

Wakefield Budget Committee Meeting

Date: 8-24-09, 6:30 PM, Wakefield Town Hall

Approved Minutes

Committee Members present: Howie Knight, Judy Nason, Denny Miller, Connie Twombly, Liz Olimpio, Mark Duffy-Selectmen's rep, Relf Fogg, Charlie Edwards, Janet Gagnon-school board rep, Dave Mankus, Asha Kenney

School Board reps present: Tobey Eaton-business manager, Gail Kushner-superintendent, Priscilla Colbath

Town representative: Robin Frost-Town Administrator

Meeting called to order by Mr. Knight at 6:35PM. First order of business-Pledge of Allegiance.

Mr. Knight then advised all present that this was an informational meeting, for solicitation of information about the recently concluded School fiscal 7-1-08/6-30-09 year results, and Town fiscal year 1-1-09 to date. Though a quorum was present, no voting was anticipated. He went on to note that the school budget is app 46% of the town tax bill, with the town taking another 21%, followed by the county at 10% & state school funds the balance at app 23%.

He went on to announce that the 2007 & 2008 school audits had finally been delivered, thanking Mr. Eaton for all his assistance in getting this accomplished. A copy of the audits is available for review in the Selectmen's office, or available via PDF copy for the asking. Ms. Nason asked what the \$60K reserve on the 2007 audit was for. Mr. Eaton said that he didn't know, but would find out and get back to her in a couple of days. She then wondered about a \$185K difference between the 2008 unreserved fund balance and the audit balance. Mr. Eaton indicated that the unreserved fund balance on the 2008 audit should match the MS25 attached to the 2007 audit. It's a carry over because of timing between when the year-ends and when the funds are returned to the town's general fund. He went on to say that the NH DRA & DOE review school records in minute detail to make sure that the correct amounts appear on the various forms, so that tax rates can be set in a timely manner. Mr. Knight noted that last year the tax rate setting was delayed because of school issues, causing the Town to have to borrow funds until such time as the rate could be established, billed & collected, hoping that this would not be happening again. Mr. Eaton said that he believed the DRA had all the information it would need for timely setting of rates. Ms. Nason & Mr. Knight still didn't see where the designated forms agreed, so Mr. Eaton agreed to review both and get back to them as soon as possible. Ms. Nason went on to ask why the 2007 audit includes Grant funds but that the 2008 audit does not. Mr. Eaton responded that it was due to a change in the size of the grant totals. Over/under a certain threshold they are treated differently. Ms. Nason asked why MRI was being hired to continue to review funds. Mr. Eaton said that the SAU is in the process of installing a new Cash Tracker software program that would assist in the reconciliation of cash in the ledger w/ cash in the checking account, but that MRI was

being used for this function until the software was up & running. This new software will provide a monthly reconciliation report. The school is on an accrual basis for anticipated revenue and on a cash basis for expenditures. Mr. Knight asked about timing for the return of funds to the town. Mr. Eaton said he would confirm the payback schedule. Mr. Miller then asked how the Budget Committee can differentiate various different versions of the MS 24 & 25 submitted to the DRA, each having different numbers. Mr. Eaton said that the final version is signed by the DRA. Mr. Miller then asked if Mr. Eaton had seen a situation generating a “significant” financial correction. Mr. Eaton said, “no, the DOE reviews all documents very carefully, and every item must match line by line. There were no further questions on the audit.

Mr. Knight then asked about the fiscal 2009 audit. Mr. Eaton said that the process has already started and that he expects the first draft to be available within the month. The MS & DOE 25 will be filed in late Sept. Mr. Knight noted that the auditors for the Town do the MS forms for a nominal additional fee – perhaps the school’s auditors would also be willing.

Mr. Knight, looking at the year-end expense report, wondered, because of all the “amendments” if the Committee had missed or failed to anticipate something. He went on to remind everyone that while the Committee goes through everything line by line, it’s a bottom line budget. Ms. Gagnon reminded the Committee that the School Board is advised of each & every line amendment, so that the Board is aware of the reason for each adjustment, and can also look for trends from year to year.

Mr. Miller, looking at the “Public Tuition” line, wondered about the affect of the new “drop out” law. Ms. Kushner noted that it’s just now going into effect, and that there will be 16 yr old drop outs that will suddenly find themselves considered truant and be expected to return to the classroom. There is no doubt that the Wakefield Truant officer will be busier this year, as well as the school social worker. She went on to note that students who find themselves unable to function in the high school environment might have more success & are encouraged to participate in school through the Bud Carlson Center, which offers GED options. Our per student cost is the same.

Mr. Knight noted the reduction in the Health Insurance line, guessing that it amounted to about 2 family plans. He then reminded everyone that the budget process allows for some switches between plans and that they built in 3 family & 2 individual plans in the line.

Ms. Nason noted that she was pleased to see the reduction in the “substitutes” line. Ms. Gagnon advised the Committee that the school has been conscientious about cutting back in teacher training session, meetings, etc that require substitute teachers. She went on to remind everyone that time out of the building for professional development; sickness and personal needs are contractual items. These will be reviewed with the upcoming teacher contract negotiations. Someone on the Committee wondered if unused time can be “bought back”? Ms. Gagnon & Mr. Eaton noted that they believed that up to 90 days

could be bought back upon retirement. (After the meeting Ms. Gagnon sent information stating that this was incorrect – please see 8-25-09 email to committee).

Committee member inquired about the need for “Spec. Ed Other Salaries” item. Ms. Gagnon reminded the committee that the School had hired a LPN to work with 1 student needing full time medical assistance because hiring this individual was less expensive than sending the student to a specialized school. Unfortunately, the salary is too small to qualify for CAT reimbursement from the State. Mr. Knight then inquired about timeliness of CAT aid payments. Mr. Eaton & Ms. Kushner noted that (1) reimbursements are not timely (2) that the SAU & Town can anticipate that there will be less assistance from the Fed & State than was available in the past. As to the CAT calculation, a private company does the calculation and makes sure that everything that can be included in the calculation is included. The Spec. Ed department files the forms, and the DOE monitors each case, student by student. Mr. Knight then asked about the child in school in Massachusetts. His case, because of its size is eligible for 100% CAT aid, but in reality, funding is at about 73%. Mr. Eaton said that the Board is very cautious when budgeting for these items, being very cognoscente of the problems created by unfunded Federal education mandates, which are killing small towns.

The “Special Ed Non-Public Middle school item was also queried – Mr. Eaton noted that a middle school age child had moved into the district half way through the school year.

Mr. Knight noted that the SAU Expense part of the budget will be handled differently this year. Both Milton & Wakefield have voted that the SAU Expenses will be treated as a separate warrant article. Ms. Nason advised the School Board that the Committee will want to see details on the SAU expense items at the same time as the school budget items.

It was observed that Legal expenses are up significantly. Ms. Gagnon said that much of the increase was because of stalled negotiations with the newly formed paraprofessionals union. She went on to bring the Committee up to date on the negotiations. Negotiations went into mediation, and were unsuccessful, so it went into a “fact finding” phase, wherein each party pays for an independent “fact finder” to present a report. While the union accepted the report, the School Board did not, and is currently preparing to petition the state Superior Court for a special warrant article & special town meeting, where the Board will present the argument to the town, and let it decide what to do. This was the only step left to the Board unless it wanted to be accused of “unfair labor practices”. The parties in question cannot agree on money & benefits. Though asked for specifics about the dollars involved, the Board believes it is still premature to discuss the issues in that much detail. Ms. Nason wondered about the effect this issue will have on the deadlines for setting the new tax rate. Mr. Eaton said he would check to see how DRA would set tax rates in conjunction w/Special School District meeting. Mr. Miller & Mr. Duffy pressed for details. Mr. Knight noted that some of the issue philosophical, and some financial. Eg – should part timers have the school pay for health insurance. Historically, while the school lets part-timers secure health insurance through the school’s plan, they have had to bear the cost 100%. Mr. Duffy then suggested that the Board may have to

start evaluating positions. Ms. Gagnon noted that there is a new Special Ed manager, Scott Reuning, and that this may have some impact on future decisions. Mr. Miller noted a significant change in the Operations/Maintenance salary lines. Mr. Eaton explained that historically, the school had a contracted cleaning service. During this past term, the Board decided to replace the contracted service with custodial employees. Ms. Twombly noted the overall increase in Food Services. Mr. Eaton explained that some of the increase will be offset by \$18K coming in from other sources and that most of the excess was caused by having to repair a section of floor under appliances in the kitchen and replacement of the hot water heater.

Mr. Miller, looking at the Transportation expenses, asked if the school is continuing to look at group buying of fuel oil & propane. Mr. Eaton reminded the Committee that the school & Town are buying these together, through a consortium, and that a very good rate was locked in last December. He is already working on the renewal of this contract.

Ms. Nason then opened a discussion about the move of the SAU offices. Ms. Kushner said that the SAU is looking because of ADA issues (needing an ADA compliant bathroom) and other space issues. The current building cannot be modified adequately at reasonable expense. In addition, the proposed new property, at exit 17 off Rt 16, in Milton, will have sufficient space to consolidate outlying office space and, in the future, have space for the growing Bright Beginnings program. While no one argued this point, Ms. Kushner maintained the position that the new approach was more effective and that she would be glad to provide Ms. Nason with a detailed cost comparison.

The review then moved on the Grants. Ms. Kushner reviewed grant categories for the Committee:

- A. Title I grants contain specific mandated activities directed toward underachieving students.
 - 1. 42% goes for students eligible for a free lunch meal
 - 2. includes monies (in the past about \$20K) for “schools in need of improvement” as the result of poor test scores. It was noted that Paul School fell into this category for 2 years, then, most recently, had acceptable scores, which, if repeated, will mean Paul School falls out of this category, and will lose any additional monies for this particular category
 - 3. various restructuring & focus grants
- B. Title II grants are for professional development
- C. Title III grants are for English Language skills development
- D. Title IV grants are for drug & alcohol issues
- E. Title V grants have dried up
- F. IDEA money runs through the SAU, and are generally short-lived funds
- G. ARRA Funds are federal stimulus monies with very specifically defined uses and will be gone in 2 years.

Mr. Miller observed that the school is having to return grant money, and wondered why. Ms. Kushner expressed the opinion that the school received too much money that needed to be spent of designated items too fast to actually properly prepare for

their use. She reminded everyone that grant money cannot be used to supplant budget expenses (eg teachers salaries or books), only augment programs as well as for Professional Development. Mr. Edwards wondered why Paul School is “in need of improvement”. Ms. Kushner first gave the short answer that we have had low test scores. Then, going into more detail, she cited the “no child left behind” program that essentially evaluates a school based on the students who score poorly in the tests, rather than the students who score well. Mr. Miller stated that he was proud to see the improvement in achievement levels reflected by recent testing. Ms. Kushner also sees progress, but noted that the bar is raised regularly. Ms. Olimpio observed that it appeared that the poorer a district scored the more money it appeared to get. Ms. Kushner agreed, but then observed that the funds are finite, and as more schools fail to achieve acceptable levels the pool of funds is seriously diluted. Mr. Mankus raised the concern of teachers hired with grant funds, which then disappear, leaving the school with the need to either terminate the program & teacher, or add additional salary expenses to the budget.

Kindergarten is currently housed in the Union School facility, which is in need of extensive repairs and is also not ADA compliant. It was determined that a move would be more cost effective, and with the reduced enrollment at Paul School, space was found there. The school building will be given back to its owner, rather than held for school related activities. Ms. Nason expressed concern that the reason the building needed such extensive repair was a long term lack of general maintenance. Ms. Nason then wondered what the Board would do if enrollment went back up? Where would the additional space be found? Ms. Kushner said that this was one more reason for more space at the new SAU location. Ms. Nason then wondered whether the use of SAU space for school facilities would then become part of the SAU budget. Ms. Kushner said that any expenses for school activity at the SAU location would continue to be outside the SAU budget & be split proportionally between Milton & Wakefield.

Mr. Fogg then asked about contracts – does anyone have a contract over 1 year. Ms. Gagnon noted that no individual, except the superintendent, had a multi year contract.

Mr. Miller than asked for confirmation of the term for which the town is responsible for the special ed needs of its children. Ms. Gagnon confirmed that it is from age 3 (starting with the Bright Beginnings program) to age 21.

Open items: Mr. Eaton will get back to the Committee about

1. the \$60K deferred payment (after the meeting Mr. Eaton sent note saying this was for a school bus)
2. the unreserved fund balance discrepancies
3. the special meeting status needed for override of budget

Mr. Knight shared he concerns for the 2010-11 budget:

1. town is currently looking at 34 more foreclosures

2. Social Security recipients (a large portion of population) are going to experience a net reduction in income this year, with no cost of living adjustment and an increase in Medicaid costs.
3. town is losing about \$30K in revenue sharing monies formerly received from state

Ms. Nason noted that the Teacher's Union contract would be up in 2010. She & others offered suggestions of items to be reviewed:

1. get the salary determination away from the current index used.
2. merit increases only
3. reduce professional development time out of school day
4. reevaluate sick time allowance. 15 days is grossly out of line with other industries, even those where employees are routinely exposed to illness
5. the Budget Committee wants to see the entire contract, not just a summary of the proposed changes

(here ended discussion of the school budget results)

Ms. Frost noted that the town budget, running from 1-1 to 12-31, is running very close to budget.

Mr. Knight wondered if Ms. Frost had received any feedback from employees about the 3% increase granted, down from the proposed 5% & cost of living adjustment. Ms. Frost said that she had no feedback to share. Ms. Nason wondered if the new salary survey was finished. Ms. Frost replied that it is not done.

Mr. Miller then inquired about revenue projections. Ms. Frost observed that while she did not have details, generally revenue is down. As an example, she noted that auto registrations are down about \$30K. She also noted that the recycling facility was having less success selling off commodity, and is in fact, sometimes having to pay to have it hauled away.

Mr. Fogg wondered how interfund operating transfers worked – how money moved between capital reserve funds and the general fund. Mr. Knight noted that he continues to believe that for most items, setting up reserve funds for programmable purchases (eg-ambulances, policy cars, buses, etc) are the best way to go, rather than raising bonds.

Mr. Edwards then noted that he believes the Town planner is one of the expenses that needs to be reviewed. It was noted that the contract w/town planner expires in June, 2010. Mr. Knight observed that he believes the position is needed for development of & follow-through for capital improvements. The issue should be the value of the position to the town and not dwell on how the individual was hired. Ms. Nason noted that it is not the Budget Committee's mandate to decide whether or not to employ – it is the Committee's mandate to work with town departments to evaluate the value of all positions, full & part-time, and decide whether service or salary needs to be adjusted.

There were some questions about the need for specific positions, and it was noted that the summer part time pay noted for the Parks & Rec department is essentially self-funded about out fees for the summer programs.

Mr. Knight noted that he's looking for a flat or below budget request from the Town. Overall, he expects that the tax rate will be town +/- 3%, and there is not update of property values expected.

Mr. Knight closed with the reminder that the Committee will begin the Town Budget review on Saturday, 10-31-09, 9:00 AM – 1:00 PM. He also wondered if a training program would be helpful for the new members – how the Committee works, etc. Several members expressed interest, in training or attending, so long a the event was at night during the week. Mr. Knight will get back to everyone about possible dates.

Meeting closed at 9:00 PM