

Budget Committee Minutes December 17, 2012 (school)

TOWN OF NEWMARKET, NEW HAMPSHIRE
BUDGET COMMITTEE (school)

DECEMBER 17, 2012 6:30 P.M.
COUNCIL CHAMBERS

MEMBERS PRESENT:

Chairman Brian Hart, Vice Chairman Ellen Snyder, Rose-Anne Kwaks, Amy Thompson, Dana Glennon, Russ Simon, School Board Representative Linda Mantegani, Town Council Representative Gary Levy, Drew Kiefaber

EXCUSED:

Judy Ryan (sick), Jack Fitzgibbon

SCHOOL DEPARTMENT REPRESENTATIVES:

Superintendent of Schools Dr. Jim Hayes, School Finance Director Christine Blouin

Chairman Hart called the meeting to order at 6:30 p.m., followed by the Pledge of Allegiance. He outlined the agenda: the Elementary School budget, Technology Budget, Warrant Articles. Mr. Simon asked for an overall review of the budget numbers and an update on negotiations with the Oyster River School District, Durham. Oyster River has determined that it does not have space to accommodate Newmarket's middle school students, so negotiations will continue on their admitting grades 9 – 12. Dr. Hayes has suggested possible January meeting times, but has not received confirmation.

Dr. Hayes began with an overview of the budget structure on page 4. Data is broken down into functions and objects, and the benefit line under objects is further broken down by type. The budget totals \$14,843,617 for a 2.84% increase over the current year's approved amount. Page 5 breaks down the objects into a pie chart which shows that salaries (54%) and benefits (27%) comprise 81% of the total. Dr. Hayes said that programs were level funded. The 2.84% budget increase was driven in large part by costs beyond the school's control such as retirement and fuel oil. Mr. Simon asked if the ratio of benefits to salary was about 50%. Dr. Hayes said that it was on average, but was lower for higher paid employees and could be higher for those earning less.

There was a discussion about a possible change in health insurance that would realize a savings of \$345,000 for the school for union employees. As this is a part of continuing collective bargaining negotiations, this amount could not be confirmed or projected into the proposed budget. Should an agreement be reached, a warrant article will go before the voters for their approval. The article would include any increases less any savings for a bottom line net cost for each of the years specified in the contract. The article would have to specify if any savings would be applied to the bottom line of the budget or be put in the general or surplus fund. If the warrant article was not approved, the current health insurance package would remain in effect without the possibility of savings. Possible health insurance savings for non-union employees are not included in the proposed budget, as they could be contingent upon negotiations. Some non-union employees have multi-year contracts. There is a potential savings for \$110,000, but the school expects to pay Affordable Care penalties of approximately \$60,000 for those whose insurance costs total more than 9% of their salary. As the school is only allowed to have one insurance provider, the school cannot prepare a separate RFP for non-union employees.

The columns in the budget report identical bottom-line figures for the approved and revised current year budget. However, line items have been adjusted to reflect increases and decreases between accounts. Page 8 of the budget

shows explanations of specific adjustments in accounts for the 2014 proposed budget. Some changes reflect reallocating expenses to their actual cost centers: some expenses have been assigned to the district SAU, and some have been divided between functions. Some adjustments involve elimination or reduction in hours of staff. Staff development is a contractual item, and the school historically has budgeted for every employee taking full advantage of training opportunities.

Dr. Hayes introduced the elementary school budget on pages 10 and 11, with specific changes being explained at the bottom of page 11. It was suggested that, in the future, changes be tied to explanations by either highlighting or inserting asterisks for clarification in the charts. Dr. Hayes said that there was a continuing modest increase in elementary school enrollment in grades 1 and 2. There had been no increase or decrease in teaching staff, but a reallocation between grade levels. Newmarket class size is within the state guidelines. Professional salaries are requested at the current year's level. Dr. Hayes will get the costs for pre-K as a comparison to tuition offsets. Generally, there is an increase in pre-K students with IEPs, which limits the space for those paying tuition. Pre-K staff divides its time between instruction and mandated testing of children aged two and a half. Overall, the district has seen a reduction in special education enrollment to 17.8% of the total. Special education has a higher per pupil cost. Scholar supplies appeared to show a large increase, but it now included other line items. Dr. Hayes said they were budgeting under site-based management, and the lump sum amount was a decrease from the previous individual accounts. Not all the accounts absorbed were shown on page 11, but were spread throughout other pages of the budget that referred to account #610. Here again, it was requested that the budget refer more specifically as to where re-allocations could be found.

Page 12 of the budget showed a break down of salaries and benefits by type. The narrative provided notes on changes that affected specific accounts. In the proposed budget, there will be one special education coordinator for both buildings. There will be 2 stipend positions for specialists to pick up administrator duties as required by state and federal law. The stipends compensate for the additional work absorbed by team leaders. Account #113, Aides Salaries, now includes a one-on-one nurse position dedicated to a student with an IEP. This position had previously been reported as a school nurse position in account # 2130-1-112 on page 14. Also, 2 full-time para-professional positions had been reduced to part-time. Finance Director Blouin will get a break down of individual salaries within this account for the Committee. Dr. Hayes pointed out that the special education budget is driven by IEPs, which makes it difficult to compare expenditures and requests from year to year. Mr. Simon said that since the school was a large share of the tax rate, he would like to see what part of the budget was discretionary. It was suggested that in this part of the budget also, it would be helpful to have asterisks or shading that would point to explanations of changes found in the narrative.

Any grant money to help offset the costs of special education would not be known until after the budget was approved, and the school has to budget for those costs. In general, grant funding has decreased greatly, and CAT grants have decreased from a high of 95% to an expected 68% of expenditures. Page 13 of the budget showed that the enrichment teacher position had been eliminated, although the program had not. One of the remedial reading teachers was retiring, and that position will not be filled, but replaced with a reading tutor position. That position is included in account # 121, tutors, reading/math. The specific amounts in savings are shown on page 8 of the budget.

Page 14 of the budget shows salaries, stipends and benefits for co-curricula staff: advisors, coaches, guidance counselors and nurses. Account #1415- 1 -112 includes some, but not all, athletic coaching salaries, stipends and benefits. Account # 2130 -1 - 112 shows the source of the nurse transfer to the special education budget. Page 15 shows professional salaries for 2 speech therapists and 1.4 occupational therapists. Funds for professional development are contractually agreed upon, and are shown in 3 categories: in-service, course reimbursement and conference attendance and travel. Page 16 relates to costs associated with library and media. There is one system- wide media specialist for the district and half the expenses are shown in this elementary budget. There is one library media assistant at the elementary level. Page 17 of the budget shows that the amounts for the technology trust fund expenses and dues have been re-allocated from the elementary budget to the district wide budget. Line items within the #2410 account include elementary administration salaries and costs. It was suggested that the titles aide and para-professional had been used in the budget, and that one term be used throughout for consistency. School Finance Director Blouin will find out why the amount for Rental Equipment-Copier had increased from the 2012 actual amount of \$11,537 to a proposed \$24,000. This item also includes supplies and maintenance for printers and faxes.

Page 18 continues with account # 2600 including custodial salaries and benefits and building costs and maintenance. The cost of modular classroom lease had been eliminated as the school had purchased the building. There is a continuing cost for the present year, as the lease was to run out in June. However, there will be a savings of \$3,500 as the leasing agent had agreed to some payment forgiveness. Fuel costs are currently locked in at \$3.30 per gallon, and School Finance Director anticipated a price of \$3.50 per gallon for FY2014 based on the average number of gallons purchased per year. She will go over exact invoices to determine if the gallons purchased per year are accurate.

Councilor Levy, using the example of staff training and development on page 15, asked what happens to funds in categories if they are not spent. School Finance Director Blouin said that these items were contractual and they had to budget for these as a liability, assigning an amount per teacher in the operating budget. If the funds were not used, they could be used in another area or be moved to fund balance. The School Board has to approve transfers within functions of the budget. She said that transfers were backed up by journal entries which the auditors check. Chairman Hart suggested that the budget include a third column that would specify transfers that were made from the approved to arrive at the revised budget. Mr. Glennon asked for a narrative that would explain the source of surplus funds. Ms. Blouin will get that information.

The Committee moved on to page 39 concerning the technology portion of the budget. Costs had been separated into cost centers, with "0" representing the District or SAU, "1" representing the Elementary level, and "3" representing the Jr. and Sr. High levels. This page did not include salaries associated with technology. There were no totals at the bottom of the chart, but Ms. Blouin said there was an \$8,300 increase from FY2013. Page 40 provided a description for each of the accounts. Most of the current equipment is between seven and ten years old. Dr. Hayes said that the principle driving the budget was that they had to move forward with technology. In moving technology equipment from a Capital Reserve Fund to the operating budget, the total of requests was felt to exceed what the budget could absorb. Some of the requests had been divided between the operating budget and a technology warrant article. The new software for the financial office will be up and running in 2 weeks, and will be more efficient and present a new look to next year's budget. The software does not show historical data, but staff will be entering past information for comparisons.

Page 41 of the budget showed the specific requests that were divided between the operating budget and the warrant article. The school will be moving toward individual computers for students, beginning with a pilot program that will train 4 teachers, one from each of the main disciplines, to use computers as tools in the classroom. The request from the elementary school for 2 carts, 2 printers, 2 access points and 44 laptops had been evenly divided between the operating budget and the warrant article, each totaling \$12,365. Some Committee members thought funds had been set aside for a cart in the present budget, which Ms. Blouin will investigate. Currently, there is about \$50,000 remaining in the Technology Trust Fund, but Ms. Blouin said they kept those funds available for emergencies. The funding request from the Jr./Sr. High School for a 3 year lease for 10 Apple MacBook Airs was questioned and discussed. Each MacBook was listed at \$1,312, and each annual lease payment would be \$13,432. The cost per computer and the advisability and terms of the lease versus purchasing was discussed. Ms. Thompson said the price per computer was a good deal higher than what she had recently been quoted, and wanted the figure to be tightened up. She pointed out that it would be easier to sell the warrant article to the voters if the costs were tightened up. Dr. Hayes said they had decided to use Apples because the company was in the forefront of educational apps. The decision to lease was made in part because the school did not want to have a lot of dated equipment on hand in the future. Dr. Hayes said the lease provided for a trade-up or buyout at \$1.00 per unit at the end of 3 years.

The Jr/Sr High was also requesting a printer and access point. The costs for mounting hardware and electrical installation for 10 overhead projectors at the secondary level had been divided between the operating budget, (\$11,500) and the technology warrant article, (\$24,255). Dr. Hayes said these projectors were essential for the classrooms to participate in expanded lessons. At the elementary school there were requests to replace outdated laptop and desktops in the classrooms and the computer lab, as well as for half the teachers. The requests had been divided between the operating budget, (\$28,150) and the warrant article, (\$49,336). Similar requests for the Jr/Sr High School had totaled \$27,240 in the operating budget and \$44,850 in the warrant article.

The Committee discussed the Newmarket School District Revenue Summary for 2013-2014, which had been handed out as a separate sheet from the operating budget. The sheet separately listed revenues from federal, state and local sources. From 2011-2012 to the current year, federal sources showed a sharp decline, while state sources were similar, but declining. The state will be changing CAT aid for 2014, and that amount will decrease. The Committee discussed the difficulty of predicting grant money so far in advance of its formulas being determined. Mr. Simon was concerned about what would happen if the expenditures in the budget were approved dependant on certain predicted revenues which did not come to pass. The school uses historical data and any information that can be determined through the grapevine to set revenue figures. Revenues are basically estimated as a best guess. Any surplus that occurs because of unanticipated revenue can be used according to terms set forth in the budget warrant article. Ms. Thompson stressed that she would like to see the figures in the budget reflect the most accurate assessments possible, so that there would be less out-of-pocket initial expenses for taxpayers.

Ms. Kwaks said she would like to address the subject of the scheduled Wednesday, December 19th Budget Committee meeting, as it conflicted with the Town Council meeting. She felt that as a policy, meetings that conflicted with elected officials other duties should not be approved.

Ms. Kwaks moved to cancel the Budget Committee meeting of Wednesday, December 19th. Ms. Thompson seconded.

Chairman Hart asked that each committee member in turn present an opinion on having the meeting. He said it was difficult to schedule a time agreeable to all, and that the committee as a whole had approved the scheduled time. He felt that since they would be discussing the school portion of the budget, it would be less important for the Town Council representative to attend. Councilor Levy said he would like to attend the next budget meeting, and it was unusual not to have the Council and Board Representatives in attendance.. Mr. Glennon said he would prefer to have all in attendance, but unfortunately, reality was different, and this had overall been the best date. Mr. Simon said he also would be unable to attend, but would have been able to attend on the 15th. He said this was to work with the school budget, but understood that appointed representatives should be in attendance. School Board Representative Mantegani said that this is a problem that happens every year. They try to avoid the problem, but they are working with deadlines. Chairman Hart felt it was hard to schedule meetings. Scheduled meetings also include January 7th and 8th and the Public Hearing is set for January 14th. The Committee has between January 15th and 26th to decide and vote on the budget before the warrant articles have to be posted on January 28th. Committee Vice Chairman Snyder said they were in a bind to find an alternate date, but in the future they should try to avoid conflicts with other committee meetings if at all possible.

The Committee voted on the motion. The motion was denied, 6 – 3, with Ms. Mantegani, Mr. Simon, Mr. Kiefaber, Mr. Glennon, Committee Vice Chairman Snyder and Chairman Hart against; and Ms. Kwaks, Ms. Thompson and Mr. Levy in favor.

Councilor Levy moved to adjourn. Mr. Glennon seconded. Motion carried unanimously. Meeting adjourned at 9:30 p.m.

Respectfully submitted,

Ellen Adlington,

Recording Secretary

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