

**TOWN OF NEWMARKET, NEW HAMPSHIRE
MUNICIPAL BUDGET COMMITTEE MEETING**

NOVEMBER 27, 2023

TOWN HALL AUDITORIUM

Approved December 11, 2023

MEMBERS PRESENT: Chairman Christopher Wolfe, Vice-Chair Richard Lesavoy, Danielle Honan, Brian Rowley, Scott Foster, Brian Hickey, Ned Carpenter, Justin Looser, School Board Rep Dan Smith, Town Council Rep Brian Ward

EXCUSED: Tim Chiou

ALSO PRESENT: School Superintendent Todd Allen

Chairman Chris Wolfe welcomed everyone to the November 27, 2023 Municipal Budget Committee Meeting and called the meeting to order at 6:30 pm followed by the Pledge of Allegiance.

PUBLIC FORUM

Chairman Wolfe opened Public Forum at 6:31 pm; no members of public present.

Chairman Wolfe updated the Agenda for this evening: Calendar discussion later; Presentation of Newmarket School FY2024 Q-1 Financials by Superintendent Todd Allen (details provided); Minutes from October meeting.

NEW BUSINESS

Presentation of School FY2024 Q-1 Financials

Superintendent Todd Allen said the Newmarket School year runs from July 1 to June 30, with first quarter July 1 to September 30, 2023; most of what we do happens September to June, so a lot of funds are still encumbered with not a lot of expenditures.

Superintendent Allen said the School is in a good place financially; Chart on page 2 shows bottom line breakdown with current Fund Balance of \$1,714,597, broken into 3 categories: possible variance in salaries of \$466,077; possible variance in benefits of \$114,857; possible variance in operations of \$1,133,664; all together equaling total current fund balance. He said School Districts do not have a lot of sources of revenue: (1) vast majority from local taxpayers, (2) State revenues: Adequacy Aid (SWEPT and Net Education Grant), and (3) Federal Grants: Title Programs and IEA Grant; a lot of Special Education is reimbursable.

Superintendent Allen provided an update on the Food Service Program: all lunches free during pandemic (reimbursed) leaving a healthy balance in Food Service Account of \$121,000; 99.9% of School Lunch

Programs do not make money and either break even or leave end-of-year cost overruns; money has to be used for Food Service. School does a lot of applying for grants with 2 SAFE Grants last year totaling \$140,000 for School Security upgrades. Official dedication of new Elementary School Playground was held last Monday, 70% of cost paid through grant funding, \$50,000 paid from private donations, and \$200,000 to come from Capital Reserves. Changes in report detail are due to conversion to ERP-Pro Financial Software, which allows more detailed tracking in all cost areas.

Superintendent Allen said pages 5-6 explain reasons for variances in each individual line; Salaries shifted as result of a detailed Salary Study of all non-CBA employees to align salaries with competitive districts and made adjustments. Paraprofessionals has a positive variance of \$299,000 with not all hiring completed and some positions repurposed; adjusted work-year schedules for office assistants shortening time worked: shows up as positive variance in Salaries Support Administrative salary line. Some positions historically grant-funded and seeing a drop in Title 1 revenue with shift into Budget and Title 1 money shifted to other areas. Will discuss ESSER Funding at next meeting.

Superintendent Allen said the Salaries/Benefits line is up significantly due to less contributions to FICA through salary reductions; NH Retirement \$51,000 also down; \$1,714,597 shows a \$600,000 reduction in salary/benefits tied to adjustments. He said a lot of the positive variances on page 6 are because they have not yet been done. Professional Services variances tied to contracts for Special Education Transportation expenses still to come; positive variance for SST (Seacoast School of Technology) tuition of \$140,000 will quickly go down.

Superintendent Allen said page 8 is broken down by the School Financial Statement: revenues come in at different times and shows mostly negative from money not yet received. When the Town collects taxes they pay the school once/month (\$1.5 Million); State revenues have not yet received. Food Service revenues based on expected cost with money coming in that will offset the \$355,000; deficit last year \$14,000; Federal revenues not yet acquired.

Questions: Mr. Foster asked what accounts for the decrease in Title money. Superintendent Allen said in public education one of the metrics used to drive “need” for schools is percentage of kids accessing free and reduced lunches; the higher that number, typically the higher you get in most grant programs. He said there are also variables with some able to pay and others who do not know about the program or how to apply and said this is a percentage used in lots of calculations including State Adequacy Aid.

Mr. Foster asked if tax increases are related to less aid from the State. Superintendent Allen said State Aid comes as: (1) a net grant or (2) Statewide Education Property Tax (SWEPT). He said Newmarket’s grants have dropped dramatically and were told to expect a shortfall for 2023-2024 Budget compared to previous tax year, getting \$466,000 less from the State in Grant Aid. SWEPT is collected locally: 2022-2023 only charged \$1.4 Million, this year charged \$1,973,000, \$566,000 more showing a \$1-million shift from State to Newmarket taxpayers.

Superintendent Allen said Newmarket has about \$1 Billion in property values; Budget is generally around \$26 Million, or \$1.00/1,000 on every taxpayer. He said we are not as well off but in a slightly better place going into FY2024-2025. Vice-Chair Lesavoy asked why SWEPT went up statewide. Superintendent Allen said basically the Legislature had to determine what they considered the cost of an adequate education which was set this year set at \$4,100, \$400/student more than previous years; also changed the net grant formula for awarding Grant Aid and made it more based on need; Newmarket lost with a lower number of free and reduced lunch students. Property value last year was \$1.40/1,000 and is now \$1.97/1,000.

Superintendent Allen said the goal of the Town and School is to level off expenses, but they can only control certain variables and try to keep the appropriations side of the budget down, but variables we have no control over change wildly. He said the State funding mechanism is sure to be called into question (lawsuits) and will probably be appealed to the Supreme Court before anything is done; there are significant discrepancies here in what constitutes adequate education in NH. Current ruling by judge for adequate education is \$7,356.01 versus \$4.100.

Mr. Smith said this is something very few taxpayers understand; voters only approve what School and Town are each allowed to spend and are not voting on a tax rate. The State Department of Revenue takes what voters approve to be spent and says here are all the deductions for all sources of revenue that are not local taxation, which for School District is either local property taxes or SWEPT. All the judge has said is where adequate education should be; other piece of decision that could change things is towns collecting more SWEPT than spent on education should not be allowed to keep it and refund their taxpayers.

Superintendent Allen said with the 2023-2024 Budget we were asked to capture what the tax impact might be and wrongly predicted \$3.35/1,000 increase last year just to maintain a 3.9% School Budget; came in better than expected at \$2.00/1,000; with a clear and consistent pattern of funding schools would know what they are working with. Mr. Rowley said they are being asked to create a Budget completely absent of revenues and asked if that is a New Hampshire problem or national education. Superintendent Allen said the level of volatility is uniquely New Hampshire; shifting things around and paying for it with a broad-based tax just spreads it out differently.

Superintendent Allen said New Hampshire believes in maintaining local control, which is a great thing, but that means local responsibility to pay. He said ESSER funds provided during the pandemic were sometimes used to pay for needed positions and now School has to pay for those positions. Mr. Rowley asked why free and reduced lunches have dropped off; Superintendent Allen said Newmarket has not seen a significantly high percentage lately and is currently at 10%.

Chairman Wolfe asked how much influence the Federal Department of Education has on local school curriculum; Superintendent Allen said the only federally mandated requirements are ADA and Special Education; actual school programming is the State. Chairman Wolfe said the Federal Government is providing about 4.5% of the school Budget and asked the amount spent to support ADA and Special Education services; Superintendent Allen said about 20%. Mr. Smith said the budget percentage covering Special Education is actually down and said he would hope that funding all-day kindergarten and expanding pre-school programs would get an earlier start to help reduce the impact of need in later years.

Next Budget Committee Meeting: Chairman Wolfe said tonight the Town was supposed to present and both the town and school have agreed to do the School and the Town presentations together at the next meeting December 11, 2023, with questions. He said they will use the following meeting on December 18th as a second opportunity to address questions, with all questions submitted by December 13th to get them back to the Town Manager and Superintendent Allen and give the Committee the opportunity to take a deeper dive into the Town and School Budgets.

Discussion of 2024 Budget Calendar

Chairman Wolfe reviewed the Budget Calendar:
December 11, 2023 – Town and School present

Municipal Budget Committee Meeting
November 27, 2023

December 18, 2023 – More in-depth with questions
January 8, 2024 – Public Hearing for Town and School
January 22, 2024 – Vote on Town and School Budgets

MEETING MINUTES

Approval of October 23, 2023 Meeting Minutes

Motion: Vice-Chair Lesavoy made moved to approve the meeting minutes of October 23, 2023; **seconded** by Mr. Rowley; **Vote:** 7-0, with 3 abstentions.

OTHER BUSINESS

Next Meeting: December 11, 2023 at 6:30 pm.

ADJOURNMENT

Vice-Chair Lesavoy made a motion to adjourn the meeting, seconded by Mr. Rowley, all in favor 10-0.

Chairman Wolfe adjourned the meeting at 7:15 pm.

Respectfully Submitted,

Patricia Denmark, Recording Secretary