



Budget Committee

**Margaret Allen
Dickie Garnett
Michael Golden**

**Robert Hamilton
Victoria Kilroy
Larry Miller**

**David Peck
Richard Stanton
Michael Walzak**

Budget Committee Minutes

Wednesday, November 14, 2012 at 7:00 pm

Where: Town Hall

Attendance: All committee members present.

Pledge of Allegiance

Review FY14 North Hampton School (NHS) Budget

Chair Stanton read a Memorandum from the NHS School Board referring to the FY14 Default Budget and the current proposed FY14 Budget. Default is 4.0% over FY13 Budget. The School Board made reductions of \$162.0K and an additional 1.5 Full Time Employees (FTE) in addition to the 1 FTE proposed by the Administration. This made the proposed FY14 Budget +1.94% over FY13 Budget.

Mr. Hickey gave a Budget and Warrant Article overview. Discussion of each line item then went forward.

Mr. Golden requested a rolling 12 month actual expenditure by line item starting with the end of October 2012 back to November 2011. Ms. Tuttle agreed.

Mr. Peck noted one classroom FTE was being eliminated.

Mr. Walzak requested a schedule of current enrollment and a 5 year history. Mr. Hickey responded as of September 30, 2012 there were 447 students, 2011 470,

2010 477, 2009 482 and 2008 481. Mr. Peck commented that this was a significant change in census. Mr. Sweet concurred, the decline was a trend. Mr. Peck also enquired about the designation "NF" in the SEA document. Mr. Sweet responded that meant a retiring teacher being replaced by a new hire at a lower wage.

Mrs. Allen asked for a schedule of all leased equipment at the school and SAU wide and for negotiated purchasing of supplies, energy, etc. Messrs. Hickey and Sweet indicated the SAU negotiated energy, some equipment, transportation and some supplies. Sometimes NHS participates in the supplies and equipment and sometimes not. Mrs. Allen suggested the school reconsider reaching out to the town to cut costs on commonly purchased items. Mr. Stanton concurred and encouraged the school to try again to reach out to the new Town Administrator.

Mr. Golden requested a SPED presentation noting the 11% to 16% increase in SPED. He asked if there was a change in SPED definitions and what was the rationale for spending increases. Mr. Sweet offered to address those issues; Mr. Stanton requested a deferment to the second review.

Mr. Stanton requested more information on the out of district payments. Mr. Sweet stated the district is required to pay for SPED services for a student enrolled at a Charter School.

Mr. Peck asked if there were any changes in Healthcare benefits for SESPAs employees. Mr. Sweet responded that there were two SESPAs retirements but one healthcare package went to a new person so that the net change was one less healthcare package than last year.

A discussion of the possible impacts of the implementation on the Affordable Care Act was lead by Mr. Hickey. The ACA takes affect 1/1/2014 with 30 hours per week of work equaling a FTE, not part-time. This could greatly impact eligibility for benefits as there are a sizable number of school employees in this category. The IRS has yet to clarify the final definition of a 30 hour FTE.

Mr. Golden noted Certified Staff in SPED is 6 and Aides is 24, a 1:4 ratio. Mr. Sweet responded that staffing is determined by the individual students' needs and the IEPs.

Mr. Miller asked for an explanation of the difference in proposed funding for Professional Services between the Administration and the School Board. Mr.

Sweet answered that to reduce the budget increase, the School Board decided to eliminate the school Psychologist position. The school will now have to outsource counseling as needed for the lower grades.

A discussion regarding the planned decrease in legal fees occurred. Mr. Sweet stated that settlements came out of this account in the past. Mr. Walzak clarified that settlements for this budget are being line itemed elsewhere, not in this account. Mr. Sweet agreed. Mr. Miller inquired if any other settlements were anticipated. Mr. Sweet indicated legal fees would stay within the budget.

Mr. Miller noted that NHS was set-up to be run so that all SPED needs were to be met in district. Mr. Sweet responded that most needs can still be met, but parents may not agree and they have the right to legal proceedings. Mr. Walzak asked about the length of commitment to the out of district placements. Mr. Sweet felt that information was confidential but that there were potentially two out of district placements up for School Board review. Mr. Walzak: If multi-year commitments are being made, the Budget Committee should be aware of them and the amounts. Mr. Stanton concurred, reiterating a total dollar amount of what may be spent. Mr. Sweet said he would look into it, but didn't know if he legally could reveal that information.

Mrs. Allen opened discussion regarding Athletic equipment, agreeing with the overall cut in dollars but noting the Athletic Department should choose the most appropriate equipment, not the School Board.

Mr. Walzak asked for clarification on the total savings from the elimination of the school Psychologist.

Mr. Miller asked for an explanation for the decrease in information access fees.

Mr. Golden opened a discussion on the technology line items, requesting a inventory of computers by age and the usual replacement schedule. Mr. Sweet highlighted that 11 computers were not being replaced although they were 5 years old. Mr. Golden expressed his concern and requested Mr. Gregg give a review at the next meeting. Mr. Peck reminded that replacement of technology was to be paid through the operating budget but that purchase of new technology was to be a warrant. Mr. Sweet stated all technology was replacement. Messrs. Golden and Peck agreed that all iPads, nanos, shuffles, etc. should all be documented and included in the technology review for next meeting.

Mr. Miller inquired when the NHS audit would be complete. Ms. Tuttle replied, December. Mr. Miller asked for a copy for the Budget Committee.

Mr. Miller initiated discussion of the decrease in "Other School Board" expenses from FY12. Mr. Sweet answered there were two student and parent surveys conducted causing an increase for that year.

Mr. Peck noted that NHS student census is down 4.8% and asked what has happened to the census in SAU21. Mr. Hickey stated that individual districts have increases and decreases. Total SAU21 population was 2737 with FY13 budget of \$1,258,232 and FY14 budget of \$1,375,253.

Mr. Golden started discussion regarding the SAU budget: Could it be decreased further without compromising services? Mr. Hickey felt it could not, detailing cost reductions already taken and the elimination of 2 FTE's and 1 PTE since Hampton left. Mr. Stanton asked about the pressures from the districts and state and its impact on services. Superintendent Sullivan responded that even with all the cuts already made, the reorganization of the responsibilities at the SAU has increased its level of service and that they are far more comprehensive than in the past.

Mrs. Allen wondered why postage was still so high if the school has so much online and is moving to digital reporting. Mr. Sweet thought much of that was postage of school records to new schools.

Mrs. Allen asked about budgeting for water, wasn't the figure too low with the Aquarion rate increase of 9.0%?

Mr. Walzak asked for an explanation of the Primex "not to exceed" number. Mr. Hickey replied it was about the same as the GMR.

Mr. Golden asked what price per gallon heating oil was purchased for the year. Mr. Hickey stated \$3.02.

Discussion regarding transportation budget occurred. Mr. Peck noted that the buses are not full and that it wasn't an efficient use of funds. Mr. Hickey stated the school has to have a seat for every student, whether it is used or not. Mr. Golden asked if the school could drop a bus or find a half bus. The SAU was encouraged to negotiate with First Student more efficient plan. Mr. Stanton discovered \$11,093 for Special Needs transportation was not in the Default Budget. Ms. Tuttle will make that addition.

A discussion of Healthcare Insurance took place. Mr. Peck asked when actual rates would be set. Ms. Tuttle said April. Mr. Hickey cautioned: After rates are set, there may be more than a 5.6% increase because there maybe a redistribution of employees on the various plans. Messrs. Miller and Peck reviewed the Town's use of the Lumenos plan, its cost benefits and its implementation. The SAU was encouraged to investigate.

Discussion of the NHRS, the school has \$102.0K pushed down from the state.

Mr. Peck questioned the amount budgeted for FICA and requested the SAU recheck that figure.

Mr. Stanton reminded that budget needs a final Worker's Comp number.

Mr. Golden noted the Unemployment Insurance number looked low.

Mr. Peck asked what the motivation was behind a 403B Contribution Plan. It appears that total wages are not transparent. Mr. Sarazen replied it's been done that way for 6 years. Ms. Hopkins answered it was part of benefits.

Discussion regarding Food Services began. Mr. Stanton questioned the \$25.0K transfer to Food Services and wondered if it's an additional taxpayer subsidy. Ms. Kilroy noted the many positive changes being made and felt that quality healthy cooking will eventually lead to a positive trend. Mrs. Allen noted more healthy plates are already being served and the program was only a few months old.

Mr. Stanton summarized the pages in the NHS Budget that needed more action for the second review on December 5.

Discussion of the school census and teacher: student ratio occurred. Mr. Peck initiated questions regarding teachers per grade and student/teacher ratio per grade. Mr. Sweet noted the decreased number of sections being taught in the lower grades. Mr. Walzak asked how many teachers did NHS employ when the census was higher? He further commented that it was untenable to have a budget continually increasing with a declining enrollment; the taxpayer will not understand or be able to support. Mr. Sweet responded if the census keeps declining, they will have to decrease staff and he reminded that the uncontrollable expenses were the increases in the budget. Messrs. Stanton and Walzak

suggested looking at a different classroom model and to analyze potential cost savings.

Mr. Hamilton noted that 1.2% of the 1.9% budget to budget increase was the retirement figure pushed down from the state of \$102.0K. Mr. Peck agreed and suggested a further review of cost per pupil compared to the SAU and also with contiguous towns around the Seacoast.

Mr. Walzak highlighted other cost increases on the horizon: Affordable Care Act, mandated SPED expenditures, further costs from NHRS, etc.. He encouraged being open to changing the classroom model and encouraged a collective solution. Mr. Hamilton further noted that the average full family healthcare plan at NHS is \$24.0K per year, yet the National average full family healthcare plan is \$19.0K. He encouraged the SAU and the school to consider this differential.

NHS Warrant articles FY14

A tour of the school physical plant will be given Saturday, December 1 at 8:00am. Windows, bathrooms and science rooms will all be identified for renovation on school Warrant 1. Mr. Stanton stated the CIP recommended a multi-year project that would be bonded. The CIP's opinion is that this is a need. Cost TBD. Also, a warrant for long term maintenance and modernization, \$65.9K. The school will also have warrants for unreserved fund balances transfers into the Health Expendable Trust (\$30.0K) and the SPED Expendable Trust (\$65.0K).

Minutes of November 7, 2012

Motion to approve the minutes by Mr. Peck, second Mr. Golden. Discussion and amendments made re: line 155 and lines 80-81. Minutes approved with amendments, 9-0.

New business

Second review NHS, 12/5/12, 7pm. NHS Warrants review 1/2/13 7pm.

Move to adjourn by Mr. Garnett, second Mr. Peck.

Adjourned at 9:48pm