out his income tax this morning so that their girl could get her FAFSA in, and it's pretty discouraging to look at these salaries and then look at ours.

Karen Umberger stated this is on the Teacher's Contract and guessed that she was personally disappointed that the Union and the School District agreed to do away with the merit salaries because now what we have done is that we have grouped all of the teachers into being average. There is



no incentive, if that's the right term, to be something other than that financially. It doesn't mean they won't continue doing what they're doing. She certainly understands that there were a lot of problems with the rating system and identifying all these things that went on, but she has always felt that if an employee is doing an absolutely super job that they should be somehow or other rewarded for that super job. It doesn't have to be a pay increase, it can be a bonus, it can be any number of other things that don't involve this being tied every year to salary increases. She just passes that along because she does feel very strongly that employees that are outstanding should be rewarded somehow and not just the across the board raise for whether you're in need of improvement or distinguished.

Chairman Mosca stated he was going to disagree with Karen (Umberger) 1,000% only because the evaluations are completely subjective. There is no objectivity to them and if your boss or your supervisor doesn't like you, you could be an outstanding employee but the fact that the person that's doing your evaluation has a grudge against you, you may not get anything. The person beside you who does nothing that the boss loves is going to get more. For him, the merit system should have been thrown out years ago. That's his personal opinion. Karen stated she didn't agree and that's okay.

Karen Milford stated she guessed the only other thought that she had on the Contract was somewhat general in that right now our teachers are amongst the lowest paid in the State, salary wise, and she feels like if we made some type of trade off between the Benefits that our retired employees are receiving and giving that to our young teachers that need it now, when a teacher comes to sign up for a school, they're not thinking about what they're going to get 25 years down the line when they retire and so when they leave Kennett School District to go to a Goffstown or a Hanover or something like that, they're going because their salary is better. She really again would like to spend some time looking at the Contract going forward and looking to see what we can do to current salaries to improve them and what we can do to long-term Benefits that are going to be choking our Budgets going forward.

Danielle Santuccio stated she had to completely disagree with that because she thought we focus on that way too much, the compared to other Districts. She thought the way to look at it is to look at compared to the rest of the people in the community that you are in and the salaries there. People don't just in general especially in New Hampshire and around here, live in Conway because they want to live in Conway, not because of what the pay is. She doesn't know anything about Goffstown, but people probably move to Goffstown because they grew up in Goffstown. New Hampshire is different that way. To say we're not paying as much as Manchester or Goffstown or Jaffrey, she just thinks is the wrong comparison. She thought it needed to be compared to other people in similar industries in the actual area that you're looking at because the County, and Karen Umberger and she have talked about it, keeps saying that about the attorneys down there; the attorneys don't make as much as other County Attorneys. Who cares how much they make compared to other attorneys in the area. That's what she thinks the comparison needs to be at, but the argument is always other places.

Karen Milford stated in response to that, her kids have had some great young school teachers and they have had some real horrible young school teachers that came to this area, maybe because they couldn't get a job any place else she didn't know, but she thought to the extent we can provide a more lucrative benefit to UNH graduates to Plymouth State graduates to come to this area, she does think it provides an advantage to our kids and to this community to have a better starting salary.

Syndi White stated she absolutely disagreed with Danielle (Santuccio) and agreed with Karen (Milford) and she will tell the Committee what they have been experiencing in this District. They hire people at bottom of the barrel salary compared to other places, they get training, they stay for about 3 years. The good teachers leave, they go down to southern New Hampshire, a lot of them do make \$10,000.00 to \$15,000.00 more a year because they've had those years of experience and when they go down there, they are on a different level, they're on a different step. You hear it all the time, the teachers will leave and will say before they go that they are leaving because they just got a job offer and will be making \$15,000.00 more down there. The money does matter and that's why we have such a high turnover. These good teachers, we train them and they leave. It's a revolving door. We want to have good quality teachers and if we want to, we have to be able to pay them a decent salary. We can't just say it's a great place to live and it's beautiful and around here people make low money and you're going to make low money, then we are not going to keep the quality teachers that we want to have for the children. She guessed it was what an individual wants to have in their community.

Danielle Santuccio stated she guessed she would want a list of how many people that's actually come to the School Board or the Administration saying that they have to leave Conway because I'm getting paid more some place else because there's a lot of good teachers that have been here a very long time. Karen Umberger stated what we don't see is the turnover rate. Danielle agreed with Karen and stated if the experience was on the sheet, we could see that.

Chairman Mosca stated he thought that the only way we are going to be able to afford better teacher's salaries is to do something with the work force. You have to cut the work force down to pay them more money. Unfortunately, there was a Warrant Article last year to do a Study, the Study was looked at through the School Board. They came back with a price that was plus or minus \$250,000.00 to do the Study and they chose not to put the Warrant Article on. Why wasn't that Warrant Article put on and let the townspeople decide if they want to spend the money or not because they're the ones that said we want you to do it, they should be the ones to say "no, we don't want to spend that kind of money" or "yes, we do want to spend that kind of money to see what we get".

Syndi White stated this is the feeling, you put the \$250,000.00 on, you have a bunch of people and you know how many people come out to vote, sometimes it's only 1,000 people. So those 1,000 people go out to vote and say 502 vote for this Article. Chairman Mosca stated that's called democracy. Syndi stated they did not want to force a \$250,000.00 Warrant Article on the Town.

Mike DiGregorio stated to Chairman Mosca that up until the Chairman asked his question which he thought was a legitimate question for Dr. Nelson and the School Board, we were getting way off track on philosophy and people's opinions. This is Carl's (Nelson) night to answer any questions this Committee may have.

Karen Umberger stated the minimum salary for last year was \$30,500.00. Multiple members stated that's proposed. Karen stated she just ran a quick scan down here of people that were working full-time and she saw 1 person making the minimum and everyone else was making something above the minimum. She realizes these are hiring salaries; this says at the current time that we have one teacher that has a BS or teaching certificate and everybody else has more than that. She may have missed one, but she finds it interesting that we talk about the young teachers coming here when we don't appear to be hiring any young teachers. In order to have a BA+6, you have to have not only gotten your Degree but you've had to take additional courses and that takes time. She is having some difficulty with the discussion.

Karen Milford stated she guessed she wanted to go back to a question that she asked earlier and get some more clarification and it relates to the amount we are contributing to Retirement. This Budget and she has looked at a couple of different categories on the detailed Budget. The Retirement contribution is based on 14.16% of salaries. That includes both pension and medical subsidy percentage. Perhaps she misunderstood the response given earlier, we are budgeting both the pension and medical subsidy for all salaries paid by this District. Her question, going back to what she asked a couple of minutes ago, are we collecting these medical subsidy percentages and only then turning around and spending them on people that retired prior to 2009 or is the District eligible to receive medical subsidies for these teachers whenever they retire in the future.

Dr. Nelson stated they have to budget on the Retirement piece at what the State number is and that's what they do.

Karen Milford stated when she looked at the State Retirement web site, they talked about Schools being able to place a claim on those medical subsidy dollars when those employees retire to go against the Retirement Health Insurance premiums that they are subscribing to through the School District. She guessed she was asking if we are doing that.

Dr. Nelson stated they do that and he didn't know what Karen (Milford) was looking at here, but maybe he could find it later on.

Doug Swett stated two years ago that Budget Committee tried to face a lot of these situations that are being met and we got thrown out of the room practically because we didn't know anything. That's all he needs to say.

Karen Milford stated she had a couple more questions. She thought she saw on the Report Card that the Common Assessments are valued for Special Education separately from other students. Dr. Nelson stated in some cases, yes. Karen stated what metrics are used to see the improvement that the students are receiving from the Special Education IEP's or whatever that they are receiving. Dr. Nelson stated two things: one, in

some cases those standard testings are used; in other cases there are goals set in IEP's and you assess each student individually as to whether those goals have been met.

Karen Milford asked if there was a way that when you look at the program as a whole, you feel like whether or not the things that we are doing at the School District are benefiting those students if they are showing improvement or not showing improvement. Dr. Nelson stated he thought some of the things he just mentioned give them that indicator. Karen stated like the assessments, they've been showing some improvement. Dr. Nelson stated they have or the individual goals that are set for kids and how well they have been able to achieve those goals within their IEP's and that's an individual thing. Obviously, the IEP's set certain goals for kids and hopefully they reach it by the time they graduate from High School.

Mike DiGregorio stated although he was trying to get us back into question mode, wanted to talk more about the request that the Budget Committee made last year to do a Study. Other than what he has read in the paper, he really hasn't heard much about why it wasn't done. Was it strictly the cost. He didn't think anybody expected the cost to be like that, he certainly didn't. Mr. Marvel said \$100,000.00 one day and Mark (Hounsell) wrote about that number in the paper, but he didn't think anybody thought that was going to be realistic. Mike asked Syndi White to give a little explanation on that.

Syndi White stated they were outraged when they saw the price, most of us couldn't believe it was that much. Some of us thought the way it was set up with the amount of questions they asked in detail drove that price up. There was just a lot of discussion and a lot of disagreement on the whole thing within the Board looking at the Study and how to do it. What they all agreed on though was that just because they are not doing the \$250,000.00 Study does not mean that they are putting it at rest. It's something that is ongoing. Because they have been doing the Budget, they haven't sat down and had a real big discussion about okay, what's the next step. Are we going to have a Committee; are we going to go through with certain things; what's the next step. That's what has to happen next.

Mike DiGregorio stated clearly there must have been items in there that was driving the expense rate up. Was there talk about trying to limit or get rid of some of those questions that may have been obvious yet were being charged. Syndi White stated yes, they did that and it didn't drive it down very far. Mike stated he certainly doesn't want to spend \$250,000.00 but he does believe that it needs to be answered. Syndi stated absolutely.

Mike DiGregorio stated he wanted to ask questions about the Actual Salaries and Benefits. He thought there was some merit in knowing how many years someone has been here. Bill Marvel stated degree level. Dr. Nelson stated given some time he can add that and have it for the Committee, but they were trying to get this thing done for tonight. Mike stated he appreciated that and he didn't know about anybody else, but for him time on the job and degree level would be important. He didn't think

there was anything else he wanted on there, but that would be something he'd like to see.

Bill Marvel stated that all goes into the School Report usually, the degree level and time in District and experience overall. He didn't understand why it was so difficult to put here unless it's just an extreme effort not to include names.

Mike DiGregorio stated let's not have a conspiracy theory as to why. It's just a question that maybe wasn't posed properly. Mike further stated that Danielle (Santuccio) made a statement earlier about not knowing how many people were going out of town to gather more money in their pay or whether that statement was true. He personally when he was on the School Board, he knows that was true because staff members that talked to him and he thought there were 7 that he talked to directly one summer that were leaving and they were leaving because the minimum that they were getting in a raise was \$15,000.00 and the furthest that they were traveling out was 1 hour and 15 minutes away. If that statement is correct that they are leaving for more money, then it should reflect here and maybe it could be just some of the new ones are leaving every couple of years. Clearly there are teachers here that have stayed a long time. Getting that answered would reflect that.

Dr. Nelson stated there was two different statements there. One is years in the District or years of experience. Which is the most desirable one. They are not necessarily the same. Mike DiGregorio stated when you hire somebody and if they have years of experience, and he thought Karen (Umberger) was touching on this, they come in at a higher rate. Dr. Nelson stated that was correct. The Teacher Contract has a clause in it where we hire for the first 10 years or experience that they've had in any other public school, they would get a year of experience here in Conway. If a person came in who worked 5 years in the southern part of the State, they would start at Step 5 moving on to Step 6 of that hiring schedule that you see in there.

Mike DiGregorio asked if Dr. Nelson was seeing, and he knows Dr. Nelson goes through this every year as people come and go and you sign off on all of the hiring, brand new people coming in for some experience or a mix. Dr. Nelson stated a greater portion at least has some experience, a year or two, some fresh, but a year or two with some experience. Mike stated not very many fresh then. Dr. Nelson stated no, usually they can find them with a year or so experience. Mike asked if Dr. Nelson could distinguish in the report someone that is brand new period or new at the District. Dr. Nelson stated what he could do is either take a look at years in the District or he can go to years of experience.

Danielle Santuccio asked if they could use an attrition rate with how many people are leaving. Dr. Nelson stated they could do that; they know some of that now because they had some early retirements and they've had a few other people retire so they will know how many people are leaving by the end of the year. He has had people retire over the summer. Yes, they can tell the members what that is, but just for teaching and would the members prefer years of experience that people have. Mike DiGregorio stated he would like to see both if it's not terribly hard. Dr. Nelson stated he would see what he could do.

Mike DiGregorio stated when someone does come in new, let's say they've never had a job before teaching, do they typically come in with a Bachelors or a Masters. Dr. Nelson stated it could be either one; they've seen people come in with no experience and a Bachelors and no experience with a Masters as well. More with the Bachelors, but he's seen both. Mike asked if they typically stay and try to get a Masters at some point. Dr. Nelson stated if they're coming in with a Bachelors then yes they would try to move across the salary schedule in terms of 6 credits, 12 credits and a Masters Degree. Mike asked if there were teachers with a Masters and above. Dr. Nelson stated yes. Mike stated he knows of a couple that are in that category. Dr. Nelson stated he thought the salary schedule is Masters +60. Mike asked if they keep personal track of it, does he know or does he just know in general what people are at and doing. Dr. Nelson stated if they are to move on the salary schedule, they have to apply for that, they have to get approved to get a Degree, so the answer is yes. They can be Masters or greater than that sometimes, it just depends. They have them all across the board.

Mark Hounsell stated we have a mentoring program in the School and who gets mentored. Dr. Nelson stated usually it's first year teachers to the District and, depending on how much funding they have, then it would be first year teachers. Mark asked how many are being mentored this year. Dr. Nelson stated he thought it was a dozen, but that's just a guess. Mark stated that's \$500.00. Dr. Nelson stated yes, but he believed there was some money in the Budget for some of that next year.

Bill Marvel stated here's an example of why the Contract and the Salary Schedule isn't much help. The highest salary listed in this matrix is for a Masters +60 at Step 12 for \$43,629.00. The second teacher listed is getting \$65,000.00 plus. Dr. Nelson stated that's because you have performance pay for 12 years and what they've received is whatever that performance pay was and it has no relation to the hiring schedule. Bill stated that's why this has been so important to have because this doesn't reflect what people are really getting.

Bill Marvel stated his question was based on the presumption having read the Course Reimbursement and also from what he has heard, you pay Course Reimbursement even on a first year teacher. Dr. Nelson stated if they apply and the course is approved and is successful in the course. Bill stated maybe that's the problem, paying course reimbursement so early and that's how we wind up training people who go else where. Maybe the Contract should specify that you can't get any course reimbursement in less than 3 years or 5 years. Danielle Santuccio stated or you have to stay for a certain period of time. Bill stated otherwise, why would they stick around. The difference between a good teacher and a bad teacher is often just time and just because someone stays here and the salary is lower, doesn't mean they're staying because they can't go anywhere else and it doesn't necessarily mean that we're going to have a bad teacher. He knows that one of his kids had a teacher that he thought was awful and by the time he left school that new teacher had improved considerably in his estimation.

Syndi White stated she just wanted to say that they believe Professional Development is critical and that's why they support teachers taking

courses right along, especially the young ones. What they get in their undergraduate is basic and it's really important to build on the specific teaching skills as they enter the profession and that's why they support it.

Chairman Mosca stated to Danielle's (Santuccio) point, if there is a clause in the Contract that says that if you leave before a certain number of years you have to repay us, he's not saying don't stop doing what you're doing, but something to protect the citizens of Conway in case someone does do that. It's not something that's not in Contracts and it is something that could be put in Contracts.

Karen Umberger stated on Article 6 which is asking the voters to retain unassigned general funds up to 2.5% and it says "Such fund balance retained may only be used to reduce the tax rate or for emergencies to be approved by the Department of Education"; is the School Board going to say 2% can be returned to the taxpayers but we better hold on to the .5% in case we have an emergency. What's the criteria for her saying "oh, yeah, that's a good idea" because right now she'll get back all of the money anyhow. She was not sure why she would want to support this Article.

Dr. Nelson stated he thought Karen (Umberger) answered her own question. It is a piece of legislation where School Districts can now hold fund balance up to 2.5% which in Conway would be just a little under \$400,000.00. There's a prescribed use for it either reduce taxes at some point in the future or currently or for emergencies. She (Karen) is correct that if this Article does fail, then obviously the money would be used to offset taxes in the next year, any money that was left over in the fund balance.

Karen Umberger stated the choice, if she was understanding correctly, is that currently everything goes back; if this passes, then \$400,000.00 won't go back. Dr. Nelson stated it may not; the Board can make that call, say only \$200,000.00 and return the rest to offset taxes because immediately you're already offsetting taxes.

Mark Hounsell stated if there is a \$400,000.00 balance, the School Board could authorize the expenditures on items that they deem necessary during that fiscal year. Dr. Nelson stated no, they can use it to offset taxes which would be added to your fund balance which reduces the amount you have to raise in taxes and the other is in case of emergencies which have to be approved by the State School Board, not the local School Board. Mark stated he was talking about if it fails. Dr. Nelson stated then the money would go back to offset taxes immediately or a fund balance could be used to purchase things immediately, yes from the unexpended funds side not from the Revenue side. The Revenue side has to be approved by a vote of the people.

Karen Milford stated when she is looking at the Warrant Articles, and apologized if Dr. Nelson had given this to the members else where, what are some of the balances in the different funds so as she looks at Article 9, Article 10 and Article 12, it looks like in Article 9 \$100,000.00 to be capped at \$500,000.00, do you know what the balance is in there currently.

Dr. Nelson stated Article 2 which is a Maintenance Fund has \$319,000.00; the Middle School which is Article 3 has \$103,000.00; the Elementary Schools which is Article 4 has \$50,000.00; Article 9 School Building Maintenance Trust Fund has \$196,000.00; Article 12 has \$300,000.00.

Mike DiGregorio stated Article 12 has \$300,000.00. Dr. Nelson stated a little over \$300,000.00. Mike stated he thought Dr. Nelson had mentioned earlier that they expected to expend at least half of that because of some Special Ed issues. Dr. Nelson stated they probably will have to do that; that decision hasn't been finalized by the Board yet. There is a deficit of about \$300,000.00 in Special Ed. Mike asked if they had tapped into this Fund yet. Dr. Nelson stated they have not touched it and they won't do that until they get to the end because things may change. Mike stated he understood that, but he just wanted people to understand that potentially it's not going to be at \$300,000.00. Dr. Nelson stated that is correct.

Chairman Mosca stated Article 9 has approximately \$196,000.00 available and it maxes out at \$500,000.00, so they can't put more than \$500,000.00 in it.

Karen Milford asked about Article 10. Chairman Mosca stated he didn't have anything listed for that one. Dr. Nelson stated number 10 has \$22,000.00 in it.

Mark Hounsell asked about Article 11. Dr. Nelson stated Article 11 has nothing in it, it gets spent each year. Mark stated he was confused; is it in the Operating Budget. Chairman Mosca stated it's a 3-Year Technology Plan, they put \$75,000.00 in every year and every year it spends out. That's why they ask for \$75,000.00 every year. Every year it gets spent out completely. Dr. Nelson stated it's not a Reserve Fund.

Mark Hounsell asked to take a look at Technology in the Budget just for a moment. He has a question, but not sure what it is yet. Dr. Nelson stated Unit 8 is the Technology Budget and in the materials he gave the members tonight, there was a question last time about the Technology Warrant Article and information on how the dollars were broken out. Attachment #5 that he passed out tonight has that break out in it and it breaks it out for the current year we're in, what they propose for next year and what they propose the year after that. Karen Umberger stated there's \$624,000.00 in the Technology Budget.

Mark Hounsell stated he was looking at Worksheet 2, page 4, Unit 8, last line, Common Core Assessment at \$63,000.00; that's what he considers part of an unfunded mandate. Last year's Adopted Budget was \$609,000.00. He's all set.

Syndi White stated along with what Mark (Hounsell) was just looking at, the Common Core Assessment at \$63,000.00, one of the things that they had talked about, Karen (Umberger) had found out that information for them, that they weren't going to need that full amount of money because they didn't need the software. One of the things that she was thinking about was to spread it out and not come out with the \$63,000.00 because we didn't need it. Maybe do \$20,000.00 a year.



Dr. Nelson stated he had spent some time with Dale (Anderson) and they looked at that. Those Assessments are going to have be in the Spring of 2015, that's when they are going to be doing the first assessing through the Technology piece. In discussions with Dale, he still feels that's a number he should have in the Budget this year and next year in order to prepare them for 2015. They are going to give the regular tests next year and then they are going to take a year and a half off and not come until the Spring of 2015. The total for the 2 year period was \$123,000.00 or \$125,000.00; divide it in two and you've got the \$63,000.00 for each year. It's down from his (Dale's) original thought of what was needed, originally when they started to look at this, he thought it would be closer to \$125,000.00 a year, but then as they got more and more information Dale was able to divide it in half.

Syndi White asked for that amount of money, is that a one-time cost or is that something we have to keep on. Dr. Nelson stated what his (Dale Anderson) analysis was in order to be ready for 2015, he needed \$63,000.00 this year and \$63,000.00 next year and the year after that would do it. Now, that doesn't mean that it ends there; you still have to keep up with the technology equipment that becomes obsolete or is in disrepair or changes. You still will have to move that along.

Syndi White asked if that was the amount that every School District in New Hampshire has to pay to get on to this System. Dr. Nelson stated no, each District is going to be different based on what they already have. We have a certain inventory of equipment and a certain capacity which may be different than other School Districts, it may be greater, it may be less. It's going to be different all across the Board. When he looks at one of his other Districts here in SAU 9, that District is at capacity now and won't need to add any more money to it. They just need to continue with what they've got, they don't have to have an additional amount.

Syndi White asked if we're talking hardware, do we need to buy computers to do this. Dr. Nelson stated some of that is, yes and some of it is also the wiring, fiber optic cable, etc. It's a combination of things, not just all equipment. There are some other expenses that are rolled into that to make these things happen. Syndi stated if we buy these computers, are we then able to use those computers to have courses in school that are computer based. Are we going to be able to use these computers for other things. Dr. Nelson stated yes, it's not just put aside for that. They are going to be used on a daily basis; they're not locked away in a room until the time for testing.

Karen Umberger stated we did not increase the pay for substitute teachers this year. Dr. Nelson stated no.

Chairman Mosca thanked Dr. Nelson for coming in and stated he would see him at the Public Hearing next week.

#### OLD BUSINESS

Chairman Mosca stated the Committee had asked the Town to get a survey together of the salaries which he thought all members had received a copy

of. The Police and the Library information is coming, we don't have it, but it is coming.

Karen Umberger stated it showed over on the side, she didn't run it off but she did look at it, and it showed the Town and then it showed +5 or +10, what was that all about. Chairman Mosca stated a comparison ratio. Karen stated she really didn't understand what that whole report was telling her because she had trouble trying to figure out what our salaries were. Chairman stated he just looked at the one page that has the Wage Average which is a 30-Town Average and our actual compensations.

John Edgerton stated he believed the first block was salaries and everybody else's hourly wage. It comes out right at the end. These are salaries on the first block and the rest of it is hourly wage. The column on the right comes out right. Chairman Mosca questioned what John was looking at. John stated he got it off the computer just like the Chairman's copy. Chairman stated there were several pages. John stated he only received one page by e-mail. Chairman stated at the bottom there are tabs, it's an Excel spreadsheet and there were probably 15 to 20 different pages. Chairman stated he just looked at the average and what our people are being paid and in almost every category our people are paid a little above the average for the 30-Town Survey. Chairman stated if members wanted to discuss this further, go for it. He thought it was telling of why our Budget is what it is. To him, there were a couple of pages that were telling and let's just leave it at that.

Maureen Seavey stated she went down to the Town Offices and that was all she got. They only gave her the one page, they didn't give her anything else. Mike DiGregorio stated there were a bunch of pages with it.

Chairman Mosca stated this Wednesday is the non-profits; next Wednesday is the Public Hearing; and on Thursday next week we will be voting on everything. The non-profits will be voted on Wednesday night at the conclusion of the presentations.

Bill Marvel stated he's got some information about the 30-Town Survey which he thinks stinks. Do we want to discuss that. Chairman Mosca stated it's a discussion we can either have now or we can have it next week or we can start it now and finish it next week. When we are voting on things he thought it was going to come up and the more we got out now while we have some time, the better. Bill stated he didn't want to discuss anyone, Karen has a good idea, Danielle (Santuccio) has a good idea; all of those things he thought have to be addressed eventually. One of the things that really stinks is this 30-Town Survey; we're almost the poorest Town on it and most of the Towns are in the 5 richest counties in the State. We are competing with them and he really didn't think we should have to. Frankly, he felt that if somebody has little enough commitment to this community that they'd leave for a few thousand dollars more, he would wish them well. Chairman stated he didn't disagree with that and he was assuming it was something that was done years ago that we do everything by this 30-Town Survey and he thought the only way to get rid of it was to probably bring something to the voters to get rid of it and to come up with something else.

Danielle Santuccio asked how they came up with the Towns. Chairman Mosca stated through Collective Bargaining. Karen Umberger stated it was done in 1992 when Jim Somerville was here and when they looked at the cross section of communities and they tried to pick communities that were about the same size as ours was such as Berlin and Gorham. Bill Marvel stated Conway, Wolfeboro, Claremont, Hanover, Lebanon, Littleton. Karen stated when they looked at the towns that they chose, they tried to look at where we were comparable in 1992 and so every year they have used that same Survey and it's basically to establish starting salaries and the starting salary is 87% of the average for the Town and 92% of that average for the Police Department. What has happened is that through the raises that have been given since 1992, maybe 1997, but the raises that have been given since that time have put us above the Average in relationship to the increases that the people in the 30 Towns have received and so if you want to point the finger at somebody, it's not the 30-Town Survey, it's at the generosity perhaps of our salaries that we have approved through Union Contracts or in non-Union Contracts. That's just the history, but the 30-Town is to establish the starting salary.

Chairman Mosca stated based on that whenever we have a Contract come before us, we're told that it is based on the 30-Town Survey. The Police Contract that will be before the voters is based on the 30-Town Survey. Karen Umberger stated the starting salary. Chairman stated right, but there's no dollar figure even though that Contract is going to cost money. There's no money because of the way the Survey and the way the RSA reads. To him, we need to do one of two things; either put a dollar figure in the Warrant Article to say "this is what it's really costing us, it's not free" or we need to get rid of the Survey and come up with some other way to come up with raises for our employees.

Karen Umberger stated the raises are not based on the 30-Town Survey; the raises are based on the percentage of salary increase that you get. She believed one could earn up to she thought 7% and so if you're an outstanding employee and for the last 5 years you've gotten 7% raises and the same is true in the Police Department, if you're an outstanding employee, you can get 7% to 9% increase in salary, it doesn't take long for you to be outside or at the high end of the 30-Town Survey, but the person that is just starting out is starting out at that Average.

Chairman Mosca stated that goes back to his point on merit that he made earlier. If someone likes you, you're going to get more money; if someone doesn't like you, you're not going to get the money. As a Union person, and for those that did not know his background, he was a President and Business Manager of a Labor Union for 10 years. He negotiated Contracts and he would never have that in his Contracts.

Karen Umberger stated what's happened here is that if you look at the salaries of the people in our Town and you've already said that they're way above the Average, so it was evident that what we have done has not hurt the people that work here. Chairman Mosca stated it hasn't hurt the people that work here, but at this point in time, it's hurting the taxpayer because we can't afford it any longer. Karen stated you (Chairman) were arguing that you would never put it in a Union Contract because it wasn't fair. Her point was obviously for our workers it's been extremely fair.

Mike DiGregorio stated part of going to that 30-Town Survey too was to get and keep qualified people and he thought on the Town side there's a lot of longevity there that will probably roll over in the next 4 or 5 years. There are several in that 5 year mark and his guess would be rolling over, maybe a little bit longer, he wasn't sure. When he briefly looked at that today, it did look like there were several that were over that percentage mark. As far as giving out raises, he thought you could argue either way. In the Chairman's world, Mike is in a Union too, you could be working right next to somebody that does nothing all day long getting the exact same amount of pay; that doesn't work either. Chairman agreed with that; that's when management is suppose to step in and take care of it. Mike stated you also rely on management to step in and give qualified raises as well. When there's Supervisors and other Managers and you're looking at what they are doing and expecting them to do their job properly, it can go either way.

Chairman Mosca stated he agreed with Mike DiGregorio except in the public sector it's a lot different because of politics and because of families. He was in a public sector Union and knows all about the public sector, but there's a lot involved behind the scenes in public sector. Mike stated he thought there was a lot involved in any Contract and you can sit here and debate it all day long which way is good and which way is not, he would rather have someone be evaluated every single year and hope that that staff that you've put to do those evaluations does a good job.

John Edgerton stated when Carl (Nelson) said looking for another income source, it's still coming from the people, we're still going to pay the bill. He didn't care where they get the money from, the people are paying the bill.

Steven Steiner stated he was just running the numbers on the School. We have 1,932 students, divide that by a class size of 25 would require 78 classrooms. We have a surplus of 41 classrooms. If that means 41 teachers get laid off, that's \$1.6 Million based on \$40,000.00. Chairman Mosca stated he wasn't going to comment on class size.

Bill Marvel stated rather than base it on the number of rooms we have, he'd rather base it on staff size or on things like averages and this report on Londonderry and the comparison between Londonderry and Conway in the State shows that in every category Conway shows itself to be overstaffed. Some of that is probably attributable to economy of scale. Londonderry has more than twice as many students and they have twice the Budget. For instance, they have 352 teachers, we have 166 and it works out to about 11.4 students per teacher in Conway, 13.8 in Londonderry. The State is 12.7. We have more teachers per student than the State average. If you get down to the total staff ratio, we're down to a staff member for every 5.6 students, the State is 6.4 and Londonderry is 7.1. Average cost per student: Conway is \$17,466.00 that's just by dividing the Operating Budget by the number of students; in Londonderry it's \$13,109.00. That's a significant difference, it's about a third less per student or nearly a third. It just seems like we've gotten to be over staffed years ago and the Credit requirements help that. It strikes him that that's more a labor issue than an academic issue and that's somewhat substantiated by his experience after that story ran in the paper on that

subject and the only person that contacted him about that was a prominent member of the Union.

Chairman Mosca stated he knew there was something in Tele-Talk on the number of Credits. Bill Marvel stated Tele-Talk runs before the discussion is even had. Chairman stated looking at some of the information we had and he thought Syndi (White) got some real good information from some of the different School Districts that offer different degrees for different Credit levels and maybe that's something that the School Board might look into or maybe they are looking into right now to say "all right, maybe we'll do different Degree levels" and maybe that will help the overall picture. Karen Umberger stated that doesn't help this year. Chairman stated we do have to look at this year, but he agrees with Karen Milford also that we need to be looking out into the future. There's a lot that's going to be changing dynamics here and what we obviously need to do this Budget season is look at this Budget and the Warrant Articles but we do need to really be, all of us, cognizant of what's going to happen years out.

Mark Hounsell stated what's going to happen is fairly predictable, it's going to be the same old, same old. You're going to have a Department of Education that relies on mandates from Washington who passes them down to local communities who are going to rely on the property taxpayer to pay it. Unless there is new revenue sources and John (Edgerton) mentioned that it all comes from the people's pocket, well that may be, but when it all comes from the property taxpayer locally then there's an over burden there and so there needs to be a revenue source. We can sit here and spell out the problems until we are blue in the face, the problem comes down to there is not enough money being generated from other sources to pay for education at any level in the country. We're faced with a Budget this year that needs to be cut and he wants to know are we going to go about going through these Budgets line by line making recommended cuts which he is prepared to participate in and deal with this year's Budget. Next year's Budget will be next year's problem and he wasn't saying to turn a deaf ear or a blind eye to it, but it's not on the table right now. This one's on the table. We're not going to reduce classroom sizes and we're not going to force teachers be laid off, we just don't have that type of authority. The people just won't go for it.

Karen Umberger stated we do have a revenue source that is not necessarily available to many communities and that is our second homeowners because they are paying a lot of money in taxes and they're not using the services of the School. She thought the last time she checked it was pretty close to 50% of the homes in Conway are owned by out of town people. We do have a revenue source that isn't necessarily available to everyone, but she agrees that 11% is way too much to expect and if she calculates properly, we are going to be pretty close to \$20.00 per thousand and that's just for the Town, the State and the School. When you add it up, it will be \$20.00 per thousand roughly, maybe \$19.00. On top of that, we each have Precinct taxes, not all of us do; she guessed we do because the out of Precinct people are also paying something in addition to that.

Karen Umberger further stated that the concern that she has is what becomes the breaking point and as we stand right now, you can't vote

against the School Budget and we have not set the Default Budget yet for the Town which she assumed we would be doing that on Thursday night, but you can't vote against the School Budget because the Default Budget is higher. We are caught in the situation where we have a huge problem and the reason the Default Budget is higher, and she has talked about this several times, is that from when SB2 was implemented, it's the compounding that has gone on year after year after year and she believes it was 2 or 3 years ago when all Towns across the State Default Budgets started exceeding their proposed Budget, in both the Towns and the Schools. This is not something that's unique to Conway, it's across the State and when she tried to do something about it, she didn't make any progress. Chairman Mosca stated maybe it was time to try again. Karen stated we are caught in this situation where the only option you have is to vote for the School Budget and that's a bad position to put us in. Mark Hounsell stated he didn't follow that logic. Karen stated because the Default Budget is higher than the Budget that the School proposed, so if you vote against the Budget, you're voting for the Default Budget which is higher than what they proposed.

Mark Hounsell stated he didn't see making adjustments, recommendations to the School Budget as voting against the School Budget. Karen Umberger stated she was talking about after the Deliberative Session. Mark stated after the Deliberative Session, he thought if this Committee comes to a point where the Deliberative portion will have it's share of 90 people or so, if that Budget is approved at the Deliberative Session and goes on the ballot then we have done the best that we could have done. That remains to be seen, but he doesn't hold that we're either for the Default or for this one. He didn't see that. He was not for this Budget, but he's not for the Default Budget either.

Karen Umberger stated she didn't disagree. She was in the same position that Mark (Hounsell) was, but she was just saying that in the last 14 years that she has been on the Budget Committee, she didn't believe that the Deliberative Session has ever cut any money out of the School Budget and she can only speak for the time that she has been on the Budget Committee even though the Budget Committee has frequently recommended cuts.

Mark Hounsell stated he would contribute that to SB2 which he thought was impossible. Karen Umberger stated that could very well be, but she was just saying it doesn't matter.

Syndi White stated if the Budget Committee decided to cut the School Budget, people would still have the option to vote for that Budget that you put forward any way. Karen Umberger stated only at the Deliberative Session. Syndi stated to Karen that Karen was saying that the people would never vote a Budget that was lower. Karen stated that was not what she was saying. Mark Hounsell stated it's all in the presentation. Karen stated she was saying that all she can talk about is historically no matter what the Budget Committee came out and recommended and no matter what the vote was on the Budget itself, Warrant Articles were a different thing, on the Budget itself when we went to the School Deliberative Session it was raised back to whatever the School Board wanted and then that goes on the Warrant and then you have no choice but to vote for that Budget because if you don't vote for that, the Default Budget is greater.

Mark Hounsell stated he didn't know but maybe Karen (Umberger) or Doug (Swett) might know since they have been here a long time, has there ever been 12%, he thought that's what was handed out here. Karen stated no, we've never had this great of an increase. Mark stated people have to realize the impact of this School Budget on their property taxes and then show up at the Deliberative meeting.

John Edgerton stated at the rate they're going, the teachers and municipal employees can't even afford the 12%. They can't; they're not going to get that kind of raise. Mark Hounsell stated he didn't see how anybody could afford it.

Danielle Santuccio stated she was meeting with Chief Wagner, not Budget related, and he did tell her a couple of things to clarify from the other night which she wrote down and doesn't have with her. She thought the Budget Committee would be happy to know that he has cut that to \$21,000.00 and they did lose somebody in January and had to pay them \$21,000.00 and they lost somebody this morning so they are no longer at full staff. She asked what that would do to the overtime and he said it would not go down. We've had that discussion before. She wanted to let the Committee know that the \$35,000.00 for the person they know and then they had to pay out the \$21,000.00 and they lost a man this morning so they are down 2 Officers at this point. She had other more important stuff about when those bulk things were bought and what years and why because they were Grants and she didn't have them with her, but she would bring them with her next time.

Maureen Seavey asked if the ones that they lost, were they long term or short term. Danielle Santuccio stated one was, that's why he got the \$21,000.00 pay out and they didn't know that and that just happened this past month. This one today was only here for a couple of weeks.

Mike Fougere asked if there was any way to find out the ratio of the number of people that are actually employees that live here in town versus living out of town. Chairman Mosca stated he didn't think so. Bill Marvel stated there is probably a cumbersome way, but he didn't think anyone ever has and by the time you get it figured out it will have changed. Mike stated he wasn't sure if someone could come up with it. Mark Hounsell stated a large number of School Administrators live out of town, some of them quite some distance.

Chairman Mosca stated he knew several years ago the City of Boston tried to make all of its Police Officers live in the city and that crashed and burned for more than one reason. Everybody knew where they lived and gangs started going to their houses.

Danielle Santuccio stated the Sheriff's Department, they have to live in the county. Mike DiGregorio stated he remembers reading somewhere that you can't make somebody live in the city where they work. Mike Fougere stated he wasn't asking to make people live here, he was just curious about their voting potential because if you have "x" amount of employees, say 500, working for the Town and you add a spouse to that and we've have 1,500 people voting; you've got 1,000 people that are working for the

Town and when you add a spouse to it, there's two-thirds of the voting population.

Bill Marvel stated his complaint for several years has been that it seems like the School in particular is trying to pad the payroll with people in order to make that voter turnout work for them and now it does.

Karen Umberger stated she would hold this information on the Retirement System because this doesn't have to be done any time soon. Some time after Budget season when we have another meeting we can talk about this. Chairman Mosca stated if that was what Karen wanted, but it is great information.

#### NEW BUSINESS

Chairman Mosca stated there were a couple of things that he wanted to touch on. On Wednesday evening we will be going over the Minutes of the 16<sup>th</sup>, if you didn't get the Minutes of the 16<sup>th</sup>, let the Chairman or Iris (Bowden) know and we will get them to you. Another went out by e-mail yesterday. Wednesday we are doing the non-profits and when everyone is done we are going to vote on each one individually at the conclusion of the meeting.

Syndi White stated it was Session Day in Concord on Wednesday and she thought it might be a long one so she and Karen (Umberger) might be late. Chairman Mosca stated if either Syndi or Karen had any comments that they wanted brought up, let him know and he will bring them up and will not mention names, just send him an e-mail.

#### PUBLIC COMMENT

Evan Lucy stated you guys are going to be sorry because he brought a pen and paper tonight. The other day he had to borrow a pen and write it on his cough drop wrapper. Now that *The Daily Sun* has left Bill (Marvel), we can probably say what we want and it won't get into the paper. I don't mind this press because they're seen and don't have an interpreter.

Mr. Lucy stated first of all he thought Mr. Hounsell's original comment has a lot of merit and he will get into that comment in a minute. His comment being "why don't we just cut the School Warrant Articles", not the Budget, the extras, the frosting as you might want it. He thought that was an excellent point; however, what comes into play he noticed here at the end, he did attend this school when it was here, this building wasn't. It seems to him that being on the Budget Committee of any kind, h\*\*l being on any community committee, there shouldn't be a popularity contest. It's really suppose to be a function of democracy where the Committee members are trying to act on behalf of the public who either has neither the time, ability, or in some cases not the interest to know what's really going on.

Mr. Lucy stated getting past that, are we as Committee members, and he is not but is speaking euphemistically like the King and the Queen always say "we" when there is only one of them in the room, afraid to make bold moves, that we would suffer a backlash in the community. He has sat here, as you all know he has been fairly obvious, for 4 meetings now and this



is all new to him, speaking his mind is not, and it seems to him like the Police people, many he knows and grew up with, are we afraid to say to them "you want too much money" because they are going to stop us on the road and give us a ticket. He didn't think so because that would be kind of childish. However, at times he listened to some of these discussions and wondered if we are afraid to actually make some cuts, are we afraid to boldly go where no other Budget Committee has ever gone. One small step for a Budget Committee could be one giant leap for the taxpaying community.

Mr. Lucy stated he had a stroke 18 months ago so he has trouble trying to turn the pages here. He has a few other comments and he realizes they are kind of random because he hasn't had a week to sit around and send his little Tele-Talk e-mail in which if members hadn't noticed was left out of Tuesday's issue where all of the other responses were, but it was put in the other day all by itself, out of context and he was sure that some people, including his wife, thinks he is foolish to waste his time doing this. If we stop talking, we will slide back into being the silent majority that Richard Nixon talked about back in the 60's, if you remember Richard Nixon.

Mr. Lucy stated the other things that he wanted to say is that Karen Milford made an excellent point also, this is all at the beginning and in some cases these become parameters from within which we discuss things and in other cases he thought these are just ideas that get put out and then they get shelved because we get off on to other tangents. He is the king of tangents if anyone knows him very well. He realizes the members are here to discuss this year's Budget based in some cases on last year's Budget, but certainly next year's and the years after are very important especially now that the State of New Hampshire is going belly up on all of the communities in all of the Retirement programs. Remember my original question when he was so eager to ask it during your discussion was "what is the State doing contributing to our retirement". Turns out it was something it decided to do a long time ago and apparently the State's coffers were a lot fatter than they are now.

Mr. Lucy stated lastly, not to leave Bill (Marvel) out, he made a comment which he also finds merit. Perhaps cutting costs could be, and tonight's discussion of course because Dr. Nelson was about the School, but this does apply to other parts of the municipal Budget, perhaps cutting staff would help accomplish the cutting of the Budget. Certainly this is something, and we all agree that the wonderful newspaper that was originally 8 pages when it first came out years ago and we were all tickled about it, Bartlett seems to be addressing this problem in a big way. Henry Villaume, if you don't know him is a very interesting man, he owns two or three Patents in Cryogenics, he went to Columbia,

Mr. Lucy stated staffing ratios, dollars, the famous 30-Town Survey and all of this perhaps is no longer up-to-date and yes, Chairman (Mosca) suggested perhaps we needed to throw it out, but to throw a program away without replacing it seems a little foolhardy and doesn't address this year which is right around the corner now, but certainly we need to probably consider maybe there needs to be a new standard or maybe the old standard needs to be revamped, maybe it's the wrong 30 Towns now. He

didn't know he was living in Hanover and he's been to Hanover, a nice town, and the School has a h\*\*l of a nice ski jump.

Mr. Lucy stated he thought Karen Milford's comments about the future, if we can't today take a step towards tomorrow, we're never going to get to the day after. The beginning of a thousand mile journey is the first step which is what you folks are here to do. Rote redundancy is what he came up with in his e-mail and he thought some got it and some didn't. He knew he was rambling but he was not used to speaking in public, just speaking his mind in general, one on one.

Mr. Lucy stated by cutting these Warrant Articles by 50%, this isn't the staffing, this is Building Maintenance and stuff like that, Capital Reserves aside, perhaps we won't suffer for one year. Winters are less extreme now, the buildings aren't going to fall in. He thought there was probably enough Town and School staff. He brings a little of the Town in because some of his comments he feels not only apply to the Schools. His mother taught in this School District, 6<sup>th</sup> Grade at John Fuller, for a long, long time and she never discouraged him, they used to argue all the time about politics, it was fun.

Mr. Lucy stated some of his comments apply to both the Town and the School Budgets. The down side is that the School Budget has a bigger impact and there's a much bigger organized force which he is neither against or for. He's afraid that Unions have gotten away from what Samuel Gompers wanted back in the 1910's, it was to keep children out of factories and to protect workers. Does the status need to be quo. He didn't think so and it's really up to you folks and your brethren over at the School Budget Committee. He has to agree, SB2 on face value looks the same, yet it isn't. The Deliberative Session is a time for the people to get up and whine and the special interest groups which we all hate in Washington but don't seem to mind at the local level to get together and make sure their little horse and buggy gets on the track, but yours doesn't because we can't afford to fix that wheel over there. He likes to use little examples from the farm.

Mr. Lucy stated as far as this 30-Town Survey goes, he heard Representative Umberger mention that this system got set up with towns similar in size. Mr. Marvel pointed out that some of those towns are certainly a lot richer than ours, with or without the second homes, but he can't believe the other 29 Towns have been sitting on their hands. They too have been entertaining increases for their employees so a lot of this information is certainly being input and may or may not be skewing the end result which is the average from which we draw all these increases from or comparisons and that's why he says perhaps the 30-Town Survey doesn't necessarily need to be removed or discarded, but rather be reviewed and updated. The mechanics of raises he didn't think was really the venue of the Budget Committee so much as what the raises should be.

Mr. Lucy stated he is on a fixed income, Social Security Disability. He is on the Social Security 1.7% increase this year. He got a raise without doing anything. He would like to be doing something because every day when he hears about some people complaining and he thinks he would at least like to in there digging and poking. Those of you that have seen him in other positions know why when he's in Shaw's after working at

Chicks, they think he works there, it must be the way he carries himself. He has kind of run the course, but his point is he thought this is very instructive for everybody. He hoped they get it out in TV land. He knows his grandmother's friends and his relative's friends that know him will understand what he is getting at. He really thinks the Committee needs to make those cuts, make those suggestions, and then, as Mr. Mosca has pointed out, let the Townspeople come to the floor and say "yea" or "nay" and if they say "nay" then perhaps the royal "we" need to review perhaps the cuts are too extreme, maybe the idea is right but the amount is wrong. Again, he didn't think the mechanics of some things are the actual venue as much as the amount. That's all today.

**Karen Umberger moved, seconded by Bill Marvel, to adjourn the meeting at 8:40 PM. Motion carried unanimously.**

Respectfully Submitted,

Iris A. Bowden, Recording Secretary