

**Budget Committee
Minutes
February 3, 2011**

Present: R. Barnes, T. Beard, M. Beck, B. Boyd, J. Burk, B. Cummings, S. Heinrich, G. Markwell, M. Publicover, A. Schneider and School Board Alternate R. Swonger

Excused: R. Buckley

Also Present: Superintendent M. Chiafery, Assistant Superintendent, Dr. M. McLaughlin, and School Business Administrator M. Shevenell

A. Schneider called the meeting to order at 7: 02 P.M and led those present in the Pledge of Allegiance.

Announcements

A. Schneider announced that this meeting was taking place because the meeting scheduled for February 1, 2011 had been re-scheduled due to weather. He thanked all members for their flexibility. (R. Barnes arrived at this time.)

A. Schneider explained the evening's agenda and said the first Public Participation would be postponed until after presentation of warrant articles so that those present who wanted to speak about the warrant articles might. He stated that the next meeting of the Committee would include the Public Hearing on the proposed budget and warrant articles, after which the Committee would finalize it's recommendations.

Approval of Prior Minutes

S. Heinrich made a MOTION to approve the minutes from January 25, 2011. Second: M. Beck. Several corrections were suggested. MOTION PASSED: 10 – 0 – 1 with G. Markwell abstaining.

Warrant Articles

Article 3: Teacher Contract

M. Shevenell told the Committee this warrant article was for the proposed two-year teachers' contract. He said the salary increase for each year is 2.75%; however, the warrant article only appropriates \$180,656 for the FY 2011-2012 because the budget already includes step increases for the teachers and also includes savings as the result of changes made to the health care plan. He said the contract changes the "driver" of the health care contribution from the 11% of the POS plan to the 11% of the HMO plan. He noted that there were also increases in some of the co-pays.

R. Swonger provided each member with handouts, which showed that without passage of this contract, health insurance costs could increase over \$5 million dollars and comparing health care costs from ten years ago. He said the School Board was committed to controlling health care costs. He said ten years ago the driver of the plan was the JY plan. This shifted to the POS plan several years ago, but this contract makes the driver of plan the HMO. This will mean increased contributions for all staff except those enrolled in the HMO plan.

Discussion included the following points:

- M. Shevenell was asked to provide a comparison of staffing numbers from 2001-2002.
- The average percent salary increase over the last ten years was 1.9%.
- The total cost of the new contract is \$1,277,697. However, combined with the health care savings, the net cost is \$377,697.
- The Committee cannot make changes to the contract and is only voting whether to recommend the money portion of the warrant article.
- Whether the article is recommended or not, it will go on the warrant.
- Under the new contract, the District will pay an amount equaling 89% of the cost of the HMO plan toward whichever plan a staff members enrolls in.
- The language in the warrant article is basically prescribed by the rules and regulations or DRA. DRA and the District's legal advisors have reviewed the language of the article.
- The voters' guide will be used to provide a clear explanation of the article.
- This contract covers teachers and school nurses only.
- This contract would be subject to the "Evergreen Law." This means that the terms of this contract, including the pay plan step increases and health insurance contributions, would remain in effect until a new contract is passed. The current contract is not subject to the Evergreen Law.
- One third of the staff is on the top salary step.
- Even with the salary increase proposed for staff, the pay scale is below that of surrounding towns.
- While it is anticipated that there will be a health insurance savings in the second year of the contract, the District does not yet know what the maximum guaranteed increase and thus cannot predict possible costs or savings.

Article 5: CRF - Combined SAU/Special Services Building

M. Shevenell told the Committee that office space to combine the central office (SAU) and the special services staff has been on the Capital Improvement Plan for several years. He said, as the result of an extensive study completed by the Planning and Building Committee, the District has determined that building such space is the best alternative. This article proposes establishing a Capital Reserve Fund (CRF) to save for building the new space and funding it with up to \$200,000 or 20% of the surplus, whichever is less. He said the proposed building would be 10,000 square feet and built on a one-acre parcel of land, owned by the District, next to the high school.

Discussion included the following points:

- The fund can be dissolved by a simple majority vote. However, re-purposing the fund would take a 2/3 majority.
- The fund is locked into building and cannot be used for retrofitting existing space.
- The future use of the current buildings has not been determined.
- The School Board hopes this warrant article will give them a "sense" of the voters.
- The Planning and Building Committee's report can be viewed on the District's website.
- The cost estimate of \$1.8 million dollars was generated by an architect and includes sewer and water hook-ups.
- Prior cost estimates in the C.I.P were simple guesstimates.

Default Budget Explanation

M. Shevenell told the Committee that the Default Budget is defined as last year's budget, plus or minus one time expenditures, contracts and other obligations, special warrant articles, bonded debt, etc. He explained to create the proposed Default Budget, he took the current budget, subtracted amounts for last year's special warrant article for the Reeds Ferry roof, a decrease in bonded debt, a reduction in the Driver's Ed contract and reduced utility costs. Then he added funds for contracted or negotiated salary agreements, the transportation contract, the increase in Special Education costs, the heat-light lease payment, maintenance contracts and an increase in unemployment insurance. This resulted in a proposed Default Budget of \$65,721,640 and noted that the current proposed operating budget for 2011-2012 was \$65,340,419.

Public Participation I

Rich Hendricks, Chairman of the School District Planning & Building Committee, told the Committee that the construction cost of \$1.2 million, listed in prior C.I.P.s for a combined SAU/Special Services Building, was an estimate. He said the Planning and Building Committee was still looking at ways to reduce building costs and suggested that members view the photos posted on the website. He said that both current buildings are unprofessional, unsafe, and basically out of space, have security issues and no elevators, and do not really meet current needs. He said the Planning and Building Committee had looked at many other options including leasing and utilizing existing school space but that building a new building was the best choice.

Debbie McLaughlin, President of Merrimack Teachers Association, told the Committee that the teachers feel they are making a very big concession by allowing the School Board to change the driver of the health insurance plan. She said that co-pays are going up: A \$5 co-pay will now be \$20 or \$25, Generic drug prescription \$20 co-pay will become \$45, and ER co-pay will go from \$25 to \$100. She said the teachers had looked at the economic climate and felt they needed to make these concessions. She urged the Committee to recommend the contract.

The Committee took a brief recess at 8:26 PM.

The Committee resumed at 8:38 PM.

Work Session

Warrant Article 3 – Teacher's Contract.

S. Heinrich made a MOTION to recommend Article 3. Second: B. Cummings.

S. Heinrich spoke to his motion by saying the Committee is only voting on the money, not the language of this article.

Discussion included the following points:

- A. Schneider asked for a clarification regarding the prescription co-pays. M. Shevenell told the Committee that currently the co-pays were as follows: generic drug - \$10, brand name drug - \$20 and non-preferred drug - \$30. He said that under the new contract the co-pays would be as follows: generic drug - \$10, brand name drug - \$20 and non-preferred drug - \$45.

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- G. Markwell asked that the minutes reflect that the information regarding prescription co-pays given by one of the speakers during Public Participation was inaccurate.
- A. Schneider asked M. Shevenell about the other health insurance co-pays. M. Shevenell said that health insurance co-pays in the new contract were the same or higher than those in the current contract.

A roll call vote was held. MOTION PASSED: 10 – 1 – 0.

Voting YES: R. Barnes, T. Beard, M. Beck, B. Boyd, J. Burk, B. Cummings, S. Heinrich, M. Publicover, A. Schneider, R. Swonger

Voting NO: G. Markwell.

Article 5 – Combined SAU/Special Services Building CRF

S. Heinrich made a MOTION to recommend Article 5. Second: M. Publicover.

M. Publicover spoke to his “second” by saying that, over the long haul, this was essentially a tax neutral move, which was sort of a trial balloon to gauge public reaction. He said this warrant article provided a fiscally responsible way to move forward.

Discussion included the following points:

- R. Barnes said he felt there was a definite need for new space for the Superintendent’s Office, but this fund locks the District into building a new building so he was going to abstain on this vote.
- B. Boyd said he had reviewed the School District Planning and Committee’s report and that, as a member of the Planning Board, he felt it was a good idea to have a plan on paper, but that as a voter he was against this article.

A roll call vote was held. MOTION PASSED: 8 – 2 – 1.

Voting YES: T. Beard, M. Beck, J. Burk, B. Cummings, S. Heinrich, M. Publicover, A. Schneider, R. Swonger

Voting NO: B. Boyd, G. Markwell

Abstaining: R. Barnes

Library/Media

A. Schneider asked if any member had any changes to propose for the Library/Media budget.

M. Publicover told the Committee he had two offsetting changes to propose. A. Schneider requested that he propose each separately.

M. Publicover made a MOTION to increase line 100-2222-36-8649-07: Other Instructional Media by \$1000. Second: S. Heinrich. M. Publicover spoke to his motion by saying he planned to propose decreasing the periodicals line by this amount, approval of which would mean that this increase would not change the bottom line. He said this purpose of his motion was to bring the instructional media line back to the amount originally proposed.

Discussion included the following points:

- This could be viewed as a policy matter.
- This could be viewed as micro managing.

Minutes, 2-3-11, continued

- Since the School Board can move money among lines, this could happen anyway.
- If the offsetting motion does not pass, this might result in an increase to the budget.

A roll call vote was held. MOTION FAILED: 2 – 9 – 0.

Voting YES: S. Heinrich, M. Publicover

Voting NO: R. Barnes, T. Beard, M. Beck, B. Boyd, J. Burk, B. Cummings, G. Markwell, A. Schneider, R. Swonger

There were no additional changes proposed for the Library/Media budget.

Food Services

A. Schneider asked if any member had any changes to propose for the Food Services budget.

None were proposed.

Special Services

A. Schneider asked if any member had any changes to propose for the Special Services budget.

None were proposed.

Elementary Schools

A. Schneider asked if any member had any changes to propose for the Elementary Schools budget.

M. Publicover made a MOTION to increase the Classroom Supplies budget at Mastricola Elementary School, line 100-1118-18-8610-11 by \$1 per student or \$462. Second: R. Barnes.

M. Publicover indicated he would be making a similar motion for each elementary school. M. Publicover spoke to his motion by saying that the amount per student in this area has stayed the same for several years and he said this increase was for inflation. He also indicated that teachers regularly pay for some classroom supplies out of their own pocket and he felt public education should be funded by the public.

S. Heinrich suggested that the motion should include all three elementary schools to eliminate the risk that such a motion might pass for one school, but not for all.

M. Publicover AMENDED his MOTION to include \$536 for Reeds Ferry School (line 100-1118-18-8610-12) and \$514 for TFS (line 100-1118-18-8610-13) for a total budget increase of \$1512. R. Barnes agreed to second the amended motion.

Discussion included the following points:

- The PTOs at each school supplement the classroom budget.
- This could be a policy issue.
- The elementary school principals have indicated that if they were to receive additional funds, their priority would be furniture replacement.
- Increasing the per-student amount was not suggested during the budget process.

A roll call vote was held. MOTION FAILED: 1 – 9 – 1.

Voting YES: M. Publicover

Voting NO: R. Barnes, M. Beck, B. Boyd, J. Burk, B. Cummings, S. Heinrich, G. Markwell, A. Schneider, R. Swonger

Abstaining: T. Beard

There were no additional changes proposed for the Elementary Schools budget.

Upper Elementary School

A. Schneider asked if any member had any changes to propose for the Upper Elementary School budget.

M. Publicover made a MOTION to increase the Classroom Supplies budget, line 100-1118-18-8610-18 by \$1 per student or \$643. Second: B. Boyd. M. Publicover spoke to his motion by stating he categorically rejected the concept that it was wrong to change the budget proposed by the School Board because otherwise, the Committee had no purpose. He said if the Committee had sent out the advisory letter that had been discussed, he had been going to suggest that this area be reviewed.

Discussion included the following points:

- Without a request for an increase to this line from Administration or the School Board, the Committee does not know for sure that it will be used for classroom supplies if this money is approved.
- Increasing this line is not a policy issue and is within the scope of the Committee's purview.
- The middle school did have a per-student cost increase for classroom supplies in 2008 but other schools did not.
- The function of this Committee is to ensure the prudent expenditure of funds.
- Last year, four of six schools under-expended the classroom supply line.

A roll call vote was held. MOTION FAILED: 1 – 10 – 0.

Voting YES: M. Publicover

Voting NO: R. Barnes, T. Beard, M. Beck, B. Boyd, J. Burk, B. Cummings, S. Heinrich, G. Markwell, A. Schneider, R. Swonger

There were no additional changes proposed for the Upper Elementary School budget.

Middle School

A. Schneider asked if any member had any changes to propose for the Middle School budget.

M. Publicover made a MOTION to increase the field trips lines a total of \$10,000 as follows: 100-2725-05-8519-21 by \$1800, 100-2725-06-8519-21 by \$1200, 100-2725-13-8519-21 by \$3000, 100-2725-15-8519-21 by \$4000. Second: G. Markwell. M. Publicover spoke to his motion by indicating that the District pays transportation costs for all schools that have field trips except the middle school. He said he did not view this as a policy issue, but an inconsistency. He

said last year the Committee had been told that field trips were cut because numbers of trips and amounts of funding varied per cluster and that Principal Woelflin wanted to create a fair and equitable policy. However, he said that field trips are occurring and as a result, he thought the District should pay for transportation. He also said he knew that the schools make efforts to help those that cannot afford the cost, but some children end up not going on the trips for financial reasons.

Discussion included the following points:

- Field trips are educationally oriented, but not mandatory.
- Working on a field trip equity policy was not a priority this past year.
- Next year, the field trip line will not be zero.
- There are alternate education activities planned for those that do not go on the field trip.
- There are no field trip budget lines in the proposed high school budget.

A roll call vote was held. MOTION FAILED: 1 – 10 – 0.

Voting YES: M. Publicover

Voting NO: R. Barnes, T. Beard, M. Beck, B. Boyd, J. Burk, B. Cummings, S. Heinrich, G. Markwell, A. Schneider, R. Swonger

There were no additional changes proposed for the Middle School budget.

High School

A. Schneider asked if any member had any changes to propose for the High School budget.

None were proposed.

Maintenance

A. Schneider asked if any member had any changes to propose for the High School budget.

B. Boyd made a MOTION to cut \$55,000 to change line 100-4600-62-8451-08 from \$525,000 to \$470,000. Second: R. Barnes. B. Boyd said he had viewed Lyons Road and felt that repair of the road could be put off until another year. R. Barnes said he thought this item should have been a warrant article and that, if this amount was cut, the School Board could still put together and present a warrant article for these funds.

Discussion included the following points:

- The District owns the road. The town has been doing minor repairs.
- MYA has a “Memorandum of Understanding” with the School Board and facilitated approximately \$100,000 of drainage work on the Reeds Ferry athletic fields.
- These funds are for a partial reclamation of the road. If this project is put off too much longer, the District will be looking at the expense of a total reclamation project.
- The School Board looked at the C.I.P. to balance major projects and bonded debt to minimize the impact on the taxpayers.
- There was a discussion at the School Board about whether to put this item in the operating budget or in a warrant article.

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- If this issue was put in a warrant article that failed and there was a major problem with the Road, the District could not fix the problem because of “No means No.”
- There are several costly roofing C.I.P projects coming up over the next few years.

A roll call vote was held. MOTION FAILED: 4 – 7 – 0.

Voting YES: R. Barnes, J. Burk, B. Boyd, G. Markwell

Voting NO: T. Beard, M. Beck, B. Cummings, S. Heinrich, M. Publicover, A. Schneider,
R. Swonger

R. Barnes made a MOTION to cut \$300,000 for building entrance improvements at Thorntons Ferry and Reeds Ferry Schools from line 100-4600-62-8451-08. Second: J. Burk. R. Barnes spoke to his motion by saying he thought this expense should have been put in a warrant article. He said he understood the need for safety, but he thought the voters should have had a chance to say “no” to a big cost item.

M. Publicover noted that the School Board had reduced this line to \$200,000.

R. Barnes and J. Burk WITHDREW the MOTION and the second.

R. Barnes made a MOTION to cut \$200,000 for building entrance improvements at Thorntons Ferry and Reeds Ferry Schools (line 100-4600-62-8451-08). Second: J. Burk.

Discussion included the following points:

- The School Board made a conscious attempt to look at the C.I.P. and move capital items around to keep the tax impact level.
- The budget can still be amended at Deliberative Session.

A roll call vote was held. MOTION FAILED: 3 – 8 – 0.

Voting YES: R. Barnes, J. Burk, G. Markwell

Voting NO: T. Beard, M. Beck, B. Boyd, B. Cummings, S. Heinrich, M. Publicover, A. Schneider, R. Swonger

There were no additional changes proposed for the Maintenance budget.

District-Wide

A. Schneider asked if any member had any changes to propose for the District Wide budget.

B. Boyd made a MOTION to cut two teaching positions from the Middle School. Second: G. Markwell. B. Boyd spoke to his motion by saying he wanted to reduce the staff at the middle school by a full team as opposed to half a team. A. Schneider clarified that, including salary and benefits, this would mean a total reduction of \$121,042. He noted that if the Committee agreed to this motion, it would mean the funding was gone, but that does not mean the School Board would cut the positions.

Discussion included the following points:

- This cut would affect adherence to state standards regarding class sizes, especially for science labs.
- The 8th grade has triple the number of science labs taught in 7th grade.
- Enrollments are trending up and down in each grade over the next several years.
- This cut might be considered a policy issue: what taught is policy, how taught is policy.
- If the money is cut, there is no guarantee that the School Board will decide to cut the positions.
- The half team could be utilized in either the 7th or the 8th grade as needed in future years.
- Teaching positions can be added back in future years if needed.

A roll call vote was held. MOTION FAILED: 2 – 9 – 0.

Voting YES: B. Boyd, G. Markwell

Voting NO: R. Barnes, T. Beard, M. Beck, J. Burk, B. Cummings, S. Heinrich, M. Publicover, A. Schneider, R. Swonger

B. Boyd made a MOTION to eliminate the intern positions budgeted in line 100-2164-41-8114-10 (\$25,711) and line 100-2164-41-8114-30 (\$21,063) for a total reduction of \$46,774. Second: R. Barnes. B. Boyd spoke to his motion by saying it was his understanding that these amounts were a stipend for speech pathology students doing their practicums. He said he felt a stipend was nice but not needed.

M. Chiafery told the Committee that it is difficult to find speech pathologists to meet the District's I.E.P. needs. The interns are working as speech assistants under a licensed speech pathologist. She explained that the position has been listed in the District Wide budget, called "interns" for many years and possibly should be renamed and put in the Special Services budget.

Discussion included the following points:

- These are part-time, as needed positions.
- Even if the money is cut, the District will still be required to provide and pay for the service.

B. Boyd and R. Barnes WITHDREW the MOTION and the second.

G. Markwell made a MOTION to reduce the Maintenance Overtime budget (line 100-2620-40-8139-08) to \$5,000. Second: R. Barnes. G. Markwell spoke to his motion by saying he thought the District should not be paying overtime and this amount would pay for absolute emergencies.

Discussion included the following points:

- Overtime is used for situations like plowing and shoveling roofs as well as filling in for "regular" work when staffing is down.
- Overtime is paid at time and a half.
- The actual amount paid in this line two years ago was approximately what is currently proposed.
- If no overtime is budgeted, the department may need to add another person.
- Annually, the department averages 40 hours of overtime a week.

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- Maybe the department should consider hiring some part time employees.
- The cost for a mechanic position, including benefits is \$55,000.
- Some of the overtime is for weekend events and for which the District is reimbursed.

For the record, R. Barnes stated he did not feel he had enough information to make an informed decision and as a result, he was going to abstain.

A roll call vote was held. MOTION FAILED: 2 – 8 – 1.

Voting YES: B. Boyd, G. Markwell

Voting NO: T. Beard, M. Beck, J. Burk, B. Cummings, S. Heinrich, M. Publicover, A. Schneider, R. Swonger

Abstaining: R. Barnes

B. Boyd made a MOTION to eliminate the DINI (District In Need of Improvement) funding lines 100-2210-00-8112-00 and 100-2210-00-8322-00 for a total reduction of \$110,000. Second: R. Barnes. B. Boyd spoke to his motion by saying that Merrimack was no longer in DINI status and he felt it was appropriate to consider cutting these funds.

Discussion included the following points:

- This line is now called “Transitional Support.”
- The line covers the summer reading program, evening academy and the “Springboard to Success” program.
- These programs helped the District get out of DINI status and Administration considers retaining these programs as a way to stay out of DINI status.
- The School Board already cut \$10,000 from this line.
- The School Board reviews effectiveness of the extended school year programs annually.

A roll call vote was held. MOTION FAILED: 2 – 9 – 0.

Voting YES: B. Boyd, G. Markwell

Voting NO: R. Barnes, T. Beard, M. Beck, J. Burk, B. Cummings, S. Heinrich, M. Publicover, A. Schneider, R. Swonger

B. Boyd made a MOTION to cut world language from the upper elementary school: lines 100-1106-06-8112-18 and 100-1106-06-8610-18 for a total reduction of \$83,985. Second: R. Barnes. B. Boyd spoke to his motion by saying that there is declining interest in world language and that currently in the NH Legislature, there is a bill, HB 39, which would eliminate world language from adequacy standard.

Discussion included the following points:

- While there may be a decline in interest in French, there is strong interest in Spanish.
- This might be considered a curriculum/policy issue.
- Research shows the earlier one starts to learn a foreign language, the easier it is to learn.
- This cut would reduce the amount of education that the District offers.
- The District spends a lot of money on education.

Minutes, 2-3-11, continued

A roll call vote was held. MOTION FAILED: 2 – 9 – 0.

Voting YES: B. Boyd, G. Markwell

Voting NO: R. Barnes, T. Beard, M. Beck, J. Burk, B. Cummings, S. Heinrich, M. Publicover, A. Schneider, R. Swonger

S. Heinrich made a MOTION to recommend an operating budget of \$65,340,419 to the public hearing.

B. Boyd asked for a point of order, saying he had an additional motion to make.

MOTION DIED for lack of a second.

B. Boyd made a MOTION to cut one 3rd grade teaching position, including benefits, at Thorntons Ferry School, for a reduction of approximately \$60,000. Second: R. Barnes. B. Boyd spoke to his motion by saying that the staffing levels indicated in the budget book showed that the student teacher ratio for third grades at Thorntons Ferry School would be 18:1, which would be out of line with the other schools.

M. Chiafery indicated this was a typographical error on the Thorntons Ferry School staffing projection chart, and the correct figures could be found on the Elementary Schools Summary charts.

B. Boyd and R. Barnes WITHDREW the MOTION and the second.

There were no additional changes proposed for the District Wide budget.

S. Heinrich made a MOTION to recommend an operating budget of \$65,340,419 to the public hearing. Second: B. Boyd.

A roll call vote was held. MOTION PASSED: 10 – 1 – 0.

Voting YES: R. Barnes, T. Beard, M. Beck, B. Boyd, J. Burk, B. Cummings, S. Heinrich, M. Publicover, A. Schneider, R. Swonger

Voting NO: G. Markwell.

Other

R. Barnes suggested that, if the District was averaging 40 hours of Maintenance overtime a week, the School Board should consider whether it might be cheaper to hire another worker or use a temp agency rather than pay overtime.

Public Participation II

There was none.

R. Barnes made a MOTION to adjourn. Second: everyone. MOTION PASSED unanimously.

A. Schneider adjourned the meeting at 11:20 PM.