

# **Budget Committee**

## **Special Meeting Minutes**

### **School Budget Presentations for 2016**

#### **Tuesday December 1<sup>st</sup> 2015**

The Chairman called the meeting to Order at 6:06 pm. The pledge of Allegiance was recited.

**Roll Call of seating Members:** Bob Carrier, Larry Brown, Maureen Steer, John Katwick, Thomas Mc Dougall, Lue Snyder, Ann Walsh (School Board Rep.), Mike Beaulieu (Selectmen Rep.), Stan Nadeau (Water District Commissioner). A quorum was present.

**SAU Administration Unit #64:** Superintendent Micheal Tursi, Business Administrator Nathan Castle, Student Services Ann Kebler, Bob Adams Facility Director, Tim Eldridge Transportation Director. Scott Currier Principal Nute Middle/High School, Doug Kilmister.

**Milton School Board:** Doug Shute, Tim Long, Paul Steer, Brandy Banks.

**In Attendance:** Tammy Smith, Bob Smith, Tom Gray, Andy Rawson, Scott Martin, Kristen Rice, Laura Turgeon, Russell Neil, Joe Michaud, Aimee McKenzie.

The Respective Boards introduced their members.

#### **Presentation of the Proposed School Budget FY 2016-2017:**

##### **General Items:**

- The proposed budget excludes warrant articles and SAU expense.
- Support Staff salaries are based on a 7% increase.
- The Districts contribution to health insurance for support staff decreased 10%. Premium Holiday credits are not included.
- There is no change in dental rates.
- Unemployment rates increased 15.7% over 2015-2016
- The retirement rate for teacher's is 15.67% and support staff is 11.17%
- Worker's Comp is based on a 2 yr actual average plus 5%
- Property, Liability, and Auto Insurance is based on a FY16 amount plus 5%
- The Bright Beginnings program was taken out of Contract Services and put into its own lines.
- 100-522-59100-0-00000 TRANSFER FOR GRANT EXPEDITURES: This line represents our anticipated federal and state grant expenditures (\$441,704). This line is included in accordance with gross budgeting requirements. This line will be offset by federal and state grant revenues (\$441,704).

Stan Nadeau: Holiday Credits give more detail on that what it represents. Mr. Tursi: we had in the past of our health insurance providers we get a credit at the beginning of the fiscal year to offset our billing costs for health insurance based on a re-imbursement from the seller's insurance provider because of a pool of moneys that goes to other districts. That amount of money has decreased over the years we budgeted our health insurance cost with the anticipating that we would get the premium holiday, we could lower our costs. We're not anticipating a premium holiday coming to the district for the next fiscal year therefore our budget cost cannot include that anticipating credit so it raises your anticipated cost for health insurance.

Mike Beaulieu: looking at the entire rate for the teacher's retirement 15.67% is this something that is negotiated or is that a contracted pricing that can be changed. Mr. Tursi: that is an uncontrollable cost that rate is set by the State retirement system. We have to wait for that each year to see if they're going to change it.

**Topical summary sheet:** adjustments that have been made in these lines.

**1100-Regular Education:** Lue Snyder: line 1100-51120-2-3 Student Assistance Counselor salary. These positions provide counseling services to students and families on drugs, alcohol abuse and suicide prevention. 40% Middle school and 60% High school. This was a grant from DHHS. Laura Turgeon: didn't the School Board have an option that would not cost the town any money for that counselor? Lue Snyder: that's a totally different position this is within the school.

Larry Brown: If I understand the direction of that question that would be a question as to the assessment of an internal policy decision the School District itself rather than a review of an expense.

Mr. Tursi: This is referred to a current contract with Community Partners to provide a counseling service to middle/High School and the Elementary School. The budget line we put in is for this current FY year and there was a discussion on the School Board as to other potential services this sort of ties into what we consider wrap around services for student and families and this is another service that would be provided to students when it comes to counseling needs.

Bob Carrier: the transportation line has moved to transportation function. The line that it references is incorrect line #1100-54300-2-3 this line is funded. It should be line # 1100- 55140-2 thru- 3-03. Mr. Tursi: we will correct the line.

Where the funding has been taken out and moved to the transportation function. Mr. Tursi: we had transportation monies for field trips in the regular education function and this year we decided that they should be in transportation and you keep all your transportation cost and function and not spread them out throughout the budget.

Stan Nadeau: Contracted Services Americorp This is an organization where upcoming potential educators as well as community service providers. They earn their stripes working an educational or working in the communities usually college students or students that are in between and looking for a new job and want to give back to communities as well as schools and school districts can contract with Americorp to match the cost or 2 Americorp service members these are people that come in the school 5 days a week all day long that works specifically with students to mentor students that are at risk struggling as well as to work with students that might be potentially be struggling in reading or mathematics just as a small group and provide direct instructions working with them as a mentor and as a role model. The \$14,000 covers 2 Americorp members if we were to match the funds with Americorp.

**1200-Special Education:** 100-1200-00000-0-88-00000 Bright Beginnings Lue Snyder: why was this contracted before and now it's not? Mr. Tursi: currently bright beginning teachers and support staff were considered SAU employees because we pay their salary out of the SAU. They work solely in Milton therefore to be more transparent with the program their now going to be considered Milton employees at the year fiscal 17. They were originally contracted services because we pay their salaries Milton would reimburse the SAU out of contracted services. In FY17 they will become Milton employees out of the operating budget salary line. This makes it easier to see the costs.

Bob Carrier: line 1220- 53230-1 Unanticipated PT and BCBA cost previously covered by IDEA. Mr. Tursi: When we have a student that comes in the district might not be anticipated and when we enroll the student they are required physical therapy and the BCBA is specifically for behavioral support systems so the student would require the additional physical therapies as well the behavioral support so those cost are in our Operating budget. In the past our IDEA grant covered those cost but are no longer covering those cost. We have to provide those services and we have to budget for it.

Larry Brown: are you comfortable with the final cost of Special Ed will be for this year? Mr. Tursi: we will be speaking to the Board. Our proposed budget for FY 17 is covering the anticipated cost. I'm never comfortable the 1200 function because it varies year to year.

Mike Beaulieu: line 1200-56610-2 Middle Special Ed Tuition-Public student promoted to High School. Line 1200-56610-2 High Special Ed Tuition-Public student promoted from middle school. How do these lines work? Mr. Tursi: When you look at a specific line high school or middle school you will see an increase in those lines.

Stan Nadeau: the Bright Beginnings where breaking it out down salaries, health etc. but where is it showing me where it goes to zero? Mr. Tursi: contracted services it should read Elementary Public Tuition 1200-55610-1. Stan Nadeau: the \$180,656 is taken out of that line with the additional lines in the BB is the total the same? Ann Kebler: There's an increase in teacher salary and there's support staff based on 7% in the budget.

**2610 Operation & Maint.** Stan Nadeau: line 2610-57310-1-2 new equipment it shows 2 snow blowers are Sharing the cost of one or is that two individual snow blowers. Mr. Tursi: the snow blower is \$2,376.

Bob Carrier: line 2610-54110-1-2 Water: ask the Water District Commissioner is this going up 15%. Stan Nadeau: everyone in the Water District. Bob Carrier: They only budgeted for 3 year average +3%. Stan Nadeau: They were notified.

Mr. Tursi: When we put this together we didn't know if it was set is it set at 15%? Stan Nadeau: nothing is set yet we're in the process of doing it. Bob called and he got some input from me and I said 15% seemed to be a valid number. We don't have nothing that's a 100% set. Mr. Tursi: We can adjust that line to reflect that 15%.

Bob Carrier: line 2620-56240-1 & 2 fuel oil and 2620-56230-1 & 2 gas on these lines it's taking a 2 year average +5%. In the proposed budget FY17 there's an increase of 5%. Mr. Tursi: these prices are set in September and the current price for gas \$1.24 and Fuel oil is \$2.09 with the prices coming down why couldn't we reduce the fuel lines? Ann Walsh: there was a year that we overspent that line. It was noted that the fuel lines have been reduced.

Mr. Tursi: when we were working on the budget FY 2015-2016 the contract came in lower than anticipated. There was further discussion on the fuel lines.

**2820 Technology Services:** 2820-57340-1 Replace Equipment Bob Carrier: what is the lease option plan? Mr. Tursi: This is a three year computer replacement schedule. We have some very outdated computers in both schools and we looked at what it would take to replace our older equipment. Where looking at a 3 year leasing option in order to replace them in cycles instead of what we anticipate would cost every year for our outdated computer equipment. The first year it will be \$75,000.

Larry Brown: for that projected lease I presume maintenance is included. Mr. Tursi: Yes. Upgrades that come to the machine in question during the term of the lease and is there any negotiated residual value to the equipment which we just turned over for a second generation lease?

Mr. Tursi: The lease agreement covers all cost. You have an option at the end of the computer lease to buy the equipment out for a dollar, but it's not recommended and now you own the equipment that you would need to replace again, so now you're looking at a spike in cost to replace the old equipment. The benefit of the lease program that you are staying current with technology requirements within the school so they can be upgraded and you can determine what your cost is going to be year after year. I see a lease as an effective and economical way of purchasing computers.

Stan Nadeau: We're going to spend \$225,000 for both schools and the Elementary for 300 students.

Laura Turgeon: How many computers are you purchasing I'm presuming there laptops?

Mr. Tursi: It's a combination of laptops and desktop as well as tablets.

Laura Turgeon: The amount of money where spending on this lease it just seems to me a lot of money to lease equipment that were not going to own. Is there a possibility to put it out to bid and get it cheaper are there any grants that we can apply for are we looking at high end laptops, tablets etc.

Mr. Tursi: It's a combination of both.

Doug Shute: The purchase is \$231,000 the first year. The reason we bought the first year is the \$75,000 for everybody and the \$231,000 would have been for everybody but we are better off to lease than to throw them out.

Laura Turgeon: should the Elementary students need tablets?

Mr. Tursi: we're looking specifically at tablets for the primary grades. We see it as promoting 21<sup>st</sup> century learning skills with software that is provided.

Laura Turgeon: It's been scientifically proven that giving children tablets at an early age is not very good for their mind and body and it's not good for their eyes.

Andrew Rawson: on this line is this the way we bought computers in the past?

Mr. Tursi: In the past we have been utilize grant money from the school improvement grant that allowed us to purchase a lot of computers at one time and now the computers are outdated and the grant monies are no longer available. The question asked earlier are there grant monies available to purchase computers.

Those grant monies have really dwindle over the last 5 years. There not providing grant opportunities for technology to both school districts and they are picking up the cost for those computers.

They've been purchase outright now we have computers that are outdated and we need to replace because of the big time spending all at once. We're now are looking at leases so that we don't run into that problem in the future.

Tom Mc Dougall: If I heard correctly you're replacing a third of the computers the first year.

Mr.Tursi: Where not replacing everything the first year. We're basing it on how old the computers are, the first year the 2011 and older we will move to another bracket the 2<sup>nd</sup> year.

Tom McDougall: This first is \$75,000 and next year you may appropriate \$90,000 because you have to maintain this space but yet add more in and the third year maybe \$120,000.

Mr.Tursi: year 4 it's not proposed to increase.

Tom McDougall: the lease ends we're stuck with this payment unless we decide to buy the computers out as they come off the lease for \$1.00. Then you will an increase. Mr. Tursi: yes

Larry Brown: does this include access to 3D printers is that planned and would that be in a different line.

Mr.Tursi: It's not included in the lease and it's not planned and not budgeted for.

Larry Brown: is it available through a technology center offsite from another venue.

Mr.Tursi: I believe our high school students that participate in CT programs in schools that have access to that program.

Lue Snyder: What scares me about this lease it goes on forever and I have talked to engineers they tell me that sometime computers may go bad after 3 years but the majority do not. As a taxpayer it scares me once we get to the third year than it's ongoing at that rate forever. At the School Board meeting said the price he was going by was retail. I don't understand why a school that would be buying more would be scheduling that out of retail rate we could save a hundred dollars per machine that would make a big difference.

Maureen Steer: when you were researching you figured in the cost and the time how much an average computer in the school system the usage amount would be different from my computer that there's an X Amount of hours that in use then it shutoff, where the school are on all day have they done a study to give an idea for the lifespan of a tablet or laptop situation, so we would have an idea of what the turnaround would be on these computers which would I believe alleviate some of the questions?

Mr.Tursi: we base the numbers off of our service provider Back Bay research the price of the equipment necessary and leases for school run on average 3 years. We were basing this on expertise.

A question was ask what is the difference between buying equipment outright versus leasing? It seems like we're spending a lot of money.

Mr. Tursi: Your first year purchasing equipment outright is \$231,000 vs \$75,000 with the lease. The second year purchase outright would be \$66,000 vs lease of \$21,000. 3<sup>rd</sup> year purchase outright additional \$35,000 vs lease of \$10,000. There is considerable cost savings by leasing equipment. If you purchase the equipment outright, the first year is \$231,000 the second year is \$66,000 that's \$ 290,000 compared to the \$96,000 lease.

Stan Nadeau: I think we have to make it clear that the base is \$75,000 and the second year it goes up base \$75,000 plus. Every year its base plus.

Laura Turgeon: When we start turning those back in and getting new ones is the cost going to go up.

Mr.Tursi: the way this was presented to us that cost stays consistent going to 3 yr 4yr. and also year 5.

A question was ask when we turn in the new/old equipment and get new ones are you saying they're not going raise they're price on us.

Mr. Tursi: We would look at a 3 year lease and have to negotiate a new lease cost for the 4<sup>th</sup> yr, 5<sup>th</sup> yr 6<sup>th</sup> year If we want to do another 3 years.

Lue Snyder: If we sign this lease this will be an ongoing forever.

Mr. Tursi: Your only committed for the first three years.

Stan Nadeau: This should be a warrant article and not part of the budget.

Ann Walsh: If we put this as a warrant article and gets voted down we would never be able to buy any new computers next year and even if we needed them really bad.

Stan Nadeau: have a \$750,000 increase in this proposed budget. This is a lot of money for the taxpayers. I feel the voters should make the decision on this \$75,000 computer lease. It should be a warrant article.

Ann Walsh: It's not a \$750,000 increase when you figure in the federal and State grants revenues of \$441,704 The increase in the budget is \$309,453. The grant money has to be included in the budget.

**Stan Nadeau:** that's still a lot of money.

**Tom Mc Dougall:** line 2820-56420-1 you cut \$2,000 out of your software what are we giving up?

**Mr. Tursi:** Those were moved to the 1100 function.

**Larry Brown:** Municipalities, School Districts are required to use generally accepted Municipal accounting practices and there has to be a gross budget which is a statement of dollars actually used irrespective of the source.

**Stan Nadeau:** on Food Services are we in the black yet?

**Ann Walsh:** we're still in the red but we're working our way out it and the deficit is getting smaller every year.

**Bob Carrier:** ('the member') School Care Medical Rates for 2016-2017 There's 2 different charts with same date one is cheaper than the other.

**Mr. Tursi:** You want to focus on the top chart traditional plans Green Open Access (formerly HMO) that's our current plan the 2.8% that's our monthly bill is based on.

**Stan Nadeau:** why don't we consider some of these other plans?

**Mr. Tursi:** We will be doing that in the future.

**Lue Snyder:** this can only be negotiated when negotiating the teachers contract.

**Doug Shute:** on the medical 2018 why it's so important to everybody is the Cadillac Tax if it goes forward their going to charge you a fine at a certain rate for a total premium that you pay for single family and that's forty percent above and beyond what they set that's a lot money were losing even a municipal or school district.

**Ann Walsh:** Our health insurance plan we pay 95% of the single rate now and then for the 2 person and the family plan we pay 80%.

**Mike Beaulieu:** the 2610- 54200-1&2 snow removal there's no funding in the lines of FY14 thru FY16 and now we have money in these lines for FY 17.

**Mr. Tursi:** we had to put these monies in because last year we had unanticipated expense of shoveling snow off the roof because of the increase in the snow load. We this is a new line were anticipation this cost again. We had to contract that out.

**Ann Walsh:** I want to talk about the 7% increase for the support staff. The support staff include our para educators, bus drivers, transportation and secretaries. They have been coming to us asking us to look at the salary scales because their salary scales are low compared to other school districts and we tell them that we can't do anything because we pay a 100% of your health insurance. We put together a subcommittee to look at the benefit packages for our support staff and we came up with a 3 year plan to get the employees to a point where paying 80% of their insurance and their paying 20%, but to do that we did have to address the salary issue. Next year in this budget the employees will be paying 10% the year after another 5% and another 5% the following year.

**Lue Snyder:** this is usually a 2% raise is this a 5% salary adjustment with a 2% raise or is the 7% to stay for the 3 years? What about the paras who got their steps outside of Milton they don't get a raise until they complete that same number of years in Milton does that include them in this?

**Ann Walsh:** We took the salary scales itself and adjusted it 7% that's everybody. Next year they will move up a step and they will also get their step increase.

**Lue Snyder:** I need more clarification are you proposing a 7% raise for 3 years or a 7% adjustment for this year and start bring them up and looking at it again or 7% which would be a 21% over 3 years,

**Ann Walsh:** We put salary scales and adjusted it to 7% it's not 21% increase. It's a onetime adjustment. The cost of 10% of their health insurance we figured it would be \$1,056 per person.

**Lue Snyder:** are you going to allow them to get a family plan.

**Ann Walsh:** We don't offer to contribute to a family plan for support staff.

**Andrew Rawson:** Why don't we put this on a warrant article?

**Ann Walsh:** were trying to address the issue of the health insurance to protect the school district future increases health insurance now we need to pass on some of the cost to the employees but at the same time we have to address salaries because we have been keeping them low because of the insurance.

Tom Mc Dougall: You mention part of the salary was to bring equitable pay scale. How are we comparable with other districts are we up or down and what is the percentage.

Ann Walsh: We can bring that at the next meeting.

Russell Neal: the increase in health care cost and the increase in salaries overall how does that even out is it up, down or the same.

Ann Walsh: Our budget this year will be \$46,000.

Doug Shute: what this is doing is preparing you for 2018 if you go over \$1,000 over what the government set for premiums their going to charge you with a 40% tax that will cost you \$400 who's going to absorb the cost the taxpayers, school that's what we're trying to do is get down to that 80/20 that's why it's important, because if we don't do it we're going to get hit with an unbelievable bill.

A question was ask about what is the cost analysis for the total budget. How many students we have and how does that compare with other SAU's district in N.H.

Mr.Tursi: you can find this information on the Dept of Educations website.

The School Budget for FY17 is \$9,944,179 Grant offset \$441,704 the increase is \$309,453 a 3.3% over last years budget. This budget does not include the SAU Budget.

The Chair ask the School Board to look to see if they can reduce this budget.

The Chair instructed the Budget Committee to look at the budget and to make changes if any to the budget.

Ann Walsh: There are several budgets that have been reduced.

Stan Nadeau: The BC cannot reduce or increase the SAU Budget. They can only recommend or not recommend the budget.

Larry Brown: The Topic is the SAU Budget What comes into the Wakefield and Milton Budgets are Structural costs which includes Administration as required either by the State or Federal Gov't the cost of running the physical plant the cost of transportation, Special ED and contract obligations and fair payment for those para professionals and Support Staff in the District. The requirements for a single SAU will not differ that much in terms of the structure that is required to oversee the operation of the Special ED project. And each division. The Special Ed costs for the review of those grants which do come into the district must be monitored and accounted for. What Wakefield's increment cost and incremental savings will be. When we did the withdrawal for Milton. We were looking at cost of \$200,000 because of those structural issues and dealing with the same number of students in the buildings that we are responsible for.

#### Approval of Minutes: of November 24<sup>th</sup> 2015

Members comment: Mike Beaulieu it couldn't come at worse time. I realize this is the school budget, we are trying to get a decent wage for the HWY dept employees they're only making \$12 to \$13 an hour. Were down 3 employees 1 left for Farmington for \$17 an hour. Three years ago we worked on the Police retention fund it worked. The fire department have level their out their pay scale. I feel were going to a default budget. The HWY Dept will not get their share of what they deserve. It's been the history of this Town that the school all gets everything the budget warrant articles.

John Katwick: The point of bringing business in Town there's been a lot of studies on it 90% of our land is low density residential.

What the people have stated tonight it's getting to a stage where the elderly and even the middle class people are confronted with more they can handle to live in the Town of Milton. I think that it's all due to not What our system supplies but, I think it has to do to technology every place we see and the reason I say this I look back and I took a at 60 years ago my wife graduated from Nute High school and she graduated with a class of forty people and I don't there's been a big change in that number in 60 years, so you have to say to yourself what's going on and the only thing I can pinpoint is technology and inflation. It's an unusually bad this year. I get calls on this and since they received their tax bill.

I did a study a few years back and at that time I did a 9 year study when it comes down to tax revenue the school 51% on average. The rest of your money you get from grants.

The output is the same as it was 60years ago it's all to do with technology. We beat up this software package and the technology services. The question is do we want to do this. When the voters got into that both they will decide.

Ann Walsh: The voters passed everything passed last year. This year were only getting \$441,704 in grants.

The press release that came out from the Selectmen was somewhat incorrect it said because of the \$682,000

Increase in the school district that was one of the reasons the tax went up. They did not take into consideration the offset of \$300,000 which was grant money so it can't be attributed to the tax rate. Last year our increase was just under \$400,000. Our teachers are the biggest cost salaries.

Stan Nadeau: You can't go up \$300,000 every year. I have people calling me to get the kids to go to some other high school.

Ann Walsh: Here's what we can do we can go down line by line and you tell us where to cut because what we have to cut this year. We could possibly cut the student assistant counselor, but how bad is the drug alcohol problem in this towns teenagers.

Larry Brown: There was an article in the paper our state is a great place for high earners to establish a residence since we have no income tax it's not a coincidence that we are the 8<sup>th</sup> wealthiest state in the union unless were willing to reduce local services we depend on town and cities have to ways of generating revenues the tax rate and the property assessment. The State of N.H. sets the tax rate and since the towns and cities do not have any significant ways to generate revenue on their own they have to make sure the property values together with the tax rate generate enough revenues that's the way it works. If you don't like it you have to change reality convince the majority of residence we need a more fair tax system.

Ann Walsh: The article started out by saying not to blame the Town or the School District. This is N.H. we don't have a sales or income tax we have property tax. Until that changes or until we bring in more revenue that's the way it will be every year.

This budget is long and hard to comprehend everything is broken up into 2 or 3 lines but we have to do that because of the way we need to send our report to the State of N.H. so they can determine the cost per pupil, but as you go through please look at end of the function line and you will find a majority of them have gone down. The Special Ed. Went up \$179,000 we have no control over other budgets have gone up slightly.

**Public Comments:** None

**Next Meeting:** Tuesday December 8<sup>th</sup> 2015

**Old Business:** Water District Stan Nadeau: The committee were provided with documents that were requested. There was a major repair of a pipe on Depot Pond Rd that was \$45,000 the additional cost from SUR was \$12,735 because they ran into ledge. They also added a fire hydrant for added safety due to the distance of the other fire hydrant.

The money came out of the Capital Reserve Fund and did not come out of the budget. The CRF had approximately \$95,000 in it. We took almost \$60,000 there's not much left.

The other issues that affect the revenues is the closing of the Citco station and the Laundromat that's no longer here and the Ding a ling restaurant and we lost some major water consumers.

We lost money on the property that the Town has taken and the Town is not going to use us for watering the ball fields. The lost revenues cannot sustain the budget and that's some of the reasons for the 15% increase in the water rates. He didn't go up on water the rate when he should have and now paying the price for it. He was trying to protect the people. They're also going to see if they can renegotiate the loan they took out.

Adjourn: a motion to adjourn was made and seconded motion passed. (9-0) 8:17pm

Submitted by Bob Carrier Approved date \_\_\_\_\_  
These are draft minutes until they are approved.