

**BUDGET COMMITTEE  
TOWN OF PEMBROKE, NH  
December 20, 2018 at 6:30 PM**

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Karen Yeaton, Chairman, called the meeting to order at 6:30 pm

**I. Attendance:**

Present: Michael Connor, Connie Soucy, Ann Bond, Gerry Fleury, Karen Yeaton, Tina Courtemanche, Marie Chouinard, Brian Seaworth, David Doherty, Daniel Crean, Armand Soucy

Staff: Recording Secretary Jillian McNeil

**II. Approval of Minutes:**

Gerry Fleury moved to approve the minutes of December 13, 2018. Connie Soucy seconded the motion. Motion approved 10-0 with Connie Soucy and Michael Connor abstaining.

**III. Presentation of the 2019/2020 School Board Budget**

Amber Wheeler, Business Administrator, Patty Sherman, Superintendent, and Tom Serafin, Pembroke School Board, presented the 2019 School Board Budget.

Tom Serafin began by explaining how the School Board intends to present the budget. First, there will be a slide presentation that will begin with Tom going over the agenda and overview slides and then be turned over to Patty and Amber for the more in-depth slides. At the conclusion of the slide presentation, they will hand out the budget packet binders to the Committee to then go over line by line.

Tom began by reading over the Agenda on slide 1 and the overview of the School Board's approach to the budget on Slide 2.

FY18 Surplus Review, Slide 3 –

Gerry Fleury noted that fringe expenditures is about 84% of the salary expenditure and typically that range should fall at around 40%.

Amber Wheeler discussed the FY18 surplus review. The budget freeze from last year freed up some appropriations causing a surplus. The largest surpluses from the Pembroke School overall budget are highlighted in the presentation. For expenditures, salary and fringe surpluses were due to keeping any open positions vacant. Supplies and equipment were purchased on an emergency basis, and staff development was put on hold. On the revenue side, there was a change in the approach used to look at

enrollments and tuition. Amber collected data on yearly, monthly, and daily enrollment numbers in order to more accurately predict future enrollments. She also based enrollments number at 90% of what was expected from the AREA schools in the District. The State took a look at Adequacy Aid and reallocated some funds to schools. The States requested that the additional funds be recorded separately rather than lump it in with what was already given. Medicaid is based on need and commonly fluctuates the most. Medicaid is based on student needs and those needs change throughout the year. When budgeting 15 months in advance, it can be difficult to accurately project these numbers as the student body changes and the seriousness of the needs change with the students. Miscellaneous income is encompassing many things such as insurance claims that were paid out, refunds from materials purchased, write offs, etc... Taking the appropriations and the surplus from revenue, the School came up with the 1.3 Million to give back to the Town to offset the 2018 tax rate.

Gerry Fleury asked to what extent the state aid reimbursements coming in after the expense has occurred is material. How much of the current revenue is related to past costs and what are we expecting to see for this year. Patty Sherman explained that for Special Education Aid, formerly known as Catastrophic Aid, the government sets a rate they consider costs incurred by a school to be catastrophic. That rate is 3.5 times the average state salary. The state then only refunds 80% of that catastrophic amount. This year the state refunded only 70% of the costs incurred. Amber stated they had budgeted for the State to only reimburse 67% due to past history of reimbursements. Patty stated that it is hard to predict what the State will reimburse as well as accounting for any student that could move to the District on any given day needing services that they will not be reimbursed until the following year. Amber stated that it is not material.

Connie Soucy is asking if there will be a breakdown of what supplies and equipment includes. Tom Serafin stated that they have asked the principals of each school to discuss the operational expenditures for their schools. After they present, if more detailed is needed they will provide it.

Karen Yeaton asked if the revenues are more than what was anticipated. Amber stated that no, those were the end of year totals of areas where the District ended up with more revenue than anticipated, however, the figure does not represent the unanticipated overage. Amber stated that the tuition expenditure surplus has to do with the vocational program.

Gerry Fleury asked how they saved a considerable amount more on fringe benefits than what would normally be expected comparable to salary. Amber explained a lot of the savings happens when there are plan changes from current employees or a new employee selects an insurance plan that is different than what was budgeted for.

Impact of Budget Freeze, Slide 4 -

Headmaster of Pembroke Academy, Paul Famulari, presented the impact of the budget freeze at Pembroke Academy. Paul stated that restrictions were placed on all departments within the school. Supplies and consumables were frozen. Requisitions were not fulfilled which meant books teachers were counting on for instruction for classes that started mid-way through the year, would not be coming in. The science department teachers were significantly impacted by being put on the freeze. They were unable to get anything with a limited shelf life such as live specimens or chemicals. The library and media center couldn't purchase support test and a/v materials. Technology was unable to be upgraded or replenished. Instruction in the media center came to a halt.

Gerry Fleury asked if it was an accreditation year, would there been difficulty meeting the requirements. Paul stated that it wouldn't affect their accreditation, however, it would be mentioned several times in the report by faculty, other staff members, the students, and the independent counsel that are all interviewed for the report. Karen Yeaton was wondering if there could be some insight on the impacts to teachers and the quality of education. Paul stated that the administration made a point to being present in the classrooms to recognize the impact. The teachers had to make substantial changes to their curriculum. The teachers worked hard to not bring the baggage of the freeze to the classroom for the sake of the students. When teachers are operating on limited resources and what students were expecting at the start of the semester was not the actuality come the end of the semester. Having seasoned teachers who were able to adjust was important.

#### Impact of Budget Freeze, Slide 5 -

John Marston, Principal of Three Rivers School, stated that if someone left the position was not filled. General Supplies were frozen so the school asked for donations or the teachers purchased their own. If printers ran out of ink, more ink was not purchased. Co-Curricular supplies were frozen and uniforms or older equipment were not replaced. In response to the question about teacher impact, John spoke to teachers stating that it may be time to leave the District.

Tom stated that there is not an impact slide for Hill/Village because Susie Griffith, Principal, made many pre-budget freeze purchases and she is also ill. Gerry asked if there is any oversight from preventing a principal from ordering operating supplies prior to a known a freeze if this was to happen again. Patty stated that there is always oversight but at the elementary level it is easier to predict what the School will need for the year. They typically make the bulk of their purchases over the summer. At higher levels, the materials needed are often spread throughout the course of the year due to timing of classes and the need for materials such as specimens which expire.

Karen Yeaton asked if any efficiencies came out of this experience. Paul Famulari stated while there was a mindfulness to being fiscally responsible, they taught less with less and were not able to do more with less. Art Departments did more group projects in order to stretch out supplies but this meant students were unable to make

their own projects. Robotics is now a co-curricular and a curricular in the science Department they tried to find ways to re-use resources for both. John Marston stated that the schools are not flush with supplies to begin with and typically have a budget of 23\$/per student for the entire year. They requested more from parents and relied on them for school projects. Where the school is really hit hard is the inability to replace staff members.

Armand Soucy asked how often the kids are utilizing fundraising to supplement their education. Peter answered that fundraising was done for co-curriculars and not the core classes.

#### Tax Rate History, Slide 6 -

Tom discussed the Tax Rate History and Impact. The tax rate impact is increasing from \$14.46 per thousand up to \$17.35 per thousand. The \$1.3 million that was returned caused a one-year temporary depression, however, the \$17.35 is still less than the 2017 tax rate of \$17.81.

Gerry Fleury stated his concern about the Town's support of this budget. Tom stated is that he is hopeful that with the Budget Committee's support, it will pass. The hope of the School Board is that the return of the money is seen as good faith. If the School Board had not returned the \$1.3 Million, the rate last year would have been over \$19.00 per thousand and the \$17.35 would be a large decrease. Gerry stated his concern with the tax rate impact jump is that it will hurt the town and there is danger in what will happen at Town Meeting. Karen stated that she is hoping that we can come together with a number that all committees and boards can agree too.

#### Fund 1 – Discretionary vs. Non-Discretionary, Slide 7 -

Amber discussed discretionary and non-discretionary spending. The total budget for 19/20 is \$24,688,957. \$11,719,953 as discretionary and \$12,969,004 as non-discretionary. Examples of the main discretionary spending items are personnel, supplies, and equipment. Examples of non-discretionary spending items are special education costs, contractual items, and lease/bond payments. Fringe benefits fall into both categories.

Gerry asked if a position was cut is there any on going health insurance costs. Amber answered there is not. Brian Seaworth asked Amber to define the term Fund 1. Fund 1 is the operating budget that is voted on at Town Meeting. Fund 4 is the food Service budget and the other funds are grants. Both fund 4 and the other funds are directly offset by revenue.

#### Fund 1 – Last Ten Years, Slide 8 -

Tom stated that the Fund 1 appropriations have been largely flat. The proposed 19/20 budget is going back to being less than it was in 16/17. Karen stated that it is important to keep in mind that revenues are not factored into these figures and those have a large impact.

#### Impact of Teachers Contract, Slide 9 -

Tom stated that the cost of the teachers 'contract alone is \$393,694. This year's proposed contract increase is \$286,547. There were large cuts to offset the contractual increases these contracts would have caused had the remainder of the budget been left level funded. One of the main cuts was in staff reductions.

#### Proposed Staff Reductions for FY 19/20, Slide 10 –

Patty stated some of the reductions were able to be made when Village and Hill Schools merge and were anticipated last year. In addition to those known cuts were 1 guidance counselor, 1 nurse, 1.5 custodial staff, 1.5 secretarial staff, and 2 teachers. The two teaching staff positions are in response to declining enrollment.

Marie Chouniard asked how many principals there are for Hill and Village. Patty stated there currently is a Principal and one Assistant Principal for the two schools and that will continue as the merge happens next year. Marie clarified that previous to this, there were two Principals and no assistant principals so is there a savings having one principal and one assistant principal. Patty answered yes. Tom stated that for the majority of her career, the Principal of the Village School was recognized as an Assistant but she ended her career as a recognized Principal. The Board supported the value she brought to the school and the need to have two separate Principals but the current model for every school in the District is One Principal and one Assistant Principal except Pembroke Academy. Connie Soucy asked what the role of the Assistant Principal is.

John Marston answered that his job is to follow the lead of the Superintendent. At Three Rivers, he manages the 50-55 adult staff members and their development, the curriculum, budget items, legal items, and communications between the school and parents. The majority of the job of the Assistant Principal is student management and athletics. With over 350 students, she is very busy. They work very closely together and will assist each other in the roles they have.

Paul Famulari stated that there are over 800 students at Pembroke Academy and that requires two Deans of Students. Each Dean has 400+ students they are managing on any given day. From Graduation plans and requirements to attendance and disciplinary issues. There is an athletic Director or handle the 40+ NHIAA sponsored athletic teams. Director of Exceptional Services who oversees all of the school's special education students. There is also a Director of Curriculum who oversees all of the schedule building, student information system, and grade reporting. Paul oversees all of the day to day operations of the school. Paul stated that the Principals are

frequently called out of their buildings which leaves the running of the schools to the Assistant Principals and Administrative Teams.

Marie asked where the two-teacher reduction is happening. Patty answered at Three Rivers School. Over the past several years, the school has been reducing from five teachers per grade level to four teachers per grade level as enrollment declines.

Connie asked why is there a need for Guidance Counselors with the Assistant Principals doing a lot of student management. John answered that guidance Counselors are the busiest people in the building. They deal with the mental health of the students. Anxiety issues, homelessness, self-harm, adjustment throughout school, safety issues, social and emotional support, and anger issues. Everyone works in harmony with each other to help the students. The Assistants will deal with the disciplinary issues and then refer the students off to the Guidance Counselors for further guidance to address the underlying issues. Paul stated that they also support and guide the students through the schools. The Guidance Counselors and Dean of Students are tethered together. If a student is in crisis, they would deal with the Dean first to make sure they are safe and accounted for and then they would be referred to Guidance for secondary support to see what is going on outside of the walls of the school that is contributing to the behavior inside the school. Ann also added that they would be in charge of the any 504 plans or special educational needs. Armand asked what the role of the school is when drug rehab is needed. John said at TRS no one is certified to do drug rehab but they can refer students to get the support they need with resources they have out in the community. At this level, it is mainly supporting students dealing with their parent's drug addiction. Paul at the high school level they would not conduct a full rehab but there is a full-time drug intervention and prevention counselor on staff. Any student receiving disciplinary actions for substance abuse or use on campus they would be referred to him prior to reentry from any suspension. He does service the entire student body.

Tina Courtemanche asked if the paraprofessionals that were not replaced last year at Three Rivers are being replaced this year. John said they replaced two paraprofessionals but there were four classroom aides that were not replaced.

#### Student Enrollment – Slide 11

Patty stated that the enrollment counts for the state happen on October 1, so for comparison purposes that was the date that was chosen for the slide but on any given day that count will change. 2015-16 counts were upwards of 1602 and this year it is 1430. Marie asked for the breakdown between the schools. Patty stated that it is in binders and they will come back to that question when they find it. Brian Seaworth asked if this will be a continuing trend. Patty stated that next year is projecting at 1454. They will remove the seniors, carry the numbers forward, and then try and project the incoming Kindergartners to get the total projected enrollments. There were 71 kindergartners last year, this year there were 59 and they are estimating 65 for next year. Tom stated that there are several potential developments trying to be built in

Pembroke and if there is an average of 1.7 kids per household, that will drastically change the projected enrollments. Dan Crean asked how student enrollment track with AREA schools. Patty said enrollment numbers for the K-4 level 313, 5-8 level are 357, and the 9-12 level are 760. Armand asked if there is an issue with sending schools saying they will send 10 but only sending 7 but Pembroke has to plan for 10. Patty stated Amber has a complex spreadsheet she's developed to try and predict what will actually walk through the doors at the beginning of the school year. Amber stated that the sending schools are also projecting 14-15 months in advance for what they will be sending to the District. A lot of things can happen in those 14-15 months so they are trying to look at trends and what the factors are that are coming into play. She's tracking monthly and where the students are going. Some of the biggest differences come from students moving from one AREA school to the other or moving from an AREA school to Pembroke or moving out of state. There was not a lot of analytical data until last year. They will use this method going forward. Tom stated that years ago Allenstown measured how many students that start in the district are ending in the district. He believes that figure was around 80% of people started there but ended somewhere else.

Ann Bond asked if there are any reimbursements for sending schools who do not send the number of students they originally planned to. Amber answered that the District receives revenue based on the daily attendance. Dan Crean asked if the agreement could be amended to add provision could be put into the AREA agreement where there is a way to recoup any lost revenue from what was projected at budget time since Pembroke is budgeting for services provided to students who do not come. Gerry Fleury stated that this is outside the prevue of the Budget Committee and there is a danger in opening up the AREA agreement. Tom stated that there are students that come to the Board after going to their own school Board and ask to go to a different school. Without a reason that meets very specific criteria, students have to come to Pembroke Academy. A piece of focus for the Board when creating the budget is ensuring that Pembroke Academy remains a school of choice.

#### Cost Per Pupil, Slide 12 -

Tom stated that the 17/18 State average was \$15,865 and Pembroke was \$15,495. Pembroke has remained under the state average at least going back to 13/14. Patty stated that the State averages are direct from the State of New Hampshire.

#### Revenue, Slide 13 -

Amber discussed the School's approach to revenue. The revenue difference between tax rate setting revenues for this year and the estimated for next year \$146,640 reduction. The majority of that reduction is from adequacy aid. There is \$133,000 less adequacy aid from last year. Infrastructure Grant are estimated at a little more than \$117,000. Kindergarten aid has an estimated increase of \$65,000. There is an expected increase in tuition dollars for next year. The same approach was taken as last year but this year she had the benefit of a full years' worth of month to month live

data to assist in her calculations. For Pembroke Academy, senior enrollments were removed and 8<sup>th</sup> graders were added in and then she looked at proposed PA expenses to come up with a net cost per student. From there a 90% of the anticipated enrollment from AREA schools was taken into account. This same approach was taken last year and the District ended up 26 students which lead to the tuition revenue surplus that was discussed at the beginning of the presentation.

Gerry asked the net revenue change versus the expenditure change is for this budget. Patty stated that total is \$146,640. It is broken out in the packets provided.

Ann asked what the percentage that was used for projected enrollment was used in 17/18 and Amber stated it was 92%. The district could lose 46 or so students and still be in touch with revenue. There were substantial changes in enrollment that occurred in that year.

Due to the hour, it was the decision of the board to adjourn for the evening and continue with the remainder of the slide presentation at the next meeting.

#### **IV. Other Business**

Next Budget Committee Meeting will be held January 3, 2018 at the Town Hall.

#### **V. Adjourn**

Gerry made a motion to adjourn at 8:39 PM. Marie Chouinard seconded the motion and it was approved unanimously.

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Karen Yeaton, Chairman

For more detailed information, the meetings are now taped and can be seen on [www.townhallstreams.com](http://www.townhallstreams.com) click on Pembroke NH and look for the day of the meeting under the month.