<u>**Budget Committee**</u>
Robert Copp
Dickie Garnett
Michael Golden
Robert Hamilton
Paul Martino - Chairman
Larry Miller
David Peck
Jon Rineman - Absent
Jennifer Simmons

Budget Committee Meeting – Official Minutes

Tuesday, December 7, 2010
Town Hall

Call to order: Chairman Paul Martino called the meeting to order at 7:10 p.m.

1. Review Minutes Dec. 2

Motion by Michael Golden to approve the minutes of December 2, 2010 as written. Second by Dickie Garnett. The minutes were approved 7-0, with Mr. Hamilton abstaining.

According to Mr. Martino, Mr. Rineman said that in response to the Budget Committee's request for an official position from the Select Board on the LGC issue, he said the Select Board has heard the request and will be coming out with something official, hopefully by next week.

2. Review School Operating Budget

Mr. Martino explained that the Budget Committee had reviewed the proposed operating budget on December 2 and had developed a list of 23 line items to review in further detail.

• *Salary Certified Staff p.2 – How is class size determined?*

Principal Peter Sweet said school board policy mandates a maximum of 20 students per classroom in grades K-4 and 25 students 5 through 8. Preschool through grade 5 are self-contained classrooms, with one teacher teaching all subjects. In 6 through 8, it is a team approach. "Highly specialized teachers" are certified in the content area they are teaching, Science, Math, or Language Arts. No Child Left Behind changed the certification process. Special education issues may impact class size.

• *Rental lease equipment, p. 9*

Nancy Tuttle, Finance Manager, introduced the new SAU 21 Business Manager, Bill Hickey. The district leases copiers, for 3 to 5 years, with an option at the end to buy out or start a new lease. Copiers have a relatively short life, so the district does not want to own them and pay for maintenance. Districts will occasionally contact vendors for quotes; it is not a formal bid process. Mr. Golden asked if there would be a benefit in districts leasing together. Ms. Tuttle said it was likely, and it was something to look at in the future. Mr. Copp asked if there was a usage fee. Ms. Tuttle said overages resulted in fees. Principal Sweet said Office Manager Patti Venenga negotiated leases and kept track of overages.

• *Supplies, p. 10 – Increase in cost and run rate*

Mr. Martino said the supplies had gone up 25 percent over last couple of years, and 67 percent has been expended through five months. Ms. Tuttle said bulk orders take place in the beginning of the school year. Last year there was a large unbudgeted expense in the legal account, and the money was taken from other accounts. It is anticipated the entire $60,000 will be spent this year.

• *Print media, p. 11 – Increase and run rate*

Ms. Tuttle reported that books are purchased at the beginning of the year, and all before April for accounting purposes. Last year's expenses were lower because the money was needed elsewhere, said Mr. Sweet. Mr. Miller asked for a list of accounts that funded the $87,000 legal fees. Ms. Tuttle said the first payment on the legal account last year of $40,000 and the bulk of it came from the staffing changes in the administration (assistant principal position unfilled). Additional transfers are noted in the book; Ms. Tuttle gave examples. Mr. Sweet said offsetting revenue from tuitioned students could not be expended. An installment in the legal settlement is due in the coming budget year and budgeted for, said Ms. Tuttle.

• *Salaries for substitute teachers*

Mr. Martino asked about variable costs over the years. Ms. Tuttle said the district looks to minimize the impact on the overall budget. Last year there were six maternity leaves, requiring long-term substitutes. There is no way to predict maternity leaves and illnesses, which vary year-to-year, often requiring transfers between accounts.

• *Special ed increases, in general*

Mr. Sweet said the SPED needs of the current year influence planning for the next year. Some students were evaluated and referred after the budget process. The School Board is discussing a warrant article to address SPED funding variations. Mr. Hamilton noted the proposed budget increase is $119,955 and it will come out of two accounts. He asked if the account specified for due process legal funds is related to SPED and Ms. Tuttle confirmed it was.

• *SPED salaries*

Mr. Martino asked about six new aides. Mr. Sweet said some aides are child-specific, other IEPs require a second adult who may be shared with other students, then there is one grade–level associate for every grade. A 504 (medical condition) plan may also specify an aide. These aides are required by law. There are 26 aides from preschool to 8th. More medical and spectrum issues are occurring from preschool on. Mr. Golden noted SPED salaries are going up $90,000 and asked if the district was anticipating new students. Mr. Sweet said they are all existing identified students; the district is over budget this year. Transfers will occur this year to compensate.

• *Special services*

Mr. Martino asked why this budget was increased last year. Ms. Tuttle said the summer program sometimes needs certified staff, other times is contracted.

• *Student activities, p. 33*

Mr. Sweet said PAL and the school fund visiting artists and authors. Enrichment account funds Mike Caron’s activities. Environmental Camp will cost more because there will be more students attending. Seventh grade field trip is $4,000 and they are still trying to go to New York City. It is level-funded from last year. Eighth grade costs have increased due to more students. The bus account includes funding for field trips as well. PAL, parents, and student fundraising also help fund field trips. Mr. Martino asked about the educational value and costs of the seventh grade trip to NYC. Mr. Sweet said seventh grade curriculum includes the economy and international connections. Visiting Wall Street and the UN, for example, fit what students study. Ellis Island is relevant to the beginning of the eighth grade year. The educational value is undisputed, but the district struggles with the economics. Mr. Sweet said the trip costs between $15,000 and $18,000. The teachers do the research, planning, and organize fundraisers. Students pay $100 each for the three-day, two-night trip.

• *Tuition reimbursement, p. 49*

There is variability year-to-year. Ms. Tuttle said each teacher could receive up to $2,000 per year in tuition reimbursement. The average usage has been $16,000, so the district budgeted $15,000. More people were out on leave last year, so less money was used.

• *Workshop seminars*

Ms. Tuttle said the district is level funding, based on history. Mr. Peck asked if driving or flying was required. Curriculum Coordinator Jan Scipione said some seminars are held at school, others within driving distance, and others require flying and hotel accommodation. Mr. Sweet said there is a national phys ed conference next year requiring air travel. UNH will pay some part, and grant money may be available.

• *SESPA professional development*

Ms. Tuttle said it was added to the contract a couple of years ago, $600 per person for courses, but it is not being used so the budget was cut.

• *Workbooks, supplies, AV media*

Mr. Garnett wondered about audiobooks in single-application format. School Board member Kari Schmitz said she thought it was a download of a book to an iPod and a charge for one-time use. Brad Gregg, technology coordinator, said there are 22 iPods. The cost of $250 each came out of the operating budget four years ago. Educational applications include recording, story composition with illustrations, and more.

• *Salary certified staff, technology p. 64*

Mr. Martino said the committee was interested in the technology staff roles and duties. Mr. Gregg said he and Meghan Wyman were called Integration Specialists. Ms. Wyman runs the computer lab, working directly with K-5. Mr. Gregg works with grades 6-8 in the classroom, or where needed. He is also responsible for equipment, infrastructure, budgeting, and more. Michael Porubuno is a technician.

• *Information access fees - increase*

Ms. Tuttle said the district had not received the second half of the year bill from the company prior to closing the books.

• *Replace technology equipment - $49,800*

Mr. Gregg said that the district is on a five-year replacement schedule and it is time to replace three of the six servers. One of three laptop carts will also be replaced. Next year, three five-year-old carts are scheduled to be replaced; this would spread this cost over two years. One laptop cart has 20 computers. Mr. Golden asked if the district considered leasing servers. Mr. Gregg said the consultant advised purchasing, for better control. Other computers are not scheduled to be replaced in the five-year cycle. A three-year cycle is optimum, but Mr. Gregg feels the technology department can live with a five-year cycle and continue to level-fund technology.

• *SAU Services*

Mr. Golden asked what is being done to reduce expenses since Hampton withdrew from the SAU. Ms. Tuttle said Hampton's share was $440,000, which was based on a formula. The Joint Board looked at various scenarios for reducing expenses. To make up the entire amount, five and a half SAU positions out of 15 would have needed to be cut. The SAU still runs 6 districts, manages $50 million and over 500 people, and runs 26 payrolls for each district each year. For next year, two and a half positions will be cut. Cuts have been made in other accounts, and $100,000 will be used from the unreserved fund balance. Mr. Golden would like comps. For comparison, the new business manager will provide multi-district SAU costs in relation to budgets at the next meeting.

• *Repair maintenance services*

Ms. Tuttle said the facilities manager has worked to get contracts combined or better pricing. Last year there were some carryovers (brickwork and roof repair) in expenses.

• *Heating fuel, p. 108*

Ms. Tuttle said gallons used are consistent. The 09-10 lock-in was $1.91 per gallon. This year was $2.33 per gallon. It is estimated to go up to $2.69 but the district cannot lock in yet. The broker went out to bid and the district is using a very local supplier this year. Mr. Golden asked if schools were exempt from state and federal taxes on the cost of oil. Ms. Tuttle said she would check.

(Ms. Simmons departed the meeting at this time.)

• *Snow removal*

Ms. Tuttle said the majority of plowing ($25,000 of $30,000) was for sand and salt. Last year voters elected to purchase a sander that would be mounted on a town truck and the town would do the sanding and salting. The district would do the plowing with its truck purchased two years ago. It should save money. This will be the first year.

• *Health insurance*

Ms. Tuttle said the district put money into an expendable trust last year to help offset future increases; the school board will use some of that money late in the spring to level-fund the health budget, if needed.

Mr. Golden asked for the board's position on the LGC. Mr. Hickey said the collective bargaining agreement specifies plans; the district would have to find a broker that would offer those exact plans. The district is going to wait for a decision from the Secretary of State on whether monies are due back. Mr. Golden said the issue effects taxpayers and employees and asked if the district should go on record with a position. Mr. Hickey said he is waiting for a letter from the LGC director on how they will proceed. Mr. Peck asked if the SAU's view was that the LGC taking money from one fund to another was an unethical practice. Mr. Hickey said he and the superintendent have not had a discussion about ethics. Mr. Miller suggested the SAU to develop a stance, as the money it paid into the LGC was for a purpose and the SAU expected it to be spent only on health insurance. Mr. Hickey agreed it was the expectation.

> ***Motion by David Peck to ask the SAU to state their position on the LGC workers' comp/ health trust issue and the action plans to investigate alternatives to the LGC health premium brokers as related to North Hampton School District. Second by Larry Miller.***

Discussion. Mr. Hamilton emphasized this was a request.

> Vote: ***Motion passed 7-0.***

• *FICA*

Mr. Miller asked why FICA was going to $350,000 when spending was $320,000. Ms. Tuttle said some salaries will have changed next year.

Mr. Peck said the health insurance census for the proposed budget is 69 and for the prior year it was 68. Maybe an employee who did not have insurance opted in, said Ms. Tuttle.

• *Retirement*

Mr. Hamilton noted that employee rates would increase from 8 to 9 percent. Ms. Tuttle said there are two categories in the school: teacher and other. Not everyone is eligible for the retirement system. The calculation is based on people employees right now.

The state currently covers 25 percent of retirement costs; planning is based on this.

Mr. Martino had a few summary questions. He asked about where collective bargaining stands. Ms. Tuttle said the SAU is in the board ratification process right now, with tentative agreements for both unions. A warrant should be available for next week.

Mr. Hamilton said last year he did not believe the warrant article had been written properly and wanted to know if it would be reviewed. Ms. Tuttle said she believed they were written correctly because the SAU worked with DRA. The explanation of the fact finder's report could have been more precise. The wording comes directly from DRA. The form will be for a tentative agreement not a fact finder's report this year. Mr. Hamilton said that if the track remained the same, the increase is zero. Ms. Tuttle said if they stayed at the same step she would agree. Mr. Hamilton said voter misunderstanding of the percentage increase in a warrant article on contracts could result in the contract being voted down, which is a disservice to teachers and districts.

Mr. Miller asked what is happening with the free and reduced lunch population. Mr. Sweet said the school is trying, and met the goal of 12 percent, but does not have official word yet. It will impact the Adequate Education funding.

Mr. Golden asked about the debt service. Does the state's offsetting revenue reduce the tax rate or fund something else? Ms. Tuttle said the revenue number is used to reduce assessments. The net was $332,000.

Mr. Martino brought up a topic on behalf of Jon Rineman. He asked that if the school expansion advances, then the impact on the operating budget be discussed. School Board Chairman David Sarazen said it would have no impact on this proposed operating budget, but he would discuss the impact on future budgets.

The public hearing will be held on Jan. 11 at the Town Hall.

Adjournment

> ***Motion to adjourn by David Peck; second by Dickie Garnett. Motion passed 7-0. The meeting was adjourned at 9:42 p.m.***

Respectfully submitted,
Amy Kane

(Minutes were approved Dec. 16.)