

OFFICIAL MINUTES

North Hampton Budget Committee Meeting
Public Hearing for Proposed School Budget
 Thursday, January 14, 2010
 North Hampton School

Chairman Jim Maggiore opened the public hearing at 7 p.m. and introduced the members of the Budget Committee: Robert Copp (North Hampton School Board), Michael Golden, Robert Hamilton (Little Boar's Head), Paul Martino, Larry Miller, David Peck, Jon Rineman (Select Board), Jennifer Simmons.

North Hampton School Board Chairman David Sarazen introduced members of the School Board: Robert Copp, Janet Gorman, and Kari Schmitz. (Stacy Whittier was in attendance at a Joint Board meeting.)

Also in attendance: SAU 21 Superintendent James Gaylord, NHS Principal Peter Sweet, SAU 21 Finance Assistant Nancy Tuttle, members of the public

Article 1 – School operating budget

Using a PowerPoint projection, Mr. Maggiore shared data about the school, with Seacoast and state level comparisons, including class size, teacher education, cost per pupil, and measurements and outcomes, in order to help answer the question, "Are we getting the value out of our dollar?"

Mr. Maggiore then reviewed the budget by account category. He noted the percentage increases in recent years. The proposed Budget Committee-recommended budget of \$7,889,183 is a 2% increase over the current fiscal year. Salaries and benefits, which are contractual, make up 62% of the budget. Major impacts to the FY 11 budget include: a health insurance increase of \$147,231; retirement increase of \$35,775; debt payment; a decrease in the assistant principal line of roughly \$80,000; interest payment of \$24,182; and a decrease in the Other Expenses account for field trips.

Ms. Schmitz reviewed the removal of the Assistant Principal position and described the positions taking on more responsibility and receiving increased hours or stipends due to the position reduction. The Administration-proposed budget removed the position, and School Board-recommended budget added it back. The Budget Committee-recommendation was to remove the position. Dr. Joseph Arena, in the audience for the public hearing, asked for the cost savings and Mr. Maggiore said it was \$86,054 for the position itself.

The recommended budget is \$157,268 higher than the current FY. The default budget is \$8,051,971, a 4.2% increase over the current year. Terry Conklin asked if the Budget Committee had vetted the default budget and the answer was no. Paul Marquis asked if the Committee was anticipating that the state might not support benefits in the future. Ms. Tuttle said there might be a cut in future years, but not in FY11. The state has named North Hampton a receiver town for this year and next. All NH towns are currently receiver towns, said Mr. Gaylord, with the state setting the adequacy funding level tax for each town and giving it back to them. Dr. Arena called this the "swindle coefficient."

Mr. Conklin asked for more information about the balance sheet, with interest down but payments up. Ms. Tuttle said the building bond pays off in August 2011. The Building Maintenance Expendable Trust Fund contains \$153,000.

Mr. Marquis asked for more information on the decision to cut the Assistant Principal position, including the differences in recommendations. Mr. Miller emphasized that the administration

proposed the cut and the Committee agreed with that original recommendation. Mr. Golden noted that the state does not require an Assistant Principal when a school has fewer than 500 students (NHS has 483), and that the plan has been in practice for 5 months and seems to be working. Mr. Miller said that the Police Department and Fire Department are also going without Assistants right now. Mr. Marquis said people on Social Security did not get a cost of living adjustment so it is not a good year to ask for more money; and the problem in New Hampshire is that there is no way to reduce a default budget. Mr. Miller said it is possible to empower the Budget Committee to set the default. Ms. Gorman noted that voters rejected ceding default-budget authority to the Budget Committee 2 years ago. Dr. Arena said the contractual obligations should not be allowed to proceed due to economic times. Mr. Maggiore noted that health care increases are set by the state. Mr. Gaylord further explained how the state sets the rates based on private carrier rates, and coverage plans and usage in districts is taken into account. The mandated 19.5% increase for North Hampton School District is a worst-case scenario and may change later.

Mr. Conklin said there are signs that the state's retirement plan is under-funded and he urged this to be taken into account by negotiators. Mr. Martino noted that few organizations provide defined benefit plans. Mr. Gaylord said contracts allow employees to fund their own IRAs. The state retirement plan is mandated and funded on pay-as-you-go, which the state is realizing cannot be sustained at 62% and should be 85%. Eventually individual districts will pick up more costs.

Article 2 – SEA contract

Mr. Gaylord presented Article 2. It is a three-year contract with step plus zero cost-of-living increase in Year 1, step plus 1% in Year 2, and step plus 2% in year 3 for a 3.1% total increase. Mr. Gaylord reviewed the multiple concessions by the union, including the elimination of the JY plan, a shift in the percentage amount teachers pay per year from 15% to 18%, language to protect districts when retirement reaches 125% of salary, re-apportioning of sick bank days among districts by size of school, requiring return from maternity/ paternity leave only at the beginning of trimesters or quarters, and sunsetting on buyback of personal days. Mr. Hamilton requested a matrix in order to better understand the fiduciary impact. Mr. Gaylord said an official matrix can only be compiled legally after the March vote. Ms. Tuttle will rough out an estimate based on the current matrix and provide it for the January 21st meeting. Dr. Arena said the increases had nothing to do with the economy and fairness.

Article 3 – SESPA contract

Year 1 is in place due to an evergreen clause. Year 2 is a 1% increase and Year 3 is 2%. School boards were unanimous is not recommending the fact finder contract proposal after contract negotiations broke down, said Mr. Gaylord. But because the union approved the fact finder recommendations, by law the proposal must go on the ballot. Mr. Gaylord reviewed highlights of the fact finding, which is advisory to the School Boards if it passes. Mr. Peck suggested the Budget Committee vote tonight on this article. Mr. Golden, Mr. Hamilton and Mr. Maggiore said they would prefer to read the fact finding before voting.

Motion by Larry Miller that the Budget Committee vote tonight on Article 3. Second by David Peck. Failed 2-7-0. (In favor: LM, DP. Opposed: MG, RH, PM, JM, JR, JS. Abstaining: RC.)

Mr. Martino said it is a monetary article but would probably not be clear to voters how it would impact the budget. Mr. Miller said there are notations on articles, and recommendations from the Budget Committee. Margaret Allen commented that voters are not likely to read through the fact finding to understand the article before voting. Mr. Peck suggested a summary go out to voters before the vote. Ms. Tuttle said the SAU has never had a fact finding before; she said information would be available at the Deliberative Sessions, and noted that this Public Hearing was being televised too.

Article 4 – creation of Capital Reserve Building Expansion Fund, funded from unreserved balance

Mr. Sarazen said that, following concerns from the last meeting, the School Board proposes creating a fund for future expansion. At this time, the Board has not voted on any expansion, but is aware there is a space need. With \$152,000 in the Building Maintenance Fund, the Board does not wish to add to that fund this year. Ms. Tuttle said state building aid in the past was 30% and the school is likely to qualify. Mr. Peck said he felt it was wise to be prepared by having an architectural study on hand if stimulus or other funds are suddenly available. Mr. Miller recommended switching the order articles 4 and 5 appear on the ballot to create and fund a School Health Insurance Trust Fund before Building Expansion. He said he and others on the Committee had been working for three years to get that on the ballot and he would not vote for Article 4 if the order was not changed. He noted that the unexpended funds come largely from the health benefits line. Mr. Hamilton agreed and said it would not affect the School Board's long-term plans.

Motion by Larry Miller that the Budget Committee request that the School Board change the order Articles 4 and 5 will appear on the ballot. Second by Michael Golden.

Discussion. Mr. Miller noted that neither article involves new taxation. He said the unexpended fund balance had money from health care that should not have been appropriated in the first place because of the way it is estimated by the state. Mr. Martino agreed with switching the order. Mr. Golden said he would prefer even stronger language in the motion: "The Budget Committee would be hard-pressed to approve the current order between Articles 4 and 5." Mr. Miller said he felt the Board would get the message with the original wording and Mr. Maggiore agreed. The School Board had a scheduled meeting coming up Tuesday night.

Vote: Passed 8-0-1, with Mr. Copp abstaining.

Article 5 – School Health Insurance Fund

There were no questions from the public. The Committee had voted on this article at its last meeting. As the Public Hearing was concluding, Mr. Gaylord took a moment to thank the Committee for the privilege of working with them because they take their job seriously. Mr. Gaylord will retire at the end of this school year.

Review minutes, December 17th meeting

Mr. Golden asked that a sentence be removed from page 2 stating that the money would not come from new appropriations.

Motion by David Peck to accept the minutes as amended. Second by Jon Rineman. Passed 9-0.

Adjournment

Motion to adjourn by David Peck. Second by Jon Rineman. Passed 9-0. The Public Hearing was adjourned at 9:10 p.m.

Respectfully submitted,
Amy Kane