

**BUDGET COMMITTEE
TOWN OF PEMBROKE, NH
February 15, 2024 at 6:30 PM**

FINAL

Video recordings of Budget Committee meetings can be found at:
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, Louis Caron, Jennifer Miskovic, Sue Whitbeck

Budget Committee Excused: Jason Mayeu

Budget Committee Not Present: None

II. Approval of Minutes: February 8, 2024 [00:14]

Clint Hanson made a motion to approve the Public Hearing minutes of February 8, 2024. Jenn Miskovic seconded the motion. Motion passed 8-0. Brian Seaworth was not present for the vote.

Clint made a motion to approve the meeting minutes of February 8, 2024. Jenn seconded the motion. Motion passed 8-0. Brian was not present for the vote.

III. School Budget – Deliberation & final voting on operating budget (article #2) [01:13]

Mark started with a summary of where the Committee is in the budget process after the Public Hearing and subsequent meeting. The Committee brought a recommendation to the Public Hearing of a \$300,000 reduction to the School Budget and were not recommending three of the proposed articles. Following the Public Hearing, the School Board had a meeting and adopted the \$300,000 reduction and removed the three articles in question. The Budget Committee then revoted on the remaining articles. They voted to not recommend Article 8 in addition to the other three that were removed. They also did not come to a recommendation on a School Budget, which is Article 2.

Sue Whitbeck opened with a comment. She was uncomfortable with the idea that the Committee voted to not recommend the budget that was previously recommended. She felt the School Board did what the Budget Committee asked them to do, and that it impacts the credibility of the Committee.

Gene Gauss then addressed Louis Caron regarding the proposed budget cuts sheets that was distributed in December that Louis had referenced in previous meetings. Gene pointed out that the cuts are already reflected in the budget aside from the two math coaches. These positions may be cut in the future.

Clint then asked Gene is there were any new certified staff being added. Gene said that he did not believe that there was anyone being added. Gene clarified that the math coaches were previously established through grant funding but are now potentially being put into the new budget.

Clint then spoke about his tenure on the School Board and an unwritten agreement that was in place. This agreement involved the Special Education Budget. When the budget is made, it considers those students who are already enrolled, plus those potential students that may come in. The informal agreement between the School Board and the Budget Committee involved any SPED surplus being used to replenish the SPED Capital Reserve Fund. After that was replenished, the rest went into tax relief. Clint asked Gene if this was still in place and if it was the basis for the 1200 lines

in the current School Budget. Mark added that he had never heard of this arrangement. Sue had not heard of it either. Gene said that he knew of times where the SPED budget had a surplus and he believed that it went back to the general surplus for the School Budget. As far as he knows, if there is a surplus, it funds the approved articles and then goes to tax relief. Gerry Fleury added that there was a state law that was passed that allowed for SPED Capital Reserve. Clint spoke about the legal aspects of SPED and gave an example of a time when Pembroke needed to hire a lawyer due to a student from Allenstown. Pembroke lost the case and had to cover the SPED costs for the student. He made the point that if SPED is messed with, the town could get themselves into a lot of trouble. This may involve the need for lawyers.

Matt Miller spoke about feedback at the Public Hearing and using that feedback to reconsider articles, specifically the School Budget Article (#2). He researched surrounding areas in terms of School District budget increases. He saw a high of 6.8% (Hopkinton). He feels that Pembroke looks like a significant outlier at 13.5%. He was concerned by that as well as the town increase. The total tax increase of 30% is also an outlier as compared to other surrounding communities. He then asked Gene about the calculation for tuition at Pembroke Academy (PA) and Gene explained the contributions from other towns. Matt would like to see the School District come up with creative and innovative ways to improve efficiency while still delivering an adequate education. He would like to still to see some amount of money removed from the budget. He spoke about \$200,000 linked to the ESSER grant money that could possibly be cut and another \$300,000 from the class size optimization line.

Gene added that we spent five weeks reviewing the School Budget. He spoke about the Committee supporting the \$300,000 cut going into the Public Hearing and then not recommending it after the School Board adopted the recommendation. He added that multiple members of the district came to Budget Committee meetings to speak about the budget. He felt that there was transparency. He added that there is approximately \$177,000 in new spending in the budget and everything else is contractual. He spoke about his frustration overall with the situation. There was brief discussion between Mark and Gene about how the process happened with the School Board meeting that was held prior to the Public Hearing. Mark spoke about there not being an official vote and the alignment only happening through discussion. Gene acknowledged the mistake. Gene continued on about the School Budget and the review process. He spoke about how he feels there is a rubberstamp of the Town Budget and the dissection of the School Budget. He understands the process but feels that it has been drawn out.

Gene made a motion to support the original \$300,000 reduction. Gerry seconded the motion.

Mark spoke in disagreement of a few things that Gene had said. He stated that a public hearing is held for a reason and the approach cannot be taken that the Committee already has their mind made up prior to that. There needs to be consideration of input received during the hearing. The budget that is brought into the Public Hearing is preliminary. He spoke about some of the feedback from the hearing and not hearing positive statements about the budgets that were brought to the hearing. He reminded the committee that he does not make motions because that is not his role. Gene clarified that his frustrations were coming from his requests prior to the Public Hearing for other Committee members to give a number that they were comfortable with. He did not get that information.

Peter Gagyi added comments about his suggested process for recommendations in prior meetings. He stated that the Town Budget has been consistently flat over the past six years with a couple of exceptions. He then spoke about the increases coming from the School Budget over the last 4 years increasing approximately \$4 million. The district is now requesting an additional \$4 million for this year. Peter would be comfortable with a \$1.25 million increase this year. He stated that this includes the normal \$1 million increase plus \$250,000 for inflation. Peter also stated that he was not given information that he asked for or he would have been comfortable with \$1.5 million.

Gene responded that they are trying to address the needs now and in the future. He said that the school has been in a budget freeze this year and are overspent by \$390,000. He reiterated that there is no fluff in the budget. When the State and Federal government says you must do something, you must do it. It is not a matter of affordability. He stated that the School Board will work through what they need to, which will most likely include increasing class sizes. The biggest cost they have is personnel. That cannot happen all in one year. That would decimate the schools. He spoke about the SPED budget increasing further if class sizes increase. Currently, SPED students are generally included in the classroom, and this may not be able to happen if there are increases due to the needs of students. He would agree with moving towards an

increased classroom size if it was done gradually. If \$2 million were to be cut from the budget, there would be about 15-18 teachers displaced. This will mostly impact Three Rivers School (TRS) and Pembroke Hill School (PHS). There will be some impact at Pembroke Academy. They are not considering co-curriculars at this time because that would affect revenue produced from other towns. He agrees that costs need to be controlled, but it cannot happen in one year. It would have been helpful to know what the Committee was thinking prior to the Public Hearing.

Sue added that she did not hear anyone accusing the budget of having fluff in it at the Public Hearing. She stated that this will mostly affect K-5. She spoke about cuts at Pembroke Academy (PA) cuts being only a portion of the total amount based on other town contributions. It wouldn't make sense to cut from PA.

Peter responded that the personnel issue should be addressed yearly, and it has not been done for quite a few years. He added that he requested information on classroom sizes, and it was not received in a manner that he could understand it. He wanted a chart of each teacher and how many students were in the classes each day of the week. Kerri Dean, School Board Member, was recognized and responded from the audience that the information is not available the way that Peter had requested it based on the waterfall schedule at PA and TRS. Kerri Dean responded from the audience that the schedule changes every day, it is a waterfall schedule. Gene added more commentary on the class size issue.

Brian Seaworth then spoke about appropriations and their impact specifically on PA. He was opposed to directing the School Board to make cuts to PHS and TRS instead of PA because PA revenue will be impacted.

Gerry then spoke about his original recommendation to cut \$300,000 from the 1100 lines. He spoke about it potentially only being a \$205,000 because there is \$95,000 in the Instructional Materials Capital Reserves and the School Board is the agent to expend. He then spoke about the history of the town and the budgets for both the school and town. He spoke about inflation and how it has impacted the current budgets. He spoke about budgets being "flat" and how there is always a little bit of hidden money in there based on his experience with building budgets. He thinks that a cut of less than 1% should be able to be managed and seems reasonable. He does not want to see the School Board not be able to make it through the school year and need a Deficit Appropriation Warrant. This has happened once that he can recall. He reminded everyone that a cut from PA is \$0.40 on the dollar. He stated that there is no way to know the ins and outs of the budgets like those who work for the SAU. He stated that it comes down to trust. He then discussed prior audits and his disappointment with the results. He attended a recent meeting SAU meeting with auditors present that left him feeling encouraged about the situation. There is a collaboration between the administration and auditors presently which he feels is a good thing. He also spoke about watching a recording of the most recent School Board Meeting. There may be a small surplus this year. That reinforced some doubts about the budgets. He thinks that a \$300,000 is appropriate. He does not believe that a \$1 million cut is feasible, and it may result in a deficit appropriation.

Sue commented on how the budget gets put together in her experience. The principals start building budgets at the beginning of the year. They do a great deal of the work that goes into the school level budget.

Clint added that the last deficit appropriation was because revenue was over estimated. Gerry spoke about a past situation where hundreds of people have showed up at a School Board Meeting because revenue was lower than anticipated. He added that this was part of the reason for his recommendation. He reiterated that he feels that a \$300,000 cut will hurt the district, but he doesn't believe they can run with a \$1 million cut. He spoke about cuts to personnel. Clint spoke about how it is hard to determine cuts based on middle school and high school scheduling. He added that currently they are running 24 Carnegie units at PA and that could be reduced to the state requirement of 20 to save money.

Matt made a motion to amend the motion with a further \$300,000 reduction. Jenn seconded the motion. This would be a total reduction of \$600,000 from the original budget.

Gerry does not believe that number is something the district can live with. He spoke about some people not knowing where they will get the money to pay their tax bill. He is concerned about that. He feels that there needs to be a cut, but not to the point that the School District can't function. He is also concerned about the School District agreeing to the \$300,000 reducing so readily. Gene clarified that he recommended the cut to the School Board as reasonable.

Mark added that a \$600,000 cut would be \$0.25-\$0.30 on the tax rate.

Gene circled back to the comment that there may be a surplus for the school district. He said that Patty used the term unexpected revenue. It may or may not happen.

Brian asked if the additional \$300,000 cut was from the 1100 lines. Matt confirmed. It was mentioned that the School Board can move around this money at their discretion.

Louis had a question regarding the Math Coaches. He wanted to know if they were in place prior to grant funding. Gene confirmed that they were grant funded and they were no longer funded by that money. Louis asked if there were coaches for other subjects as well. Gene could not confirm if there were other coaches currently. He spoke about looking for programs or personnel that were grant funded that may not be able to be funded going forward. Gene talked specifically about the Math Coaches and a report received from Dan Morris, Headmaster at PA. There are more sections of pre-algebra than ever before. The hope is that the math coaches would have an impact on this. He then spoke about Chromebooks and how it was grant funded and now the district owns that program. This year grant funds are taking care of the Chromebooks. This will be back in the budget next year. There are also things that are coming out of the Educational Materials Trust.

Sue added comments about the quality of education being affected by the \$600,000 reduction.

There was a vote on the amendment (the \$300,000 reduction). The vote was 4-5 and the amendment was not recommended.

There was then a vote on the original motion of \$33,793,987 (reflecting a \$300,000 reduction from the School Board's original budget proposal). The vote was 5-4. The motion was recommended.

Mark then added that there will be a \$10,000 difference in appropriations and the net amount to be raised by taxes on the tax sheet due to Article 8 not being recommended.

IV. Other Business [01:16:12]

a. Arrangements for sign-off on Town MS737 and School MS27 forms

The School District is doing the MS27 sign-off on DocuSign. The Committee should expect to see it on Friday, February 16. If there are any issues, the Committee should contact Amber Wheeler, School District Administrator.

The Town MS737 was signed at the meeting.

b. Preparations for 3/9 School District and 3/16 Town Meeting

The Committee will be at both the School District Meeting on March 9, 2024 and the Town Meeting at March 16, 2024.

The Committee will reconvene in April for a retrospective review of processes, information, etc. There will also be a start to a conversation about funding reserves and reducing school costs. There may also be some additional meetings in the spring.

Gerry asked if Mark would be addressing the 5-4 recommendation on Article 2 (the School Budget). Mark said that he would address it. He said that he will explain that a fair number of Committee members felt that the budget was too high.

There was a brief discussion about state and federal funding and the lack thereof. Matt added commentary about the number of SAU's in the State and different districts. He then spoke about Exemption for Innovation Schools. If a school or school district can prove that they can provide a better education by exempting them from certain state rules and

regulations, they can get approval to do so. He thinks it would be interesting to identify the waste that may be present. Sue asked if it would get the district out of any federal mandates. Brian said that there is one exception (No Child Left Behind) but he wasn't aware of any other exceptions. Brian spoke about the federal government and the Department of Education and it not being necessary.

Mark talked about budgeting from a business approach. He spoke about not funding something in order to fund something new and more efficient. Something has to give in order to do some new things sometimes. He also thinks that it would be a good idea for the School Board to sit down with teacher groups. The teachers know what is going on in the schools and what is required. He spoke about thinking outside of the box if a different result is sought.

Peter stated that he was not running for reelection to the Select Board and thus would no longer be on the Budget Committee as their representative.) This meeting will be his last.

David Jodoin, Town Administrator, extended thanks on behalf of him and the department heads for the town. Mark expressed similar sentiments in return.

Gerry mentioned the committee for the new school to replace PHS. He does not think this is a good idea. He spoke about its impact on taxes and examples of past projects the town has taken on. A new school would not have revenue to offset costs like happened with the PA expansion . It would all be on the town to pay.

V. Adjourn: [1:36:56]

Clint made a motion to adjourn at 8:07 PM. Sue seconded the motion, and it was approved unanimously.

Mark LePage, 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.