

Official

**BUDGET COMMITTEE MEETING
Hooksett Town Hall - Council Chambers
35 Main Street
Thursday, December 22, 2011
Minutes**

CALL TO ORDER

Chairman Miville called the meeting to order at 6:30 pm.

ATTENDANCE

M. Miville, Chair, T. Keach, Vice Chair, K. Hughes, Secretary, D. Pearl, JR Ouellette, N. Haas, F. Bizzarro, G. Smith, T. Lizotte, Council Rep, and D. Argo, School Rep.

Unexcused: Village water precinct and Central Water Precinct

APPROVAL OF MINUTES

December 10, 2011- Tabled

December 15, 2011

N. Haas motioned to approve the minutes of December 15, 2011 as presented. Seconded by T. Lizotte as amended.

Vote unanimously in favor

PUBLIC INPUT

None

OLD BUSINESS

D. Argo reported that he informed the School Board that the Budget Committee had cut \$242,000 from the budget, specifically for 2 teachers and the Language Arts Coordinator. He also informed the School Board that the Budget Committee requested a cut of \$500,000 from the budget. A discussion ensued and a motion was made to cut the \$83,000 for plowing and \$63,000 for the Underhill parking which is a total of \$145,000 from the original budget submitted and not from the cut budget.

The Board also discussed a Warrant for \$60,000 for Technology and \$50,000 for a Strategic Planning which will include a H.S. study. The point is to start a fund to look at engineering or purchasing property for a potential school. The Underhill parking lot will be a warrant for \$62,300 and will come from fund balance.

D. Argo requested the information for the bargaining unit contract but he didn't get it in time. Both contracts were ratified and the information will be sent in advance of the next meeting.

D. Pearl: The School Board removed the \$145,000 from the original budget so it still should be removed by the Budget Committee to be clear.

T. Keach: You indicated that the bargaining agreement was ratified. Do you have the percentages?

J. Sullivan: The Support Staff contract is 2% for cost of living and realignment of staff.

T. Keach: In addition to the 2% cola, that is also added to step increases for those that are eligible?

D. Argo: There is no step but they are trying to level the salaries.

The Teachers contract was steps and then a flat dollar figure which is about 1%. There was no cola. The steps are not equal but it averages to be about a 2% increase on the bottom line. They are not all the same depending on the step.

J. Sullivan: This agreement mirror's last year's contract.

***D. Pearl motioned when we receive the budget from the school, rather than seeing the Principal's request column, we receive two year previous which will give us more data and we will see more trend. (keep the actual, the SB proposed and two previous years of actual and proposed.) Seconded T. Lizotte.
Vote unanimously in favor***

JR Ouellette: I have question on capital cost. Where is it in the budget? I don't know what line it is in.

JR Ouellette: I think it is all in the tuition line. I have concerns with the number. It lists the capital cost for all three districts. I understand. They then divided by the total number of students.

D. Pearl asked if D. Argo had communicated the Budget Committee's previous request regarding fund balance spending.

D. Argo stated he had not communicated that request to the School Board and later corrected his statement indicating he had communicated their request to the Board but no motions or actions were taken.

T. Lizotte: Through JR's request for the 3 year budget trends, and looking at them side by side I found was once you start getting into education media services there is a lot of consistency of what was spent. It oscillates from a 5-8% surplus. Some sections like health services nail their budget. The only ones that are out of whack was on the Technology spending side and I need clarification. For computer equipment replace district wide (5735 00 33), I looked at the June 2009, June 2010, and June 2011 they consistently budgeted \$15,000 and over spent by 300% 2009, 100% 2010, and \$18,000 budgeted in 2011 and spend \$357,000. The amount remaining is \$146,000. I don't know if that is an error or not. The issue is I started looking at the budget, and from last year, I don't remember this and I don't know if this reflects fund balance spending but if its \$146,000 that is more than the tech spent on the fund balance.

M. Miville: The fund balance spending of the \$225,000; is that now reflected in the budget?

D. Argo: I would think it is because we do line transfers at the meetings.

JR Ouellette: Your lines don't line up. What was budgeted was \$18,000 and spent \$153,000 for \$134,000 over.

Line: 312840573500033 Computer equipment replaced district wide

N. Haas: A few lines up there is Contracted Technology. It was overspent by \$14,300

Line: 313840533000033

JR Ouellette: The computer equipment replacement was that part of the I-Pads. The returned amount to the general fund was \$1,093,000.

T. Lizotte: With all the trends that we see, we should cut based on those trends. With the history, we can clearly see the expenditures and the fund balances.

D. Pearl motioned to reduce the budget \$145,301 for paving at Underhill and the Snowplowing. Seconded by G. Smith.

D. Argo I want to go on the record that I approve these cuts at the School Board level but they were against the original School Board budget submitted, not the cut budget.

Vote 9:1 motion carries

\$387,943 below

D. Pearl motioned to reduce the budget \$40,000 from Line: 2840573500033 Computer Replacement District wide. Seconded by T. Lizotte.

D. Pearl: The SB decided to develop a \$60,000 technology fund warrant. This would have them funding in two places. I made a request from the Tech director data regarding purchases. They have purchase equipment without a plan. I am a supporter of technology but the efficiency and plan is lacking.

D. Argo: We do have a technology plan which is due to be reviewed next year but our technology has advanced faster than we anticipated. The plan changed because technology changed.

D. Pearl: I was part of that original committee and I don't think because there has been advances that we throw it out the window. In the last two years, things have been spent without justification. To start buying different type of equipment without a three year plan, I disagree.

T. Lizotte: From a funding standpoint we need to decide if it makes sense. If you have a student that has to get to the web, what is the most cost effective way to do that? Right now they are fund balance spending.

D. Pearl: I asked the Tech Director "Have they considered alternative devices and manufacturer devices before buying the I-Pads. We are not dictating to the school how they buy devices, but are they looking at prices. I wanted to see the cost comparison. What do these cost us over the long-term? I don't feel in supporting funding if we don't know it is wisely spent.

N. Haas: Is there a purchasing policy for that equipment?

D. Argo: Yes there would be an RFP.

T. Lizotte: There is no competitor of Apple.

D. Argo: There was a platform decision made so there would have been no bid.

JR: I really didn't want to cut line by line and I'm really disappointed that the School Board didn't consider making further cuts and I'm disappointed the SB wasn't involved with the location of these cuts.

Vote 8:2 motion carries

T. Keach: Can you address why the SB feels there budget is better and why the cuts were not considered.

D. Argo: The Budget went from the Principal to the Superintendent and then to the SB. It goes through the process. There are initiatives which we are looking to fund. We decided that this was the budget that was presented and admitted we need to cut the parking lot and the plowing but we need to support the initiative like the teachers and the Language Arts Director and to make those cuts would be counterproductive to our goals. We scrutinized the budget and this is where we are at.

T. Keach: In this economy, the School Board feels this is appropriate for the tax payers and this is an appropriate burden?

D. Argo: The tax rate for the school is lower than it was 6 years ago. We were being really tight before the town started to cut. Two years ago, the budgets came under scrutiny and we looked to keep them flat or under and we came in below default. We are now trying to move the district in a positive direction. We are proud of it. We carried the tax rate piece of the budget.

T. Lizotte: The town also talks about the lower tax rate. The home valuation has increased. You can keep the tax rate constant forever if you keep increasing your home valuation the taxes will increase. My tax bill is my highest bill. When I look at this budget I try and keep an open mind. The school shouldn't be looking at increase the tax in order to return money to the general fund. I don't want to burden the people in this town with more cost. We need to get this under control.

D. Pearl: At the SB meeting I asked them to adopt a policy on their own that they would only spend fund balance on emergency items then as we deliberate the budget we could be trusting. I tried to explain why we presented \$500,000 recommendation. During my presentation, I was interrupted twice. It left me with a feeling that they did not want to work with the Budget committee at all. I thought we were giving them choices and it wasn't perceived as that.

M. Miville: We were presented as adversarial for making that request.

D. Argo: If you remember, I interrupted that interruption and allowed you to say your piece. We are all individual members; the school board does not look at this like it is an adversarial situation. There may be individual members that are not happy but as a Board that is not our position.

D. Pearl: I just wanted to say that at the SB meeting there was no interest in working with the Budget Committee.

T. Lizotte: In looking at the budget there are trends and plenty of room to whittle down the number. If you look over the last 3 years, even with the fund balance spending in it, there is still a million remaining. I think we should go through the lines and make adjustments.

T. Keach: I think we should just cut the bottom line.

T. Lizotte: The high school alone is $\frac{3}{4}$ of a million underspent. The problem I have with this budget is looking at what would be a fixed cost.

D. Pearl motioned to reduce the school budget by \$572,000 from the H.S. tuition line. Seconded by T. Lizotte

Line:

D. Pearl: I think they will adjust where needed since this is a bottom line budget. I use that number because the number combined with the previous cuts is a total of almost one million dollars in cuts. We had a 1.2 million dollars remaining last year and they asked for an additional 1 million. I'm also convinced that it is a bottom line budget and they will spend where they want.

T. Lizotte: In reviewing the history, the surplus has doubled each year since 2009. I recommend people look at the three budgets that were sent. That doesn't address other lines.

D. Argo: That million dollar increase, the non-discretionary is between \$650,000 and \$700,000. These are big numbers and it gets a little frightening when you're making these arbitrary cuts. I guess we don't care about the tax rate now because without the fund balance, the tax rate will go up.

T. Lizotte: The fund balance returned this year resulted in a 13 cent reduction.

D. Pearl: The more money you spend the higher the tax rate.

JR Ouellette: It bothers me when you say tax rate. If you are increasing your budget one million, the tax rate will go up. I don't know why when you say if we take money away, we will create a tax burden. Once the school has that money, they can spend it anyway they want. We have cut teachers, paving, language arts and plowing which is half a million. So if you leave those unfunded, you only have a \$500,000 decrease.

D. Pearl: If the school is planning on a million dollar fund balance they should not have a problem with this budget.

T. Lizotte: Just on the June 2011 audited numbers, the overages added to the fund balance returned was \$600,000. There is a lot of leeway here.

Line: 311105-55-61-3-00-00

Vote:

N. Haas: Yes

D. Argo: No

T. Lizotte Yes

F. Bizzarro: No

D. Pearl: Yes

G. Smith: Yes

M. Miville: Yes

K. Hughes; No

JR. Ouellette: Yes

Keach: Yes

Vote 7:3 motion carries

\$999,943 total reduction

\$24,681,457 actual 2011 – 25,806,977 proposed. Increase of 1.2 million from actual.

Increase

HS tuition – 474,909

Health Insurance– 207,104

With other items there is a total 1 million.

D. Pearl: This gives the citizens a choice. They can decide.

JR: The default budget doesn't reflect a large difference between the proposed and the default.

Warrants:

D. Argo: \$50,000 for Strategic Planning. There is \$60,000 in that fund now.

D. Pearl: My concern is this raises the total because it doesn't come from fund balance. There is already money there so they have available funds if needed.

D. Argo: We are trying to stay with the CIP plan so that we are planning for the future.

Two warrants from fund balance

Contract negotiation

MISCELLANEOUS

Procedures – M. Miville

Quorum: There was communication with the Water Precinct regarding their status on this committee. Their attorney replied. (BJ Branch).

Options:

As the Budget Committee sits now, the quorum is 7 with the appointed members; without the appointed members, it is 5. We cannot remove these members from the committee. We can adopt by-laws that state the quorum will be only the 9 elected members and the other members would still be part of the committee and be allowed to vote.

The Budget Committee requested an opinion from the attorney at LGC.

PUBLIC INPUT

None

ADJOURN

The Chairman adjourned the meeting at 9:10 pm.

Respectfully submitted,

Lee Ann Moynihan