

**BUDGET COMMITTEE  
TOWN OF PEMBROKE, NH  
January 18, 2024 at 6:30 PM**

**FINAL**

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Video recordings of Budget Committee meetings can be found at:

[https://townhallstreams.com/towns/pembroke\\_nh](https://townhallstreams.com/towns/pembroke_nh)

The relative start time of each agenda section is noted below.

Mark LePage, Chairman, called the meeting to order at 6:30pm.

**I. Attendance**

Budget Committee Present: Mark LePage, Gerry Fleury, Clint Hanson, Gene Gauss, Brian Seaworth, Peter Gagyi, Matt Miller, Jason Mayeu, Louis Caron, Jennifer Miskovic (formerly Johnson)

Budget Committee Excused: Sue Whitbeck

Budget Committee Not Present: None

**II. Approval of Minutes: January 11, 2024 [01:30]**

Clint Hanson made a motion to approve the minutes of January 11, 2024. Louis Caron seconded the motion. Louis mentioned a correction for "ODD placement," which should be changed to "OOD placement" on page 3. Motion passed as amended 8-0. Jennifer Miskovic recused herself due to being absent/excused from the previous meeting.

**III. School Budget Review [03:06]**

Mark began the meeting by acknowledging that Dr. Dan Morris, Headmaster of Pembroke Academy was in attendance to answer any questions if necessary. He then welcomed Patty Sherman, Superintendent and Amber Wheeler, Business Administrator for the School District. He asked that they provide any updates that they may have for the School Budget. Patty made the Committee aware that the School Board meeting scheduled for Tuesday, January 16 was cancelled due to inclement weather. There was another meeting added for Tuesday, January 23. There are a couple of edits to the warrants, which will be brought to the Board on Tuesday and subsequently to the Budget Committee on Thursday.

Mark then recognized Gene Gauss and asked if he had any updates. Although he did not have any specific updates, he did want to speak about guidance that the School Board was looking for from the Budget Committee. He stated that there is guidance needed on what the Budget Committee would like the budget to be and what would make it more palatable. If the Committee is looking for a million dollars to be cut, then the Board will be working on that at the upcoming meeting in the form of cuts discussed last week to show the Committee at the next meeting. He also asked the Committee to let the Board know if they have provided a responsible budget, dollar amount aside. He wanted to know if any outstanding issues had not been addressed. He does not believe there are any wants in the budget, they are all needs. He spoke about the necessity to provide a free and adequate education to students. He also talked about the changes in the needs of Special Ed (SPED) over the last forty years and how that affects the budget. He also spoke about the budget being the same as years prior aside from the increasing costs. Nothing new has been added to this budget from the prior year.

Mark acknowledged Gene's request from the Committee. He asked that the conversation surrounding Gene's questions be held until later on in the meeting. He requested general questions from the Committee.

Matt Miller was recognized and spoke about the Concord Regional Technical Center (CRTC) Agreement that was provided to him. He wanted to know if a lawyer has looked at the agreement and determined what the termination clause involves. He believes that it is one year notice for termination of the agreement. Patty responded that they have not had a

lawyer review that portion of the agreement and that the School Board would need to make the decision to expend funds on legal fees to do so. She will bring it to the Board's attention for discussion.

Gerry Fleury then discussed Gene's request. He started by saying that it would be very difficult for the Budget Committee to give a target number without more insight into school operation. He said that it does look reasonable and does not look like anything was added as Gene had stated. He then spoke about appropriations for other districts with Londonderry at approximately 3.2% and Manchester at approximately 5%. Pembroke is at approximately 12%. He would like to know what is happening in Pembroke that is different, as those municipalities have the same needs that we do, including SPED. Gene responded that Jess Bickford was reaching out to other towns to see if there was any further information that could be gathered to answer that question. Gene then spoke about regular lines increasing because of planned contact increases and SPED lines increasing because of costs of services. Patty added that larger districts (i.e. Manchester) already have programs in place for a variety of different cases and can accommodate students with specific needs more easily. They also have more grant funding for different programs. Gerry mentioned that some other municipalities may own their own buses which may contribute to cost savings through economies of scale. Pembroke must negotiate contracts for transportation each year.

Mark then recognized Peter Gagy who passed out a handout with two graphs that he created. The first depicted the operating budget over time for both the school and town for the years 2018 to 2024. The second showed the SPED line versus the total student line over the same period of time. He wanted to show trends over the years for both. He also passed out a printout that showed the total taxes that were paid last year by assessed value and what they would be next year based on different percentage increases in the budget. These numbers are prior to the upcoming assessment. Clint commented that we are 35% below where the state wants us to for assessed value. He said that when the Equalized Assessed Value goes up, the rate goes down. There was further discussion on this with differing opinions as some said that the tax obligation will remain the same. Mark referenced the tax sheet and the current 32% increase in the Net Amount to be Raised by Taxes. There was then clarification on how the tax bill is split. If you add the June and December bills from the prior year and divide by two, that will equal your first (June) bill of the following year. The December bill will be affected by the current budget approval.

Gerry then spoke about affordability. He cannot see himself supporting a 32% increase. He mentioned that next year, they are looking at a \$50 million school issue and an issue on the expansion of the Public Works Garage. He mentioned the layoffs (example of UNH) in the current environment that are happening in order for companies and other entities to hit budgets. He then spoke about the Select Board meeting the night prior where there was a presentation from the company doing the assessments in the town. He talked about how residential taxes will see a large increase in comparison to businesses.

Jenn then asked how the Pembroke School Budget compares to the other municipalities in the SAU. The appropriations budget for Pembroke schools is 12.8%. Amber stated that the other towns are high as well.

Matt added that Pembroke has a small tax base in comparison to some other towns. Taxes are raised proportionately based on this. A 10% increase in two different communities can see two different tax increases based on the tax base in the town. A larger tax base leads to smaller increases in the event of a budget increase. Information can be found on the Funding Fairness in New Hampshire website. Portsmouth, as an example, has a tax base four times the size of Pembroke. If they had the same school budget increase, their taxes would increase at one quarter of the amount of Pembroke's.

Matt spoke about working in the gas and oil industry for 30 years. He spoke about booming and busting budgets and those that had large swings. Based on this experience, he proposes that the School Board comes to the Budget Committee (and Town) with different options. One best case scenario, one worst case and one middle of the road. Details of each scenario need to be provided so that an educated decision could be reached. There will then be tangible evidence that can be debated and discussed. He thinks it is best to lead the guidance by providing different scenarios with realistic outcomes. Gene responded that the budget is the only scenario. It was built from \$0. Anything that does not need to be carried over from the previous year has been removed, and contractual obligations are added. There are uncontrolled costs as well. Transportation and SPED were out of the School Board's control. Currently, they are nickel and diming the budget to try

and find savings. He further explained his earlier request/question and stated that he was asking if there was anything that the Budget Committee thinks was missed in looking at the budget.

Mark intervened and redirected the conversation back to providing the School Board with a number that the Budget Committee is comfortable with. Inevitably, the Budget Committee must present a budget that they support. He spoke about this type of situation happening before. There are only two meetings prior to the Public Hearing. There is not a lot of time to get into a lot of detail and analysis at this point. The School Board may choose not to reduce the budget and the Committee has to be prepared to do it on their own. Matt stated that he would not be comfortable asking the residents for more than a 10% increase in their Net Amount to be Raised by Taxes. Matt spoke about disrupting the trend line and not basing the budget off the prior year. This year it may require staffing changes or other drastic changes. It may also require something that would most likely have to come from those that run the school. They may understand better than him or the Committee would, in making those decisions.

Peter spoke about the town residents and what they would think about the increases. They may not agree with the Committee. This could become a problem at Town Meeting. Mark reminded the Committee that the budget can be reduced by any amount at the School and Town Meetings.

Brian Seaworth spoke about the impact of tuition changes. Revenues are flat at the schools, but the costs have increased dramatically. Brian inquired about tuition increases and how that translates to other municipalities in the district. Amber stated that SPED is not a factor when it comes to tuition for sending towns. She stated that tuition would be increasing by approximately \$400 per pupil. It is not just based on the budget, but also on enrollment. They are determining tuition in the fall prior to the Pembroke budget being approved. Brian then stated that there would not be a large increase in Epsom, Chichester, and Allenstown based on the budget for Pembroke Academy. Their increases would be related to their own costs like transportation. Amber pointed out the overhead (controllable expenses) for the School Budget is approximately \$177,000 for Pembroke. She spoke about some other towns having frozen budgets because of increased costs.

Brian then referred to Gene's initial request/question. He spoke about the School Board presenting what he referred to as a maintenance budget. He said he felt that when Gene spoke about the consideration of keeping Math Coaches that were previously grant funded, he got that feeling. He supports the thought that it does look like a maintenance budget in terms of what the School Board is trying to do if the total dollar amount is not considered.

Gene then asked Amber if increase in enrollment in schools had an impact on the SPED budget that was greater than the impact in prior years. Amber responded that she receives numbers, but no specifics on individual students. She would take back that question. It was mentioned that it could be as little as one student driving up the cost. He spoke about enrollment being a driver for the higher budget. Clint then spoke about lower enrollment in higher education and layoffs (pink slips) and closures. He said that what was proposed was a baseline budget based on a growth phase. When looking at making cuts, specifically pink slips, class sizes will need to be looked at. Historically, elementary has had lower student to teacher ratios, but that may not be possible. He spoke about Carnegie units and the current requirements that were necessary for graduation at Pembroke Academy and the possibility of adjusting that number. These may be the only options. Amber added that a college is slightly different because they can choose to just stop running a course if there isn't funding. Patty reminded everyone that if you cut from Pembroke Academy it is \$0.40 on the dollar based on the way the SAU is set up. The average cost per pupil in the state is \$19,917 and Pembroke Academy is \$16,283. Matt pointed out that there was an overall decrease in enrollment in Pembroke schools of approximately 20 students.

Gerry then discussed that cutting from Pembroke Academy is only \$0.40 on the dollar so the budget cuts will come on the backs of the K-8 schools. He circled back to affordability. He spoke about inflation and people not being able to keep up with that without a tax increase. The way that people spend money is going to have to change if this happens because their property taxes are going to increase drastically if this budget passes. Clint did not agree with the affordability approach. He feels that it should not be considered. The School Board still needs to meet the minimum standard for education regardless.

Andy Camidge, Chair of the School Board, then spoke. The School Board will be working on different scenarios at upcoming meetings. He also said that since 2018 (from Peter's graph), the School Budget has increased by 34.5% and the Town Budget has increased by 36.5%. He talked about wanting to know that the Budget Committee does not think there was more than the School Board could do to cut the budget when they move forward. The School Board is looking for their feedback and wants the Committee to be on the same page. He stated that no one likes this budget.

Matt spoke about education adequacy. He does not know exactly what that means and is unsure if it is truly defined. He thinks that it is a dilemma when you are asking taxpayers to pay large increases in taxes. There is a point where people will not be able to pay. It will be a big lift for regular people. Gene added that an adequate education as far as the state goes is meeting the minimum standard. There are minimum standards that the school must maintain. There was a brief discussion on the Claremont case and the State Trust Fund that was created. Brian pointed out that about one third of the State budget goes to local education. Matt requested a list of the minimum standards. Mark then stated that the School Board will look at what the District does not have to do which includes sports, music or art, and co-curriculars. They could increase class sizes as well. Those are the options currently. The Budget Committee can determine 1100-line budget or 1200-line budgets, but not line-by-line. Gene spoke about making Pembroke schools destination schools, specifically Pembroke Academy. This would help increase revenues. He spoke about Deerfield being given the option to come to PA and not one student enrolled (they picked Northwood Academy). Having the best school possible is critical to this effort. If programs are eliminated, the risk is run that the AREA Agreement for Pembroke Academy could be opened and towns leaving, which will only increase Pembroke's liability.

Gerry discussed the decision to sell the Village School after it was closed. It would have cost \$4 million to bring it to code. The presumption was that there would just need be a few classrooms added to the Hill School. Now the town is looking at \$50 million for a new building. He then spoke about multi-year Collective Bargaining Agreements (CBAs). He spoke about negotiating yearly. At this point, some may not see the benefit of the CBA because some staffing may need to be reduced. He spoke about administrative raises in the budget but laying people off in the same year. He does not like that idea. Clint mentioned that we will not get good people if they are not paid well, nor will they stay.

Clint then mentioned wanting to know what the bottom line is to meet what the SAU defines as adequate. The Budget Committee can decide what they want, but the SAU and School Board needs to decide what the minimum is that they can live with. Mark asked if that would result in a new budget or is it just another possibility. He spoke about the timeframe and needing the number prior to the Public Hearing for the tax sheet. Clint wants to avoid the SAU and School Board not getting to a specific number that was determined by the Committee. He wants a minimum number that they need to get by. Mark spoke about Brian's previous comment (last week) of a best and final offer.

Gerry spoke about the 10% override to the Budget Committees recommendation. There are exceptions for contractual mandates and federal or state requirements. If the number is too low, the voters can only increase that by 10%.

Louis added that 67% of the operational budget is associated with wages and benefits, 17% for transportation, 6.5% for English as a Second Language (ESOL) and 9.4% for overhead. He wanted to confirm that 67% is accurate. This was confirmed. The entire budget for co-curriculars is \$235,440. There are not many places to cut from. The only thing that is going to happen is increasing class sizes and reducing staff.

Mark talked about not knowing what the right number is. He spoke again about affordability. He is concerned for the people with lower incomes. This could cause people to lose their homes.

Gerry then asked what would happen if the budget was cut at the town meeting by the voters below the Committee recommendation. As a result, a suit is filed. How long would that take effect and how long would a suit like that take. Patty said that there would need to be an emergency appropriation. Patty spoke about the budget and how they have gone through it multiple times. They are not happy with it either. Amber added similar sentiments.

Peter added that no one will like the tax sheet that he presented at the meeting. Brian then added that there is a gap between two methods of coming up with what an acceptable budget looks like. Residents can look at the sheet that Peter

handed out and say that they are only willing to pay a certain dollar amount. The other way to look at it is to go through what will be cut. Brian felt that the acceptable budget would be different for the same person depending on which method they were using. He feels that there has always been a balance found, but there is a big gap this year. Splitting the difference is going to be upwards of millions of dollars. What does it mean to cut millions of dollars off the budget? What is the impact? Mark added that the job of the Budget Committee is to be an “intelligent voter” so to speak.

Andy referred to a comment made by Louis and stated that the State publishes maximums for class sizes, but not recommendations. He also talked about the need for adults to pay from their checkbooks as opposed to the children paying in the form of not having music or other opportunities that other students around them have. If we go too far, we are reaching in our children’s pockets to pay for it.

Gerry thanked Patty and Amber for all their work and presenting the budget. Mark acknowledged their work and improved budget sheets each year.

Jason Mayeu asked for updated enrollment numbers for CRTC. Patty answered that there are currently 105 students enrolled and 110 budgeted for next year.

Mark talked about warrants and how the Committee must go through line by line. They must then decide whether they will recommend them. In terms of the budget, they must decide what number they will recommend for both the Town and the School Budgets. Gerry asked if the town intends to fund capital reserves from the reserves of the town. They have done so for the past couple of years. With School District Warrants, only if there is a surplus, do they get funded. On the town side, it will make a difference. Town revenues are down significantly because there is no money coming in from reserves. The warrants will hit the tax rate if it is not coming from reserves. Gerry asked if the Committee would like to see the December balances for the capital reserves. The Committee will review these numbers.

Louis asked what the difference between the reserve and a trust fund is. He had thought that the Library Trust could only spend the interest. Gerry confirmed this and said that the Cemetery, Perpetual Care, Library and Educational Opportunities Funds are actual trust funds. Louis wanted to know about the SPED Trust Fund, and Gerry said that it was a reserve fund by any other name.

Patty asked who should be attending for the next meeting. There was a brief discussion about this, and it was decided that they did not need anyone to attend. The Public Hearing will be February 8<sup>th</sup>.

#### **IV. Town Budget Update [01:43:20]**

Peter gave a brief overview of the Selectman’s Meeting the previous night. They talked about the added expense of the Ambulance, the 8.7% Cost of Living Adjustment and the Recycling Increase. He said that they were sticking with what they had.

The prior night there was a presentation by the assessing company for the town. Mark handed out the presentation. It walks through the process the town will go through this year.

For Public Hearing, there will be highlights and an overview given by Mark. David Jodoin or Karen Yeaton will walk through the Town Warrant. Gene and Kerri Dean will walk through the School Warrant. Mark will then walk through the tax sheet. It will then be opened to the public. There was discussion about the attendance of the meeting. Then, there was a discussion about posting information on the Public Hearing on Social Media. It was made clear by Mark that Committee members can speak as individuals on Social Media, or any other forum, but they cannot speak on behalf of the Committee. Mark, as chairman, is the only one authorized to speak on behalf of the Committee. Jason spoke about posting the Public Hearing but adding no commentary. There was further discussion about driving attendance through Social Media. Mark did speak about problems that can come from social media or members speaking on behalf of the Committee. He wants to make sure that this does not happen. Jason will make posts about the Public Hearing on town

social media postings with event information only, and as in past will work with David Jodoin on making budget documentation available on the Town website.

Mark then recognized Kathy Cruson in the audience. She added that the sign boards at PA and the Library are very effective in advertising events.

Louis asked if the live feed tracks how many people are watching live or view the recording at a later date. It does not.

Mark said that everyone needed to be prepared on warrants and ready for deliberation for next week. There was a brief discussion about warrant articles and how they work if they are not recommended. If money is not used, it is sent back to offset the tax base. Louis then asked about the third article regarding the CBA for \$187,750. He asked if it would go to the budget if approved. This was confirmed. If it is not recommended, negotiations will begin again.

#### **IV. Adjourn: [02:00:28**

Clint made a motion to adjourn at 8:30 PM. Jenn seconded the motion, and it was approved unanimously.

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Mark LePage, 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.