

TAMWORTH SCHOOL BOARD
BUDGET MEETING
DRAFT MINUTES
JANUARY 10, 2012

Board members attending: Chairperson Charlie Pugh; John Cleveland, Carolyn Hemingway, Marie Labrie, Jack Waldron

Others attending: Superintendent Jay McIntire, Student Services Director Raina Shearer Chick, Principal Rob Troon, Laurie Verville (MRI)

1. Call to Order: Chairperson Charlie Pugh called the meeting to order at 5:35 PM.
2. Review of Budget and Board Member Comments:

Chair Charlie Pugh led the board in reviewing the comparisons of this year's budget with the proposed budget for next year. He said Laurie Verville had discovered a \$210,000 omission in this budget and asked what the board can do about that. He added that the board needs to look at the tax impact of whatever we do and that if we start with the bottom line it will give us an idea of the tax impact. The board had copies of several different versions of the budget spreadsheet and John Cleveland suggested that the board use the spreadsheet that Charlie created.

The board noted that the 2012-2013 status quo budget of \$6,092,871.09 showed a difference of \$270,266.79 from this current year, a 4.69% increase. The board noted that the resulting tax increase of 76 cents would add up to a tax bill of \$12.30. Charlie suggested that the board decide what a fair tax is and then find ways to trim the budget to that amount. Jack Waldron suggested that the 76 cents would cover funds that were underfunded in various accounts last year. He pointed out that these funds included the legally required increases such as collective bargaining, health insurance, and so forth, as well as some discretionary items. He said we have to do the required increases this year, but asked if the board could also fix the underfunded discretionary items from last year as well as increase the desired but not legally required items this year. He asked if the board could do it all this year or whether it needed to be spread out over time. Charlie Pugh said he was at a Lakes Region Superintendent's Conference which included about 15 districts, and everyone there was talking about increases of 1%, 1.5%, or maybe 2%. He pointed out that that is the general tenor of what is going on around this area of the state.

John Cleveland noted that the omission of \$210,000 from last year's budget and said that as a result the board appropriated less money than it should have. Jack said we have to deal with the missing items from last year and fund them; fund anything legally obligated; and then consider anything that is discretionary, such as computers and capital improvements, and decide whether to do it all or whether to do half this year and

half next year or some split like that. He said that could possibly get us down to 4% or roughly a \$40,000 increase. Charlie said the bottom line is what we vote on. He asked what a bottom line increase of 3.5% would look like.

Jay McIntire said that since we came up with a \$45,000 decrease, we should be able to come up with another \$21,000. He suggested changing the structure of the computer replacement, such as replacing them with less expensive computers with less capacity, which would save \$10,000. Principal Rob Troon suggested doing some of the capital improvement work for less cost because some small incremental costs have already been made this year; another \$10,000 decrease. Jay said other ideas include eliminating Tin Mountain, \$3,300; eliminating overtime for the person who keeps the technology running, \$1,500; he said we have already cut some of the curriculum, another \$1,500; eliminate Teaching through Learning, \$6,800; cutting another \$2,000 off legal services, bringing that down to \$8,000; he said we have reduced the estimate for audit services because we have MRI here and our books are much more organized, as well as the fact that that will be going out to bid, so we have taken another \$1,000 off of that. Jay proposed, but did not recommend, that some activities could be paid by using the IDEA grant. But he said that is a slippery slope because people start taking that grant money for granted. He said it is legal but it is taking a risk. He said all together this would be \$45,000 rounded out, which would get us down to about a 3.8% increase. He said if the board wants to get another \$21,000 decrease, we'll go back to the drawing board.

Rob Troon said his approach to staffing would be to reallocate from talented and gifted and have it become a staff position. But Charlie said that's not related to money because we didn't want to change any staffing. He also said that we had talked about how we didn't want to change current programming. But Rob said Tin Mountain was eliminated to account for the shortfall. He said that was on the table from day one and it's been eliminated.

John Cleveland said he thought trying for another \$21,000 decrease made things really confusing. He told Laurie he thought her object code roll-up was incredibly useful. But he said it's really hard to know what the obligatory increases are and what is putting back in the budget what should have been there in the first place. He said we need to communicate to the taxpayers in a clear way that we are not changing the programming and that does not mean a flat budget. He said taxpayers need to know that we have to be willing to make incremental increases in the budget, whether it's 2% or 3% or whatever, but it's hard to make that calculation.

Charlie suggested that once we decide what the bottom line should be, we can decide where the decreases will be. Jack said the only option he would worry about was using the IDEA grant. He said hoping we get grants gets us to an underfunded budget. John asked about the decrease in \$10,000 in capital improvements and what actual elements Rob thought were fungible enough. Rob said we are getting work done now that's making strides with the heating system. He said although the air in the office and

conference room is still a major problem to resolve, we have made a lot of progress already with such things as air quality.

There was some discussion at this point about which spreadsheets board members were looking at so the comparisons would be accurate. After discussion Charlie suggested taking the whole amount out of capital improvements. He said it's not what we want to do, but it would be clean. Charlie said the \$25,000 for computers could either be reduced to zero or cut in half. Jack said if you were to go with an overall drop of \$48,000, and cut the computers by \$10,000, leaving \$15,000 in there, it would give us \$58,000. Jay said Learning through Teaching is \$68,000. Carolyn asked if we could take another \$2,000 from legal services. John said we would have to be really clear with the taxpayers, and if we don't do it the long term costs are going to be higher. Jay said the damage is in maintaining an inefficient system. John said his point on the \$10,000 decrease in technology was that it sounds like it changes what we were going to do, such as using different equipment, and he thought the instructional technology, which has been underfunded, was important. He said he would not have any problems arguing to fully fund that \$25,000. Carolyn said that from her experience a lot of technology can be obtained through grants and suggested that the technology person could be exploring that. Rob pointed out that the first step is getting a technology plan approved because without that we can't get grants other than small things. He said we start the year with the majority of the computers being 8 years old. He said what we are proposing would get a better computer than the \$15,000 would get, but both are going to be good computers to fill the lab and then get the computers out of the lab into the classroom. Raina added that the other factor is that in every district we're encouraged to seek grant money, which is reasonable, but the demand on the financial office is very high and speaks to the staffing level of the SAU and how small it is compared to other SAUs. John asked if this would cover the i-cube option. Rob said it does but we would need cables and other connectivity pieces. Charlie commented that he was not hearing quite the enthusiasm for cutting the computers. Jack Waldron said he was trying to get to 3.5%, and he said even at that point we're still ahead of everybody and we lose credibility. He said that is the balance that we have to straddle to maintain credibility with the community. He said as far as computers go, if we only fund it at the \$15,000 level we've got 4 or 5 months to try to find other monies; this is what we have to work with. He said if we could fund at \$15,000 and go level from there he would be in favor of it.

Charlie asked the board if they were in favor of continuing this decision to get to a 3.5% increase or whether that was still up in the air. John said he could support that but he wanted to ask Laurie a question. He said let's assume that we did get to 3.5%, given the mistake of the \$210,000 being left out of the budget, what is the general reasonable range we can give taxpayers if we maintain staffing and equipment. He asked if there was a statement that we could make.

The discussion turned to health insurance. Jay said we have been close to 5% for the last three years. Rob added that the teachers are increasing their contribution by 5%

this year. Charlie said when you put in the mistakes and the support staff it changes that amount. He said collective bargaining with teachers comes out to 3%. Jack noted that we're just talking teachers right now. John said that's about 1% of the total budget. He said if we had a 5% increase in health insurance that's a half a percent. There was a discussion of tax rates related to property values. Charlie said there's the revenue side of this and taxes are going to go up and there is shrinking revenue. Jay said we should anticipate a reduction in Title I and IDEA funding this year. Jack said the town is trying to hold the line and stay even, but the number of properties that are falling behind in their taxes is expected to increase this year. That's the environment that we're dealing with. John said the message we want to send is that continuation has a cost, so if you like the present programming you have to support the increase in cost. It was pointed out that the trends in revenue and built-in obligations are generally not in our favor. Rob said enrollment is steadily increasing and we have to anticipate growing with that.

Charlie said he didn't think we could predict that we could always keep the program the same, but it's going to be the same for this budget. John stated that he just thought we should make clear that choices have consequences. Charlie directed the board back to his original question: are we in favor of trying to find 3.5% in ways that keep this program? Carolyn said she thought it was a good middle ground. The board agreed.

John said basically you're talking about \$58,000 in capital improvement and computers. Jack said if we have confidence that legal and audit can give us \$3,000, who wants to give more? He said he'd rather save on legal and audit than on Tin Mountain. John said he didn't want to say eliminate Tin Mountain; he wanted the administration to decide.

Charlie asked Laurie to state the amount of the approved budget bottom line. Laurie said it was \$6,206, 571.00 Jack moved that the board approve a budget of \$6,026,571.00 Marie seconded the motion. The motion passed unanimously.

Jay said at the next meeting on January 26 we will bring you an accounting of where the other reductions will be made. January 26 is the next regularly scheduled board meeting as well as the Annual Budget Hearing. The discussion turned to the Annual Report and getting it published so it's distributable before the Annual District Meeting on March 7. It was noted that February 14 is the deadline for having things for the Annual Report. The board discussed what should go in the Annual Report and what the format should be. John outlined things that should be in the book. He said we need things like what Rob produced last year that were very helpful, a standard set of performance metrics that we can update every year. It was noted that there were a couple of loose ends before it could be published. Jay said we either need to meet again or just take it out of the budget. John noted that it is usually the Chair's prerogative to do the letter in the Annual Report, so it should be in the front end to explain what the logic was to get to this budget. Jack said we have to produce what everybody is used to getting, and we need to produce explanatory or other documentation that makes this comprehensive.

Jay suggested that this could be done very easily with a pie chart. John said people need to see what the major factors of the budget are. Jack noted that this has to be ready by January 19. He suggested putting it on the Tamworth Exchange and the school and town websites. The format of an explanatory graph and the number of columns was discussed. Charlie said it should be obvious to anyone without too many choices. John said we need to show the big chunks that made the budget move, what made it go up and what brought it down, and then explain that these are all centered around having no changes in staffing. Jack said we should put in that there were other things we wanted to include but we could not because there were certain corrections that had to be made. Charlie said this budget represents next July 1 for a whole year, and then next summer we can be on top of that. He said we lose one summer of getting that done. John said if you take the 2012-2013 budget, then the 2013-2014 budget will have two years of capital improvement, and it might have a 4.5% increase. He said we need to make it clear that it will be in the budget next year.

Charlie noted that we have two board positions and a clerk and treasurer up for election and the filing period is 30 to 45 days from the election, around January 25. John thanked Laurie, Rob, Jay, and Raina and the staff for working with the board to get to this budget. He said you have been exemplary and very professional in providing us with fair information in showing us what the options are. Jack added that he too appreciated everything and that previously it was like working on quicksand.

3. Non-public Session: John Cleveland moved to go into non-public session pursuant to RSA 91-A:3 II ©. Matters which, if discussed in public, would likely affect adversely the reputation of any person, other than a member of the board or agency itself, unless such person requests an open meeting. Marie Labrie seconded the motion.

Charlie Pugh – Aye
John Cleveland – Aye
Carolyn Hemingway –Aye
Marie Labrie – Aye
Jack Waldron - Aye

On a roll call vote the board entered non-public session at 7:05 PM. Attending were all members of the board, Rob Troon, Raina Chick, and Jay McIntire.

The administration provided the board with general information regarding a member of the school community about whom rumors of a private and personal nature have circulated recently in the community. The board was reminded that any questions they receive should be directed to the principal or the superintendent.

4. Action as a result of non-public: None.

5. Adjournment: Motion was made to adjourn by Carolyn Hemingway. Jack Waldron seconded the motion. The motion passed unanimously. The meeting was adjourned at 7:35 PM.

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Draft Minutes

Respectfully Submitted,

Patricia Ambrose, Recording Secretary