

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
JANUARY 9, 2020 at 6:30 PM**

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

I. Attendance:

Present:

Daniel Crean, Peter Gagy, Michael Connor, Marie Chouinard, Brian Seaworth, Gerry Fleury, Karen Yeaton, Sandy Goulet, Paul Hanson, Andy Camidge, and Richard Bean

Excused: Armand Soucy

Staff: Recording Secretary Jillian McNeil

II. Approval of Minutes: January 2, 2020:

Sandy Goulet moved to approve the minutes of January 2, 2020 as presented. Dan Crean seconded the motion. Motion passed 9-0. Richard Bean abstained.

III. 2020 School District Budget Presentation

Patty Sherman, Superintendent SAU 53, Amber Wheeler, Business Administrator SAU 53, and Andy Camidge, Pembroke School Board, continued with the discussions surrounding the 2020 School District budget.

Gerry Fleury stated that the proposed paraprofessionals annual salaries are \$18,182.00 with a health and dental benefit totaling \$25,919 which is 142% of the salary and presumably family plans. Gerry asked if the District has a policy for health insurance buy outs. Amber answered that if an employee does not take the insurance, the buyout is \$1,500 and they always estimate at highest risk for insurance benefits. Gerry pointed out that if all of the proposed positions were filled with people who received the buyout, the District would then have an extra \$100,000 in their budget that they could change between lines. Gerry suggested not budgeting at the max for health insurance.

Richard Bean asked who the school has for an insurance carrier and if they have gone out to bid. Amber answered that the District uses SchoolCare and they are currently in the process of collecting bids for health insurance. Amber stated they reached out to HealthTrust and New Hampshire Interlocal Trust, she will bring the information to the next meeting.

Gerry Fleury asked if paraprofessionals are unionized and has the School Board considered offering them coverage that is less than what the contracted employees receive. Patty stated that earlier today the paraprofessionals voted to unionize. That will not affect this budget, but will affect future budgets. Patty explained that the salary for paras is extremely low and the insurance is how they have been able to retain them. The Board has not discussed changing their insurance.

Richard Bean asked if they are full-time employees. Patty stated that they work the full school day but are only paid for 180 days of the year.

Gerry Fleury stated that since the collective bargaining unit (CBA) is a warrant article this year, if passed, that would add more to the bottom line of the operating budget which would raise the tax increase from the school district higher than 15%. Amber agreed. Gerry stated that in previous years, when there was a CBA change in the budget, the School District would make a larger effort to keep the operating budget down to accommodate the CBA. This year they are adding \$57,000 in new programs, a 15% increase in the overall budget, and a new CBA agreement. Patty stated that there is \$57,000 in new equipment in the budget but they are not necessarily specific to any new programs. The equipment is for the entire science department. Andy also clarified that the new STEM program will not require all new teachers and all new equipment. The program will share equipment with the entire science department. Andy shared that on the list of efficiencies that they presented; the School Board asked the Principals for the positions that they would need to feel their schools are fully staffed but are not being asked for in this budget. The School Board is not asking for those. The items in the budget are items that have been cut in the past and they feel needs to start being added back in. The School Board tried to look at the 1200 lines to see if there was anything they could cut from those lines. They went student by student with the Special Education Coordinator and didn't find any flexibility.

Mike Connor asked what the year by year percentage increase is for the CBA. Patty answered that in year one there is a 1.80% increase, year two is 2.00%, and year three is 2.50%.

Brian Seaworth asked were any items they could highlight that had any give or take on either side during the negotiations of the CBA. Andy stated that married couples will be eligible for insurance buy outs for a spouse, and professional development funds negotiated in year three. Patty added that if an employee leaves in the summer, they will need to refund the school for the cost of insurance since the school pre-pays that for them. Andy stated that teachers will have more notice before staff meetings, calendars will be changed to instructional hours rather than days which will build in 5 snow days and there will no longer be blizzard bags, and there were notes about additional duties like drop off lines, lunch monitoring and items like that. Patty stated the retirement incentive was half of a person's salary and part of insurance was covered until 65. The Board is working to phase that out. The current contract has the

choice of either insurance or salary and the next contracts will not have the option at all.

Mike Connor stated that when he was working on the math for the 1.8% increase for CBA salary and benefits, the \$436,000-year one increase would be closer to a 3.00%. Patty stated that those numbers include fringe benefits.

Gerry Fleury clarified that the CBA increases should be everything beyond current salary level including increases in salary for union members plus FICA, retirement, and any other factors such as course reimbursements but does not include salaries for non-union members or administrators. Patty agreed.

Brian Seaworth asked why they are removing blizzard bags. Andy stated that they feel a blizzard bag is not equal to a day of school. It is also a hardship on those parents who have to send their kids to day care and then by the time they do pick up, get home, and have dinner they then have 2-3 hours of blizzard bags to do. Which is a struggle for some families. Sandy Goulet shared support for blizzard bags. Patty stated that changing to instructional hours will mean that snow days will not have to be added to the end of the school year because they will be built into the calendar already.

Richard Bean stated that he would like a spreadsheet of each line item expenditures broken down into quarters in order to see if the school district is accelerating their spending at the end of the year to use up excess funds. Amber stated she is unsure if her software does that but she will work on it and see what she is able to do. Brian Seaworth asked if they would expect to see a year where they held back on expenditures until they knew the revenue was coming in. Patty answered that they will see that and they have frozen the budget many times and they have told principals to hold off on any spending and she is unsure if that data will accurately reflect what Richard is looking for.

Dan Crean asked if there are any change to the step increases. Patty stated that the step levels increased and in past contracts there were people not awarded step increases who will be moving up multiple steps this year in order to be aligned with where they should be. Dan asked what the magnitude of the step increases are. Patty stated they did not bring the old step scale with them but they will bring it next meeting. Dan asked if any study been one to see whether people granted step increases get better at teaching. Patty stated that the theory of the step increases is that a newest teacher starts out at the bottom and works their way up with experience so by the time they are at 12-15 years of teaching, they are at the top steps. Andy stated that in the looking at DOE numbers, the top of the Pembroke's pay scale is lower than the top of most other scales. When the school awards step increases, it increases the chances the teachers will stay and the District is not in a constant need for new teachers. Patty stated than an economist did a presentation to the School Board about how behind Pembroke is in the pay scales they currently have. Dan asked if the Pembroke School District gains anything by giving step increases other than being in

line with other school districts. Patty stated that every year of experience a teacher is getting better and better and they are evaluated every year but it would be a hard thing to quantify.

Marie Chouinard asked if they know what the daily operational and maintenance savings have been since the closing of Village School. Patty stated that they will not have that until the end of this school year. They know what they have paid in the past at Village but there will be increases at Hill with the increased students so at the end of the year they will be able to see the full realized savings.

Gerry Fleury asked for insight into how new faculty members are hired. The salary schedule has step 1- Bachelor's Degree – \$38,369 assumes an inexperienced teacher with a Bachelor's Degree, however, if that teacher comes from another district where they have been teaching 5-8 years, they will end up mid salary scale. How is the workforce distributed across the steps? Patty stated that there are people in the beginning steps but there is a cluster at the top of the steps. Gerry asked if there were positions, they could not fill because the salary was not sufficient to attract anyone. Patty stated that there is a shortage in general in the state and there are positions they have been unable to fill but she does not know why the people did not accept the position or apply. Andy stated that there have been several teachers who have left and cited salary as one of the main reasons.

Paul Hanson stated that in 2017, when there was the shortfall, the following year it was said at town meeting that if they approved the larger budget then the following year cuts could be made. The net amount to be raised by taxes in 2017 went up by 17.3%, in 2018 it went down 18.5%, in 2019 it went up 6.8%, and this year it will be back up 15.4%. Paul asked what was done in 2018 to cause that drop. Andy stated that there was a complete budget freeze and they gave back \$1.3 million dollars to the tax payers. That caused the fluctuation. Andy also pointed that while the tax rate is changing and changing dramatically, the operating budget of the school has only gone up a few percentage points over the past seven years.

Karen Yeaton stated that while we cannot control how much money the federal and state government is going to give or how many students may move in or out of the district, but the School District should do a better job of controlling the items they have control over with building and operational efficiencies. Patty stated she gave the Budget Committee a list they were able to quickly come up with of what they are doing as a district to save money every day. The schools are still suffering from the cuts they made as a result of 2017 revenue loss.

Dan Crean suggested that they talk to School Administrators Association and the School Boards Association to fight the bus companies and their reluctance to bid on each other's territories allowing them to charge whatever they want.

Mike Connor recommends a reduction of \$672,083 to the overall budget. Mike got to that number by taking the total budget of \$26,883,330 and looked for a 2.5% lapse.

That would reduce the 5.4% increase in appropriations to 2.7% and reduce the tax rate increase from 9.8% to 6.4%.

Karen Yeaton looked at the tax rate and looked at how to get the school dollar per thousand to \$14.24. This could be done if the total budget was reduced by \$983,000 from \$26,883,330 to \$25,900,000.

IV. School Warrant Articles

- To see if the Pembroke School District will vote to raise and appropriate the budget committee's recommended amount of \$xx,xxx,xxx for the support of schools, for the payment of salaries for the school district officials and agents, and for the payment for the statutory obligations of the District. This article does not include appropriations voted in other warrant

No Vote

- Gerry Fleury made a motion to approve warrant article 3 - To see if the Pembroke School District will vote to raise and appropriate the sum of thirty thousand dollars (\$30,000) for the purpose of floor replacement and exterior painting, with said funds to come from the School Building Capital Reserve Fund previously established for these purposes. Mike Connor seconded the motion.

Brian Seaworth confirmed that this is a regularly spent amount on floors. Patty and Amber agreed. Patty explained that Josh Coughlin has a spreadsheet of all the CIP projects and a schedule of what is being done year to year. It was presented last year as a five-year plan.

Dan Crean feels that the warrant article is vague. Patty stated that in the past, the warrant articles have been more specific to which school and they will add that in the future.

Motion was tabled until the warrant article can be re-written with more detail.

- Sandy Goulet made a motion to approve warrant article 4 - To see if the Pembroke School District will vote to raise and appropriate the sum of one hundred two thousand five hundred dollars (\$102,500) to be added to the School Building Capital Reserve Fund for the purpose of continuing work on the Capital Improvement Projects. Gerry Fleury seconded the motion. Motion failed 2-8.

Gerry Fleury asked how they got to \$102,500. Patty stated that it is from Josh Coughlin's CIP spreadsheet of projects.

Dan Crean stated that he has the same concerns about the vagueness of this article.

Marie Chouinard asked for the current balance of this fund. Karen Yeaton and Marie expressed frustrations that the names of the capital reserve funds in the warrant

articles do not match the spreadsheet they were given. The balance of the School Building Capital Reserve \$97,950.

Gerry Fleury read from the CIP plan that is in the town budget binder that lists ADA upgrades, fire life safety, stage ramp, hot water heater, gas fired heating units, and exhaust fume hoods as projects.

Brian Seaworth stated that the wording of the article stated that the money is not coming from the unassigned fund balance. Andy stated that the items in this category are items they feel need to be completed if they do not fund it then they could be in a deficit situation in the future. The projects are not viewed as optional.

Mike Connor stated that even though these projects need to be completed, he is voting against this warrant article because of the magnitude of the rest of the budget.

- Sandy Goulet made a motion to approve warrant article 5 - To see if the Pembroke School District vote to approve the cost items set forth in the collective bargaining agreement reached between the Pembroke School Board and the Education Association of Pembroke for the 2020/21, 2021/22, and 2022/23 fiscal years, which calls for the following estimated increases in salaries and benefits at the current staffing level:

2020/21	\$436,954
2021/22	\$420,339
2022/23	\$406,969

and further to raise and appropriate the sum of \$436,954 for the 2020/21 fiscal year, such sum representing the additional costs attributable to the increase in salaries and benefits required by the new agreement over those that would be paid at current staffing level. Gerry Fleury seconded the motion. Motion failed 1-9

Mike Connor stated he is voting against it because he believes that increases are more than the town can afford.

Brian Seaworth clarified that in the past, if they did not agree to the figure in article 1, they would reject the collective bargaining unit. He does not feel he can vote on this article not knowing where the final budget figure in warrant article 1 is going to end up at.

Paul Hanson agreed with Brian's summation. Without knowing the total budget, he does not feel he can support article 5.

Gerry Fleury commented that the order of the warrant articles is troubling because they want to know if they are going to spend money on the CBA before voting on the operating budget. Gerry stated he cannot support article 5.

Dan Crean stated he cannot support article 5 because it is too much of an increase.

Andy shared the feeling of the School Board at the moment is that they do not plan to make any further cuts to their proposed operating budget. If the Committee has

specific budget cuts they would like School Board to consider, he would be happy to take those back to them. Sandy Goulet stated that they cannot tell the Board what lines to cut from because they can move money between lines.

- Sandy Goulet made a motion to approve warrant article 6 - To see if the Pembroke School District will vote to raise and appropriate the sum of up to thirty-five thousand dollars (\$35,000) to be added to the Site Improvement Expendable Trust Fund previously established, with such amount to be funded from the June 30, 2020 unassigned fund balance available for transfer on July 1, 2020. Mike Connor seconded the motion. Motion passed 9-1.

Mike Connor stated that he is supporting this article because this article encourages “managing the lapse”.

Gerry Fleury stated that unless he knows what the School District is saving for, he cannot support this article. Gerry does not believe they have ever spent from this particular trust fund. Patty stated that they have made withdrawals for paving in FY 15/16 and FY 17/18. Andy stated that the last two withdrawals have had a high dollar value larger than the current balance of the trust.

Peter Gagyi asked if they have another paving project coming up. Patty stated that they do and it is in Josh’s CIP plan.

- Sandy Goulet made a motion to approve warrant article 7 - To see if the Pembroke School District will vote to raise and appropriate the sum of up to ten thousand dollars (\$10,000) to be added to the Technology Expendable Trust Fund previously established, with such amount to be funded from the June 30, 2020 unassigned fund balance available for transfer on July 1, 2020. Marie Chouinard seconded the motion. Motion passed 10-1.

Gerry Fleury stated that he supports this article because they continue to ask the School Board to use technology to be more innovative in finding cost efficiencies and they cannot do that with a technology platform.

Marie Chouinard asked for the balance of the fund. Patty answered \$50,012.

Peter Gagyi made the comment that they do not appear to be spending from the trust fund, so do they actually need to add more money. Patty stated that the initial thought with this fund is to build up enough of a cushion for catastrophic failures such as if a server was to fail, and then when they feel comfortable, they will spend from it.

- Sandy Goulet made a motion to approve warrant article 8 - To see if the Pembroke School District will vote to raise and appropriate the sum of up to thirty-seven thousand five hundred dollars (\$37,500) to be added to the Equipment Installation & Labor Expendable Trust Fund previously established, with such amount to be funded from the June 30, 2020 unassigned fund balance available for transfer on July 1, 2020. Marie Chouinard seconded the motion.

Dan Crean asked if there was a target for this capital reserve. Amber stated that this is also in Josh's CIP plan and is for camera's, trucks, mowers, and tractors.

Dan Crean made a motion to table discussion on warrant article 8 pending more information. Brian Seaworth seconded the motion. Motion passed 10-0.

V. Other Business

Andy shared that there is a possibility of two more warrant articles. One is for selling the Grange Building and one is for a purchase of a piece of land.

The next meeting will be held January 16, 2020 to discuss the Town warrant articles and the remaining School District warrant articles.

VI. Adjourn

Dan Crean made a motion to adjourn at 8:20 PM. Sandy Goulet seconded the motion and it was approved unanimously.

Karen Yeaton, Chairman

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