**TOWN OF NEWMARKET, NEW HAMPSHIRE**

**BUDGET COMMITTEE**

**DECEMBER 11, 2013**

MEMBERS PRESENT: Vice Chair Amy Thompson, Judy Ryan, Dana Glennon, Drew Kiefaber, Russ Simon, William “Blue” Foster, David Foltz, Michael Lang, Town Council Rep Larry Pickering, School Board Rep Cliff Chase

EXCUSED: Chair Ellen Snyder

ALSO PRESENT: Superintendent of Schools Jim Hayes, School Business Manager Christine Blouin, Junior High/Senior High Principal Chris Andriski

Vice Chair Thompson opened the meeting at 6:30 p.m. followed by the Pledge of Allegiance. She announced that Chair Snyder was excused from the meeting.

**OLD BUSINESS**

**“610” Breakdown of Scholar Supplies**

Consumable supplies were those used all the time, such as paper and art supplies, and non-consumable supplies were those that were reusable. The breakdown of elementary scholar supplies matched the figure of $87,978 on page 14 of the budget, and was a part of the total 610 amount given on page 68.

**Total Cost of Special Education**

The total cost included the 1200, Special Education function ($3,569,036); 2140, Psychologist ($216,333); 2151, Speech ($300,155); 2160, OT ($125,664); 2332, SPED Administration ($191,017); and 2722, Transportation ($214,353), for a total proposed cost of $4,616,558. The cost for psychologist included salaries and benefits for 2 full-time psychologists as well as supplies. Of the total cost, $213,273 was for salaries and benefits. The FY2014 budget for this account had been revised from $186K to $167K, but was proposed at $216,333 in FY2015. One of the psychologists is on sabbatical for the current school year, and is being paid half salary, but will return to full salary at the beginning of the next school year. There are costs for contracted services in the1200 budget for evaluations for FY2014, but the psychologist is preparing to be a Board Certified Behavior Analyst and take over those duties upon returning in the fall of 2014. Although there would be some savings from not having contract services, there will not be an overall savings in the SPED budget because of an increase in students.

Mr. Simon said that even with a reallocation of about $100,000 to SPED in FY2014, and the intent to use Trust Fund money of just over $200K, the district would still be short of the $615K funds needed and basically a year behind as the students were in the district this year. He asked why more funds had not been reallocated during the present year. Ms. Blouin said she could agree to a certain extent, but the revised budget was a snapshot taken at the beginning of the budgeting process and before many of the SPED students had arrived. Revisions had been made since the budget was written and will continue to be made, with reallocations coming from the operating budget. Mr. Simon asked that the Committee see the current revisions and reallocations in January, and Ms. Blouin asked that she be given notice when the meetings were scheduled so that she could distribute the information. The Committee will have to meet before the public hearing as warrant articles have not yet been covered. Ms. Blouin had prepared information for the School Board that showed what accounts would be affected by reallocations to SPED and she will update the data as of December 31st and email it to the Committee before the January meeting.

Mr. Simon asked how much of the $541,567.78 in grant money was for SPED, and Ms. Blouin replied that the IDEA grant of $257,102.67 and the Preschool grant of $7,833, totaling $264K was for SPED. These figures do not include the grant money of $257K for which costs are not shown in the budget. (Staff numbers are included, but not the costs for those positions that are grant-funded.) The proportion of SPED students in Newmarket varies between 17% and 19%, but the costs represent between 25% and 26% of the current budget and between 27% and 28% of the proposed budget. The district had 17 new SPED students in the current year, and knew of some additional SPED students who would be entering the district during the coming year. The district receives referrals from Early Intervention for potential students at age 2 and a half, and must prepare IEPs for children to enter pre-school at age 3, as required by law. Mr. Simon felt that with only a few anticipated new SPED students for the following year, the increase in the budget seemed high. Special Education Director Parsons explained that there were additional expenses for students placed out of district as they transitioned from Junior High level to the more costly Senior High level and sometimes additional transportation costs. Pre-school children attend classes with children not part of the SPED program, and pay tuition at a rate that is competitive with the market. This is a revenue for the district, although not a large one.

As there is an ebb and flow in the number of SPED students, there is also the possibility that some could leave. Mr. Andriski said that in addition to the number of SPED students, they also had to think of the different needs of those students, some of whom required a wider range of services than others, and that made it difficult to predict costs. SPED transportation had some individual contracts and some multiple contracts depending upon the number of students attending a program and whether the student is placed in or out of district. Mr. Simon asked if the district was bound by contract to pay for transportation on days that students were absent, in relation to no longer being reimbursed for those expenses through a grant. Ms. Blouin said that the contracts differed, and they would have to pay for some students when they were absent. Ms. Parsons explained that grants come from the federal government and CAT Aid from the state, and CAT Aid had changed its reimbursement rules to cover only services rendered. The district could not apply for services on a day that a child was absent, but still had to pay for the services. CAT Aid reimbursed a certain percentage of costs for students placed inside and outside the district. If any students exceed the $48,000 cap that the district is required to fund, the district can apply to the state for CAT Aid. Excess expenditures between $48,000 and $100,000 may be reimbursed at a rate of between 65% and 85%. Excess amounts over $100,000 may be 100% reimbursed. Newmarket expected to receive reimbursement at the 65% level. Ms. Parsons said that grants were written for a specific expenditure, and if the district had funded something or decided to self-fund something that had been in a grant, it could not put the expenditure back in the grant. CAT Aid was estimated and budgeted based on past history.

Mr. Pickering asked how many service providers there were for SPED transportation. Ms. Parsons said they used 2: most of the transportation was done by the Seacoast Learning Collaborative in Brentwood, but for some students who were placed at a distance, they used another company. The district goes out to bid for SPED transportation, but there are a few odd routes that they have to find someone willing to do. The district also offers parents a contract to drive their own children and pays them a percentage of what they would usually pay. Medicaid is separate from CAT Aid. Medicaid is only for those students who are eligible and it pays for medical costs the school provides to meet a child’s educational needs. The services have to be provided by a licensed practitioner of the healing arts (LPHA). Logs are kept in district and out of district to show the license number of the person providing service and the days that services were provided. The school usually receives about 50% of its costs back.

Ms. Thompson said that in light of the large amount of paperwork and administrative time spent on SPED she wondered if there were specialists, partnerships with other districts, efficiency experts or business consultants who could help with the business end of SPED and look at ways of tightening expenses and becoming more efficient. Ms. Parsons said there were firms who purport to do this, but the problem was, they tended to look at SPED as a business. She said that SPED is not a business as it cannot change the assembly line to correct a defect or throw out supplies that are faulty. She said they did not work with widgets, but had to work with what they were given. Ms. Thompson asked how other districts handle this and thought that if SPED Directors put their heads together, they could come up with some ways to save costs. She said that so much more of SPED was now business/administrative that it would be good to look for resources to help with this aspect. Ms. Parsons said all the SPED Directors meet monthly. Dr. Hayes said he had not seen this in New Hampshire, but in Massachusetts there was a firm that a lot of districts had used. He added that there were 2 main strategies that he didn’t think would help Newmarket. There were few districts that went to the efforts Newmarket did to keep students in district, which was a cost savings. He said the consultants would look at the high number and costs of paraprofessionals, but Newmarket reviews this constantly and before hiring, looks at using staff differently. Ms. Parsons noted that Rochester had hired a specialist to do a study but didn’t use any of the recommendations because they were based on formulas and cuts that did not take IEPs into account Ms. Thompson said she had made some contacts and was trying to get more information, and when she did, she would bring it forward. Ms. Parsons added that a consortium system like there was in Massachusetts would help in saving money, but New Hampshire did not allow sharing of resources, and so they had to hire specialists themselves rather than sharing them with others.

Mr. Simon asked, if a consortium was a good idea and worked well, how one would go about instituting one. Dr. Hayes said that from his experience the collaboratives in Mass offered IEPs for the most severely disabled students. He said that the Seacoast Learning Collaborative offered similar services for the region. There were some services that Seacoast did not provide, but that was because the population in the region was not large enough to support them.

**iPads/BaselineEdge**

Dr. Hayes had verified that BaselineEdge only will operate on iPads at this time.

**Food Service**

Food service operates as a self-sufficient entity, and salaries, benefits and NH Retirement for the Director come from its budget. Others in the department are not eligible for NH retirement because they work too few hours. Ms. Blouin said she would get information about the history of funds held in Food Service for the future years.

**JUNIOR HIGH BUDGET**

Dr. Hayes said this was the first year that the Junior High and Senior High budgets had been presented separately. Some costs were apportioned 50/50 or 40/60. Although there is some attrition throughout the classes, each incoming class is starting with more students than previous classes. Mr. Glennon mentioned that there were some classrooms with a capacity of 20 that were holding classes of 6 – 7 students. He had read an MIT analysis that showed the cost per empty seat was between $10,000 and $13,000 annually. He was looking for creative ways to increase class sizes. He suggested that they look at the operating costs of running home economics and woodworking classes, and send participating students to SST, as they were already paying for transportation costs. Dr. Hayes said that classes were reviewed every fall, and the rationale was presented to the School Board. The curriculum was designed to meet the needs of the students and to comply with state approval requirements for curriculum, but he realized there was variation in class sizes. He said that the woodworking teacher now also teaches art. Along with requirements for English, math, gym, etc., the state requires certain courses in family/consumer sciences, and 4 electives. Mr. Glennon said that his understanding was that art was required, but questioned the number of offerings.

Mr. Andriski said that the school made decisions within its mission statement to give the best education to all its students. Block scheduling had been established to offer more electives and more opportunities for students. He said that he had to do 3 schedules, one for the SST morning and afternoon programs, one for the Junior High and one for the High School to place teachers who taught at both levels. Within the math department, there were different course levels, including advanced placement, SPED, or math lab for those needing extra help. He felt those would be some of the classes with the fewest students, and this approach had led to Newmarket’s high scores in testing. He added that SST only had certain slots for each school, and schools are required to offer 4 different electives within each group, such as Industrial arts, at the high school level. Mr. Andriski said there were not any content classes with fewer than 10 students, and he would have to provide justification for any classes with fewer students. He said it took about 2 months to put a schedule together based on needs and what students would want to take. He said they also had some virtual classes, which increased opportunities at reduced costs. With block scheduling, students who need extra help now have math every day. A writing class would be required for all freshmen, as test scores identified this as a need. The scheduling document is on the school’s web site.

Mr. Foster noted that Smart Boards had been eliminated from the Junior High budget, and asked when they had last been purchased. Mr. Andriski replied that they had purchased 2 Smart Boards in the past for math and English, and they were used by the Junior High teachers who could best use them, but now would be used at the high school level. He said he meets with department heads to determine where the technology can best be used, and what teachers would be able to use the Boards. Mr. Foster asked about the costs for lights and the 17 years remaining in a contract for field lighting. Ms. Blouin said this was actually the time left in the 20 year warranty period. The spiking in the electric rates was the demand charge from PSNH, and it cost $30 an hour if the lights were turned on M – F before 8:00 p.m. PSNH did a reading at the beginning of every month, and the rate was determined by the usage on that particular day for the entire month. If more than one field was being used on the day rates were set, they would be billed for the number of lights used that particular day. The school has an agreement with the town to help offset some of the electricity charges, and pays up to $1,400 per month in May, September and October for lighting for its sports programs. Ms. Thompson asked if Newmarket had a pay-to-play charge for high school athletics. While there had never been an overall user fee, there is a charge of $75 per year to play football, and other teams actively fund raise. The school receives about $10,000 per year from Epping for use of Newmarket’s fields.

**SENIOR HIGH SCHOOL**

Mr. Foltz noted that they were proposing less in supplies for the Junior High and more for the High School, and asked for details. Mr. Andriski provided a handout that showed the allocation of supplies for the previous year. He said that department heads identify what they need to run their programs and then allocations are made on the basis of needs. He said the costs for textbooks had gone up significantly as they needed to replace math textbooks that were over 10 years old as they were working toward Common Core. Art required a high number of consumables to run its programs. Last year there was a budget freeze in April, and he would have to justify any expenditures. Mr. Andriski said that the flexibility in scholar supplies allowed him to make decisions when there was something not budgeted, but necessary to keep a program running. He said they were pushing for technology skills in line with Common Core and the needs of a 21st century education. Mr. Foltz asked how Common Core testing could affect supplies. Mr. Andriski said supplies were not just for the testing, but also for instructional needs. He said the teachers were constantly being trained and there were some changes in the way materials would be presented. He said they were trying to build the budgets to avoid large increases in the future. They were focusing on the math text books, as Common Core was very specific in what it was looking for, whereas in English, the same book could be used but approached differently. The Committee briefly discussed the tuition agreement in relation to purchasing text books, but Dr. Hayes said there was no additional information, and Oyster River School Board was expected to make a decision on December 18th. Mr. Andriski said they had to prepare for the coming year, whether or not a tuition agreement passed, and they would have many surplus items if the students went to Oyster River. Dr. Hayes added that if a tuition agreement passed, they had a responsibility to prepare the students to go to Oyster River. Ms. Ryan asked if Newmarket and Oyster River were coordinating class offerings, and thought that many of the supplies could be transferred to Oyster River. Dr. Hayes said that both school districts agreed there would be many transition questions, and those would be worked on if the tuition agreement passed.

Mr. Simon said they had been provided with many frameworks within the proposed budget, but the Budget Committee had a different focus than the School Board. He applauded the goal of the school to provide programs, but he was looking for a balance between what they could afford and what they could provide. He said they had spoken about optional programs and a minimum of 4 electives the school has to offer to satisfy state requirements. He said it seemed to him that the only flexibility they had was in the number of optional programs they offered. Considering costs, he suggested they look at optional programs that go beyond the 4 required, to see if the costs are justified. Mr. Glennon said this pointed to his own comments about creativity. Mr. Andriski said they do take costs into consideration when deciding on programs, and asked what was meant by optional programs as he had used the term electives. He said there were a certain number of classes required for students to earn graduation. The constant courses were those such as 4 classes in math, of which one had to be Algebra 1. Mr. Andriski said they provided additional classes outside the building such as virtual learning and virtual classroom. He said the electives were the minimum they could offer based on their schedule and number of teachers. Mr. Simon said he would like to know if some of the electives were through technology at no cost to the district and how many electives were offered and available to satisfy the requirement of 4.

Mr. Glennon cautioned that curriculum was not within the purview of the Budget Committee, as it only had the authority to approve or cut money from the budget, and in this case, they could cut funds for programs, but not make a decision to cut a specific class. Ms. Thompson said she did not think that was Mr. Simon’s intent, but he was referring to the process. Dr. Hayes said the High School students were in school from 7:30 to 2:30 and the expectation was that they would be in classes all day rather than study halls. The programs were designed to fulfill a breadth of needs, interests and abilities to create a satisfactory learning environment. Ms. Thompson said that the Budget Committee looks at the financial side and it was important that they learned more about the process from the school’s standpoint.

Ms. Ryan asked about stipends for department heads, mentors and coaches and noted that mentors seemed to be zeroed out, especially in the High School proposed budget. Dr. Hayes said the Title II grant had picked up the expense for mentoring every new teacher, district wide. Stipends are also paid to club and activity advisors as well as for athletics and department heads. Dr. Hayes said the scale for coach stipends had not changed in many years, and was level funded from FY2014 at $42,592. Dr. Hayes said that stipends were either contractual or determined by other methods. He said they felt they should offer a range of after school activities and compensate those running the programs as best they could. Ms. Ryan asked what the total stipend budget was across the board that was paid to teachers or school employees. Dr. Hayes said that most of the athletic coaches were not teachers. Ms. Blouin said she did not have the information available, but could get it for the Committee.

Mr. Foster said that legislation had recently passed that allowed schools to retain 2.5% of surplus in fund balance and asked for more details of the law. He asked what trust funds they had now that would be within this fund balance, and noted that, by warrant article, some surplus could go into the trust funds. He thought that taking fund balance money and transferring it to Special Ed in addition to putting surplus into the Special Education Trust seemed like double dipping as all the money came from surplus. He asked for an explanation of how the 2.5% could be used and what trust funds they had in place that could receive funds if the voters approved the new fund. Ms. Blouin said the school would be able to retain up to 2.5% of its net assessment for specific purposes: emergencies, such as SPED costs or damage to property, or to help reduce the tax rate. At any point in the year, if the retained funds were above the 2.5%, that money would have to be used to reduce the tax rate. She gave an example: if the assessment allowed her to retain $300,000 in one year, but the assessment dropped the following year, the difference would automatically be returned to the taxpayers. Ms. Blouin said that if there was an emergency, the Budget Committee would have to approve moving funds. However, deciding the amount to return to taxpayers would be a conversation between her, Dr. Hayes and the School Board. The only trust funds that would be helped by the new law were Repair/Maintenance and SPED. She said the purpose of the law was to give the school the same ability the town had to stabilize the tax rate. She said that contributions to the SPED Trust in FY2014 were capped at $50,000, which didn’t go very far, but the amount in future warrant articles could be changed.

Mr. Simon, in reference to Mr. Foster’s questions, asked if surplus funds could go to the trust funds as well as the 2.5% fund balance, and not to the taxpayer. Mr. Foster said his concern was that if some of the 2.5% would be available for emergency funding for SPED costs, and the warrant article capped the contribution at $50,000, there might not be enough available to deal with an emergency. Mr. Simon said that if they had $300,000 and no warrant article, they would have to go through an approval process to use the funds in an emergency. Ms. Blouin said they did not need to have warrant articles, and the 2.5% stayed in its own fund balance. In an emergency, she would request that a certain amount of that money be used directly to cover costs. In addition, they could have money in the SPED Trust. Mr. Foster said his concern was that most of the SPED Trust Fund would be used for current expenses, and next year they could potentially have the 2.5% and money going into the trust fund, but not the ability to transfer money into the trust. They could decide not to put money into the trust as they already had a surplus, and the 2.5% would have to back to the taxpayer or be spent. Ms. Blouin said the town would have to vote for the 2.5% law in a warrant article, and then pass another warrant article to rescind it if it didn’t work well. Ms. Blouin said that warrant articles funded through surplus took priority before anything was placed in fund balance. Mr. Simon asked if, in an emergency, money could be moved from a trust fund and used for another purpose, and asked if there was a process for doing this. Mr. Chase said the town was the agent for the Expansion of School Facilities Trust, and any changes would require a town vote. The School Board was the agent for the other 3 trusts and funds were used at its discretion. However, a trust fund is created for a special purpose through a warrant article, and even in an emergency, the funds cannot be used for any other purpose. The only way to change the purpose of a trust fund is through the passing of another warrant article.

Mr. Foltz asked if the majority of the SPED students were at the elementary as he was concerned about the future costs and the sacrifices that might have to be made that would impact other students. Dr. Hayes said he did not feel the School Board thought they were making sacrifices for SPED in the education of other students. Mr. Andriski said they had a strong inclusion model throughout the district and SPED students were included in all the classrooms. He said he did not know the numbers per grade level, but those would be available through Ms. Parsons. However, he said what they did for SPED did not impact what they did every day in the regular classrooms. Mr. Foltz said he admired what had been done with SPED students, but was concerned with budget cuts, and the impact especially in 21st century technology, and gave the example of Smart Boards. Mr. Andriski told him that all the students had access to Smart Boards, and he said they were not making sacrifices for SPED students, but prepared a budget with all the students in mind. Mr. Chase said the School Board valued that regular education students were in classes with those of other abilities. He said that there had been an average reduction of 4 staff members per year over the previous 4 years, but they were now in a position where they could no longer back up.

**FUTURE MEETINGS**

December 17, 2013: Town Administrator Fournier had reported that all the remaining Department Heads would be available for the meeting. Ms. Thompson said that it had been the Veterans Committee, rather than the Planning Board, that had given up the room for the Budget Committee meeting on the 17th.

Next Meeting on the School Budget: date yet to be scheduled, but the Committee will have warrant article information prior to the meeting. Ms. Blouin will also send the Committee updated budget revisions and stipend amounts paid to staff.

ADJOURNMENT

Mr. Lang moved to adjourn and Mr. Glennon seconded. Motion carried unanimously, and the meeting adjourned at 8:27.

Respectfully submitted,

Ellen Adlington, Recording Secretary