

Merrimack School District Budget Committee  
January 29, 2019  
Minutes

Present: K. Bobbitt, L. French, J. Guagliumi, S. Heinrich, A. Hyde-Berger, C. Lang (by phone),  
M. Murphy (by phone), G. Savitch, B. Stisser and School Board member N. Schoenfeld  
Excused: D. Illg, S. Jacoby, and C. Mower  
Also present: Superintendent M. Chiafery, Assistant Superintendent Dr. M. McLaughlin,  
Assistant Superintendent for Business M. Shevenell and various department heads

S. Heinrich called the meeting to order at 7:02 P.M and asked J. Guagliumi to lead those present in the Pledge of Allegiance.

**Announcements**

S. Heinrich told the Committee that C. Lang and M. Murphy would participate in the meeting via telephone and he reminded the Committee that all votes taken while they were on the phone were required to be roll call votes.

At this time, C. Lang and M. Murphy joined the meeting via speakerphone. C. Lang said she was in Satellite Beach, Florida and there was no one in the room with her. M. Murphy said she was in Washington, D.C. and there was no one in the room with her.

**Presentation by M. Shevenell**

S. Heinrich asked M. Shevenell to come forward to explain changes made by the School Board to the proposed budget.

M. Shevenell told the Committee that the School Board was now proposing an operating budget of \$77,654,036, which was a 1.4% increase over the current budget and \$133,532 less than the default budget. He said the School Board has cut \$33,053 for transportation to in-Merrimack practice sites from the athletic transportation line, decided to move all roof replacement projects out one year and, on the advice of engineers currently working on a switchgear project at the high school, delay the switchgear project at JMUES. In addition, he said the School Board had put the following back in the budget: 2 split air conditioning units for use by Student Services, several white boards and aluminum tables as well as several maintenance projects.

Discussion included the following:

- School Board is looking for solutions regarding transportation to in-town athletic practices.
- There are still funds in the athletic budget for transportation to out-of-town practices.

**Department Budget Reviews**

S. Heinrich asked the members to introduce themselves.

## **Food Services**

Department Head: David Dziki

Committee Liaisons: S. Heinrich, B. Stisser, C. Lang and C. Mower

Liaison report: S. Heinrich told the Committee about the federal programs from which the District still receives funds and a new POS (Point Of Sale) system that Food Services is requesting in the proposed budget. S. Heinrich told the Committee the department is self-sustaining: the lunch fees charged pay for the program costs. B. Stisser said that the new POS system was necessitated by an auditor finding that better accountability for cash transactions was needed. B Stisser also said that the cost of the new POS system is almost “a wash” when compared to the service costs for the current system.

D. Dziki told the Committee that the new system will have POS terminals, bar code scanners and cash drawers at all 6 schools and that hardware contracts and maintenance costs associated with the current program will be eliminated. He said the new terminals will be under a five-year warranty. D. Dziki said this was the first year the District is able to use some of the commodity allocation money (\$40,000) to purchase fresh fruit and vegetables. He also said the District is part of the N.H. school food buying group, a collaborative of 58 school districts, which results in better cost bids on grocery items, paper products and produce.

Discussion included the following:

- Per Federal paid lunch equity guidelines, the District lunch price must be equal or greater than the cost the District receives in reimbursement for free lunches.
- There was a waiver this year, that if programs were “in the positive” (which the District is), there was no need for a lunch increase this year.
- Lunch price is reviewed annually.

## **Student Services**

Department Head: John Fabrizio

Committee Liaisons: D. Illg, M. Murphy, N. Schoenfeld

J. Fabrizio told the Committee that Student Services was formerly called Special Education. He said the Department must abide by two major Federal Laws: “Free and Appropriate Public Education” provided at public expense and “In the Least Restrictive Environment.” He indicated that the District must conform to the requirements of a child’s Individual Education Plans (IEPs) which is developed by a team that includes school and medical professionals as well as the child’s parents. An IEP must also meet state and federal standards leading to a meaningful educational benefit for the student. The District tries to meet the needs of the IEP “in District” before sending a child to the more costly Out Of District Placement. (ODPs). ODPs could be day programs, residential programs or a hospitalization.

J. Fabrizio said the Student Services budget is up 2.2% including the AC units the School Board put back in the budget and the total budget is about \$12 million dollars. He said the department is currently serving 664 students and he is projecting serving 660 students next year. He indicated that the number of students served over the last five years has remained fairly consistent. He noted an increase in pre-school population served because the District has

increased its pre-school programming. He said there has been a slight increase in the number of students with emotional disabilities and other health impairments and a decrease in the number of students who are deaf and/or blind or have intellectual disabilities. He also said that Student Service transportation costs will increase by a contracted 3.5%, speech and occupational service costs have gone up and that technology costs are going up as more sound field systems are being installed.

J. Fabrizio told the Committee that the School Board had asked him about tutoring accounts. He said that all District students are entitled up to 5 hours of tutoring a week when out for long term illness or hospitalizations and if the student has an IEP, the student receives up to 10 hours of tutoring a week. He also said if a student with an IEP wants to participate in co-curricular activities, then services determined by the team to promote this participation allow to must be provided. J. Fabrizio told the team that the District must provide services for students with IEPs who go to public charter schools.

Liaison Report: N. Schoenfeld told the Committee that Student Services has continued to meet the needs of all the District's students and the supports in place for a specific student in a classroom actually benefit the entire classroom.

Discussion included the following:

- There is no specialized staff training regarding specialized student needs in place at this time.
- Para-educator costs have risen due to contractual raises and the District has several "veteran" para-educators who are on the upper end of the salary scale.
- Catastrophic Aid
  - This is a program where the District applies for state reimbursement of the costs of educating a child that are more than 3.5 times the annual cost, currently roughly \$55,000.
  - The state may or may not fully fund catastrophic aid. M. Shevenell proposes a revenue budget using 75% reimbursement. Amounts over that amount become part of the Fund Balance and go back to reduce the school portion of the taxes.
  - Catastrophic Aid revenue is received the year following the expense.
- ODPs
  - The District currently has 35 students who have ODPs.
  - The Department projects 34 ODPs for next year.
  - There is a decrease in some of the ODP costs for next year.
  - The state of New Hampshire does have regulations about what ODPs can charge. but sometimes the "closest placement" for a Merrimack student might be Massachusetts which does not have such regulations.
- There is approximately \$540,000 in the Special Education Capital Reserve Trust Fund.
- Merrimack is slightly below the national and state average for percentage of students needing special services.
- Reeds Ferry has more para-educators because there is more special programming offered at that school.

- The elementary schools have a greater concentration of para-educator support staff because these schools service students in pre-school through grade 4 rather than just two grades, like grades 5 – 6 and grades 7 – 8.

### **Technology/Library Services**

Department Head: Nancy Rose

Liaison: J. Guagliumi, B. Stisser, C. Mower

Liaison report: J. Guagliumi told the Committee that the proposed budget meets three needs: It moves the District forward because technology is always changing; it maintains the technology that we have and it purchases software to insure that the District will be in compliance with HB1612 regarding network data privacy and security. He said an item of note is highlighting the storage network. B. Stisser told the Committee that the District is not upgrading for the sake of upgrading. He said the District upgrades through attrition by replacing what is worn out or antiquated. J. Guagliumi also stated that accepting used computers that local businesses no longer need may not be cost effective.

N. Rose told the Committee there is a demand for more devices. She said the District needs to add more devices as well as maintain the devices it has. She explained that HB1612 is a complex law with many parts that all need to be addressed.

Discussion included the following:

- There are more than 3,000 devices within the District.
- To save money on networks jacks, classroom phones are often plugged into a network jack which is then plugged into a computer. This also saves on cabling costs.
- The department is working on getting gigabit capable phones to be used when phones are replaced.
- The average age of desktop computers is 7 – 8 years old.
- The department tries to replace laptops when they are 4 years old.
- When possible, old computers are re-imaged and put back in classrooms for student use.

C. Lang thanked N. Rose for her efforts to provide a properly functioning conference telephone device.

### **Maintenance**

Department Head: Tom Tousseau

Committee Liaisons: S. Heinrich, C. Lang, G. Savitch and L. French

Liaison Report: S. Heinrich told the Committee that the Maintenance budget is usually the budget where most changes are made during the budget proposal process. He indicated this budget contains money for new boilers at MES, but though the roofing project at MES has been cut by the School Board, T. Tousseau has assured him that the roof project can wait another year. He said he was glad to see some window replacements added back to the budget. He reminded the Committee that, besides maintaining the District facilities, the Maintenance staff is also responsible for set up of spaces for various events, like the Committee meetings. C. Lang told

the Committee that the transformer to be replaced at the high school will be converted to a leased unit rather than owned by the District but the District has to pay for its initial installation.

T. Tousseau told the Committee that the District recently did a survey of all District HVAC equipment to determine a possible replacement schedule because it is time to start replacing boilers. He indicated that MES is the only school in the District that has 1 large and 1 small boiler. He said if the large boiler fails at MES, the small boiler cannot heat the school. All other schools have at least 2 large boilers. As a result, he is proposing replacement of both boilers at MES in the upcoming budget.

T. Tousseau told the Committee that during their liaison meeting, the liaisons had asked a question about the decrease in retrofit costs in the budget. He explained that the gas conversion project was paid off but there are still costs associated with the Honeywell conversion project in the budget.

Discussion included the following:

- Trash Disposal
  - The District does recycle.
  - Trash disposal goes out to bid and the “old” vendor did not bid. As a result, the cost increased.
  - Recycling does reduce disposal costs.
- Transformer
  - T. Tousseau believes that if the new transformer needs to be replaced, the electric company will be responsible for installation of a new unit.
  - A review of break-even point (lease vs. buy) would seem to indicate that leasing is cheaper.
  - The annual lease cost has been included in the proposed budget.
  - Currently, the District owns a transformer at the high school and JMUES. The others are owned by Public Service.
- T. Tousseau estimates that 25% of the \$38,000 Field Maintenance budget covers costs associated with maintaining the high school field.
- Red Building
  - Building cannot be used without a sprinkler/fire alarm upgrade costing approximately \$15,000.
  - Best “guesstimate” to minimally maintain this building (heat, water and electricity) is \$15,000.
  - The School Board felt it was prudent to minimally maintain the building until a decision about future use is made.
  - The \$15,000 in the budget is for minimal maintenance and not for a sprinkler system.
  - Other options:
    - Building could be closed, boarded up and declared “abandoned.”
    - Building could be used for storage but, if storing quantities of combustible materials, there would still need to be an upgrade to the fire alarm system.
    - Building could be torn down and the site leveled: \$250,000.
  - There is asbestos in the basement.

- The School Board is working with the School District Planning and Building Committee to review all options and costs to come up with a clear, well thought-out plan.

S. Heinrich declared a short recess at 8:40 P.M.

The meeting resumed at 8:47 P.M.

### **District-Wide**

Superintendent M. Chiafery, Assistant Superintendent Dr. M. McLaughlin, Assistant

Superintendent M. Shevenell

Committee Liaisons: S. Heinrich, B. Stisser, C. Lang, C. Mower

Liaison Report: S. Heinrich reported that the District-wide budget includes a lot of contractual fixed obligations which have significant increases. He said there was a guaranteed maximum increase of 13.7% for the health insurance in addition to a 2.3% increase for dental insurance and 17.8% increase in retirement costs. S. Heinrich said there are 700 employees and their families covered by health insurance. C. Lang indicated that the District budgets the maximum guaranteed health insurance increase, but the actual increase could be less. She also noted that that there just was a 10% increase in postage rates and confirmed that the proposed postage budget line is a three year average cost plus 10%. B. Stisser said the health insurance increase amounts to \$1.5 million dollars and is actually more than the total budgetary increase.

M. Chiafery said the Administration tried to propose a budget that balanced the needs of the students with what the School Board felt the taxpayers could bear. She asked M. Shevenell to highlight transportation costs.

M. Shevenell explained that the District is currently in the third year of a 5-year contract with S.T.A, the bus company. M. Shevenell indicated that the District has offered training to bus drivers and the bus company has a new facility here in Merrimack. This year's increase is 3.7%, which added \$79,000 to the proposed budget.

Discussion included the following:

- There are still two bonds outstanding, which account for \$1.2 million dollars in the proposed budget. The high school addition will be paid off in FY 2020-2021 and the middle school will be paid off in FY 2023-2024.
- M. Shevenell offered to provide a more specific amount that can't be cut, no matter what and how much of the budget could be considered "discretionary." He noted that some costs, like electricity or heat, which would be included are not considered "fixed costs," but are considered essential costs. He said about 75% of the budget is salary and benefits.
- The SAU office does not have a dedicated "meeting" space. Administrative meetings, interviews and orientations are often held in the SAU kitchen, the Special Services Building workroom or in the high school main office conference room.
- The District has approximately 1,400 employees including 750 full time staff.

**Public Participation**

There was none.

**Other**

S. Heinrich told the members that the next meeting would be on Tuesday Feb 5<sup>th</sup>. He said the agenda for the meeting will include a work session on the operating budget and discussion on any monied warrant articles being proposed by the School Board.

S. Heinrich said that in addition to School Board proposed warrant articles, a petitioned warrant article is expected. He reminded the members that the Committee only reviews monied warrant articles and cannot change any of them. Its statutory responsibility is to vote to recommend or not recommend each.

S. Heinrich asked members who wanted to propose operating budget adjustments to be prepared to give both the dollar amount and the budget line they were proposing to adjust. He reminded members that it is the Budget Committee budget that gets presented to the voters. He said that while any adjustments are effectively bottom line adjustments, the Committee does provide information about where it wants adjustments made. He said the budget numbers could be changed at Deliberative Session but ultimately, it will be up to the School Board, if and how, the funds are spent.

S. Heinrich said that the Public Hearing on the proposed operating budget and warrant articles will be on February 12<sup>th</sup>. He said the Committee would meet starting at 7 PM that night, recess to hold the Public Hearing and then resume the Committee meeting after the Public Hearing for final actions and recommendations on the operating budget and warrant articles.

C. Lang asked for the tax impact per \$1,000 of added or deleted budget amounts. S. Heinrich said the current tax rate is approximately 3¢ for every \$100,000 appropriated.

C. Lang and M. Murphy left meeting at this time.

J. Guagliumi made a MOTION to adjourn. Second: A. Hyde-Berger. MOTION PASSED unanimously.

S. Heinrich adjourned the meeting at 9:23 P.M.

Respectfully submitted,

Pat Heinrich