

**HOPKINTON BUDGET COMMITTEE
FEBRUARY 1, 2012
HOPKINTON TOWN HALL**

Chairperson Janet Krzyzaniak opened the Hopkinton Budget Committee meeting of Wednesday, February 1, 2012, beginning at 5:30 PM in the Hopkinton Town Hall.

Members present: Karen Irwin, Michael Montore, David Lancaster, Lance Whitehead, Tim Carney, Hopkinton Village Precinct (HVP) Representative Tom O'Donnell, Contoocook Village Precinct (CVP) Representative Mark Hemmerlein, Board of Selectmen Representative Tom Congoran, and School Board Representative David Luneau.

Others present: School Board Representatives William Jones and Liz Durant, Superintendent of Schools Steve Chamberlin and Business Administrator Michelle Clark.

1. Review of Budget Committee Minutes of January 25, 2012.

Motion made by Tom Congoran, seconded by Michael Montore, to approve the minutes as presented. Motion carried unanimously.

2. Hopkinton School Budget Deliberation.

David Luneau announced that a Collective Bargaining Agreement (Contract) between the Hopkinton School Board and Education Association had been ratified by the teachers as well as the School Board. The School Board's negotiating team was led by School Board members Bill Jones and Liz Durant, and Business Administrator Michelle Clarke and Superintendent of Schools Steve Chamberlin. The Contract is for two years beginning July 1, 2012 through June 30, 2014.

David Luneau noted that all costs related to the Contract are contained in the Collective Bargaining Agreement. Additionally, there are no Evergreen costs associated with the Contract due to the Evergreen Clause being repealed by the NH Legislature this past year.

At this time, David Luneau gave a brief overview of the changes in the Contract. For example, the Contract reflects a reduction in the teachers' salary schedules. The salary change is due to the elimination of the bachelors plus thirty (30) credit tracts. The tract allowed teachers to continue their education and upon completing their masters degree they were eligible for a raise by making a horizontal move to a different tract. The new Contract allows those teachers that receive an advanced degree to make a tract change to a next step, rather than a "super step" based on the accumulative number of years. At the same time, the parties have agreed to restore step increases for those teachers that missed steps over the past couple of years due to a "step freeze". Restoring the step increases mainly impacts the teachers that are early in their years of teaching experience.

Other items in the Contract include a cap for new hires, the elimination of the School Districts contribution to the flexible savings accounts, and the change in health insurance. The District will only pay its share for a teacher's HMO plan. Teachers that elect to go on the comp 100 plan or indemnity plan, which is a much higher cost, will have to pay any cost above that of an HMO plan.

In addition to the cost savings mentioned above, there are changes in the language that govern administration of the teaching staff. For example, the changes in the law with

respect to what can be considered by a District when making staff reductions has been included in the Contract.

A new area of the Contract deals with teacher performance and how teacher performance can take priority over seniority if the District decides to make reductions by 1/5th which is typically one high school class.

David Luneau advised that the first year of the Contract will cost the District \$153,000. The second year of the Contract will cost \$143,000. He believed it to be important to look at the Contract as compared to what the District's costs would be if the new agreement does not pass. For example, if the District were to operate on an expired Collective Bargaining Agreement the costs for the first year would be approximately \$154,000 or more, depending upon the unknowns associated with the expired Contract. The Contract was developed at a time when the Evergreen Clause existed. Districts' obligations, post Evergreen, have not been tested in courts. Furthermore, there will likely be more expenses in the second year. Finally, there are other items that do not necessarily have price tags associated with them, but would affect the quality of education in the District such as the loss of staff assignment flexibility, loss of administration, and faculty moral. The Contract improves issues of concern in the past such as insurance, reductions of force, and is a significant improvement to the current Collective Bargaining Agreement thereby moving the District in a positive direction.

David Luneau stated that the District's gross appropriations, including the budget, capital reserve funds, contingency fund and Collective Bargaining Agreement add \$631,122 to what is currently in place, which is a 3.79% increase. The estimated tax impact is \$.97 per \$1000 which is a 4.9% increase over the current tax rate as compared to this time last year. Last years estimated tax impact was 5.2%.

Tom O'Donnell questioned whether the Voters would be approving the Contract or the associated costs. Superintendent Chamberlin stated that the decision of the Voters is an up or down vote of the cost. Voters cannot revise the language of the Contract. If the Town says no to the costs then the District defers back to the old Contract. David Luneau then noted that all terms of the Contract have been negotiated together, so one change could affect another aspect of the Contract.

Tim Carney questioned whether the annual costs associated with the Contract are cumulative. David Luneau replied yes, explaining that the cost of year two will be in addition to the cost of year one.

In response to Michael Montore's question as to whether the Reduction in Force (RIF) could be based on performance or seniority, Bill Jones stated that cutting a position would be by category and seniority. Superintendent Chamberlin added that the Contract includes provisions should a staff member be on an assistance plan and is not making adequate progress then eliminating their position could take precedence over a teacher on probation.

David Lancaster questioned the number of teachers that are on the HMO versus indemnity plan. In response, David Luneau stated that cost of insurance for the 15% of teachers that have the HMO plan will remain the same. For the remaining number of teachers that have insurance utilizing a different plan their cost of insurance will increase; however, there is nothing to prevent those teachers from moving to an HMO plan.

David Lancaster referred to the list of FAQs (Frequently Asked Questions) provided by the School Board, questioning whether there is a limit on the number of teachers that would be eligible for tuition assistance. In response, Superintendent Chamberlin stated tuition

assistance is limited to \$3,350 per person. Previously, if the cost of the five credit UNH course increased then the District's share would have increased. In the new Contract it is a fixed amount.

David Lancaster then questioned why there is a \$2,000 Severance Stipend in the new Contract, questioning whether it is for those teachers that leave voluntarily. In response, Superintendent Chamberlin stated that early retirement eligibility is from age 54 to 64. There are current staff members that have given 30 years of service and are older than age 65 that would leave without any recognition for their service since they do not qualify for early retirement. The School Board felt it was an appropriate recognition to the staff. The teacher must work at least 10 years and be aged out of early retirement.

Karen Irwin asked for the cost components used in calculating tuition assistance. In response, Superintendent Chamberlin noted that the change in the tuition assistance potentially saves the District \$6,380 because the budgeted amount is now based on a fixed cost for a five credit UNH course.

Karen Irwin noted that the overall budget does not reflect the adjustment in the tuition. Superintendent Chamberlin agreed, stating that the budget cannot be changed until after the District meeting in which case if the Contract does not pass the District will owe an additional \$6,380 for tuition. Michelle Clarke added that the District is legally obligated to budget for 25% of the membership at a five credit UNH course. In the last Contract that number was reduced from 30% to 25%.

David Lancaster questioned how the missed steps for the teachers will be financed. In response, Bill Jones stated that if a teacher missed two steps they would be given one step in the first year and the second step in the second year of the Contract. If a teacher missed one step they would be given the step in the second year of the Contract.

Lance Whitehead noted that he has attended other meetings of budget committees that vote on the budgets when there are no further questions. He questioned whether a vote would be in order. In response, Committee members had additional questions and were not prepared for the vote. David Lancaster stated that it would be helpful to vote on the teachers' Contract before voting on the budget so that the Committee will be aware of the overall impact.

Karen Irwin questioned whether the District would be increasing their estimated revenue. In response, Superintendent Chamberlin stated that the District is just about at its mid-year and feels comfortable with the \$250,000 estimate. Ms. Clarke added that the District cannot retain any fund balance, so whatever the revenue ends up being it will go back to reduce the tax rate.

In response to an early question by Karen Irwin, Superintendent Chamberlin stated that the District budgets \$89,600 for tuition each year.

Karen Irwin questioned how much of the \$51,000 shown on the surplus statement was from tuition. Ms. Clarke believed a majority of the money was tuition. Even though the District may not use all of the money, it is legally obligated to budget 25% of the cost of a five credit UNH course for the staff. The use of tuition assistance may fluctuate.

Karen Irwin suggested that the District create a special fund that would eventually make the budgeted amount of tuition assistance closer to the actual cost. In response, David Luneau understood, stating that turning the money back each year in surplus will accomplish the

same goal. Michelle Clarke then noted that there are not many Districts in New Hampshire that utilize a capital reserve fund for tuition assistance. Superintendent Chamberlin added that the School Board also negotiated the tuition assistance fund for compelling, extraordinary educational experience in the faculty so that the funds can be applied to engage teachers in learning to support the District's goals. Additionally, the Board instituted a National Certification Program, in which the District may be the first in New Hampshire to support a stipend as well as course reimbursement for the National Certification Program. The Contract includes tuition assistance for up to four teachers next year to be National Board certified. Currently, there are less than five percent of the teachers in the Country that are National Board certified.

Michelle Clarke then noted that if the tuition assistance money was in a trust fund the School Board would have to hold a public hearing each month to deal with those funds needed to attend workshops and courses. In response, Karen Irwin was suggesting that the money left over each year be placed in a capital reserve fund in which next year it could be used so that the District is using the actual costs, rather than budgeting more than needed.

Michael Montore inquired about the math program for grades K-6. Superintendent Chamberlin explained that there was an audit of common core standards versus the District's own standards that showed that the District needs to adjust their curriculum to become align with common core standards and raise the District's expectations. Michael Montore suggested that the District could accomplish this for less than the budgeted \$75,000 per year and achieve the same results. In response, Superintendent Chamberlin stated that the District does not believe the program by itself is the answer. They believe that this is an opportunity to provide support for enrichment remediation for kids, similar to that of the District's literacy program. The District gets significantly higher scores because the District has literacy specialists that not only support the teachers but are also experts in enrichment remediation.

Michael Montore noted that the District has three (3) plus literacy specialists and is now suggesting they will accomplish the same utilizing one (1) numeracy specialist. In response, Superintendent Chamberlin stated that he feels comfortable based on the research that hiring a numeracy specialist will provide a strong support to the elementary needs; however, that does not mean in the future the District may decide to convert a literacy specialist into numeracy specialist or need another numeracy specialist. At this point in time it is unknown what will happen in the future.

Michael Montore told of a similar situation in Sunapee where they were strong in reading and the District had a reading specialist, but was weak in math. Sunapee decided to go with a new math program (Everyday Math) where after the first (5) year they were proficient in advanced 78% across elementary level through 5th grade. In 2011, the elementary school is at 85% advanced. The cost of the program was just under \$10,000 a year. Michael Montore estimated a District the size of Hopkinton would cost approximately \$15,000. In response, Superintendent Chamberlin stated that Everyday Math has had a number of issues in aligning with the common core math. The program is decreasing. While the District has looked at other programs they are trying to ensure that every child maximizes its potential, which is remediating as well as enrichment. The Numeracy Specialist is the approach that should be taken.

Karen Irwin referred to the Contract reviewing a section concerning RIF. She offered a hypothetical situation in which the District would eliminate a 7th grade teacher, questioning the process by which the decision would be made, whether it would be based on performance, ability and experience. In response, David Luneau noted that the language in

the RIF section of the Contract provides management flexibility. It provides management with the ability to RIF by a 1/5th.

David Lancaster, seconded by Tim Carney, moved to recommend acceptance of the Contract as approved by the School Board and Teachers' Union. Motion carried unanimously.

David Luneau noted that the material submitted to the Budget Committee includes a draft MS-27, draft Warrant and updated budget with the costs associated with the Collective Bargaining Agreement. He stated that any cost changes that would affect cost in health insurance and retirement are reflected in the Collective Bargaining Agreement.

Motion made by David Lancaster, seconded by Karen Irwin, to reduce the School budget by \$119,146 from section 1100-1199.

David Luneau noted that \$119,146 is not reflective of any increases should the Contract pass. If the new Contract should pass the amount would be higher.

David Luneau gave a brief overview of how the \$119,146 figure was derived; noting that the Superintendent's budget recommended the reduction based on decreased enrollment and proposed changes to three sections of 7th grade. There was brief discussion about the School Board meeting in which the public attended objecting to the proposed changes.

While the District's estimated tax impact is 4.9%, less than the 5.2% estimated last year, David Lancaster believed that each of the estimated impacts is too high. He suggested that his motion to reduce the budget by \$119,146 will allow for a "healthy" discussion at the District's Annual Meeting. Lance Whitehead disagreed, suggesting that leaving the money in the budget would provide the administration with flexibility in deciding what changes, if any, should be made to staffing.

Tom Congoran noted that the school's population has dropped 13%; however, the Town has seen a substantial increase in the School budget over the past six to eight years. He questioned when the District is going to actually acknowledge that the school enrollment has gone down. David Lancaster concurred, stating that when most people add an expense they typically have to cut another expense somewhere else. The adding of the numeracy specialist needs to be balanced by a cut somewhere else to minimizing the impact.

Lance Whitehead was opposed to trying to reduce the budget by affecting curriculum. He believed that the reduction of \$119,146 would require a modified curriculum. David Luneau and Bill Jones disagreed, explaining the reduction proposed by the Superintendent wasn't to modify the curriculum. The only change in curriculum would have involved the number of days in a particular Unified Arts Program.

With nine members voting, three voted in favor (O'Donnell, Lancaster and Congoran) and six voted in opposition (Irwin, Montore, Whitehead, Carney, Hemmerlein and Luneau) to reducing the School District's budget. David Lancaster's motion failed.

Motion made by David Luneau, seconded by Mark Hemmerlein, to approve the School Budget as presented.

Motion made by Karen Irwin to reduce the School budget by \$86,000 and increase the School's projected revenues by \$50,000. A proposed reduction of \$16,000 from Technology and \$70,000 from Special Education because Special Education has

increased by \$143,000 and there is a special fund that can be utilized consisting of \$168,000. There was no second to the motion.

David Lancaster questioned whether the major increase in Special Education is because of the increase in psychological services. Michelle Clarke noted that the \$70,000 for psychological services is spread out over more than the line items 1200. David Luneau added that the Special Education Trust Fund is intended to cover up to three families that, if, move into the District and have substantial needs, the District would have funds available to help cover the costs.

With nine members voting, five voted in favor (Montore, Whitehead, Carney, Hemmerlein and Luneau), three voted in opposition (Irwin, Lancaster and Congoran) and one member abstained (O'Donnell). David Luneau's motion to approve the School budget passed.

David Luneau inquired as to the Budget Committee's position on the School's Warrant Articles.

David Lancaster, seconded by Karen Irwin, moved to forward the School's Warrant Articles to public hearing. Motion carried unanimously.

At this time, Lance Whitehead recused himself to attend another commitment.

3. Letter to Craig Dunning, Chair of Hopkinton Village Precinct – Janet Krzyzaniak shared with the Committee a letter that she had written to Craig Dunning, Chairman of the Hopkinton Village Precinct. The letter informed Mr. Dunning of the status of the Committee's review of the Precinct's budget and the need for the correct information and forms to be completed and submitted in a timely manner.
4. Deliberation on Hopkinton Village Precinct Budget/MS-37 – Tom O'Donnell noted that he had received the necessary information from the Precinct's treasurer, but had to transfer the information to the appropriate form, since the form that he had received only had two columns that did not include the column for the Budget Committee.

Based on the information received the Precinct is now going to bond \$23,000 for repairs to the water precinct. They are also raising \$2,000 for payments on money that they already borrowed. The budget proposal is 15% less than the previous year. The reason for the reduction appears to be because there were unexpended funds and because of a reduction in general government expenses, such as the water supplied to the Old Fire House and the clock at the First Congregational Church.

Michael Montore questioned what the \$23,000 would be used to repair. Tom O'Donnell noted that there are repairs, but was unsure as to the specifics. He had explained that he had inquired on behalf of David Lancaster with the Chairman of the Precinct, but had not received a response.

Motion made by David Lancaster, seconded Michael Montore, to remove \$23,000 from the Hopkinton Village Precinct budget.

David Lancaster was disappointed that the Precinct Commissioners have not informed the Budget Committee as to what repairs needed.

Mark Hemmerlein asked Tom O'Donnell if he was recommending the MS-37 as presented. Tom O'Donnell replied yes, suggesting that the issue with respect to the \$23,000 could be discussed at the public hearing.

Tom Congoran suggested that the Committee not sign the MS-37 unless the Precinct is going to substantiate the reason for the \$23,000 or submit a revised MS-37.

Karen Irwin stated that if there is no documentation to support the expense then the money should be cut and discussed at the public hearing.

With eight members voting, three voted in favor (Irwin, Lancaster and Montore) and five voted in opposition (Carney, O'Donnell, Hemmerlein, Congoran and Luneau). David Lancaster's motion failed.

Motion made by David Luneau, seconded by Tom Congoran, to move the Hopkinton Village Precinct budget as proposed to public hearing. With eight members voting, six voted in favor (Montore, O'Donnell, Carney, Hemmerlein, Congoran and Luneau) and two voted in opposition (Lancaster and Irwin). David Luneau's motion passed.

5. Other Business - Contoocook Village Precinct representative Mark Hemmerlein advised the Budget Committee of an emergency expenditure of \$30,000 needed for repairs to the Precinct's water treatment plant. This week it was found that an entire train of valves is no longer working. The repairs are taking place; however, the cost was unanticipated.

Mark Hemmerlein stated that while the Precinct has a capital reserve account it was not intended to cover repairs. Karen Irwin suggested that the Precinct change the purpose of the capital reserve account so that it can be used for repairs. Mark Hemmerlein disagreed, advising that he intends to submit a revised budget to the Budget Committee to include the emergency repairs. Committee members agreed that there is sufficient time for Mark Hemmerlein to do so.

6. Adjournment – Motion made by Michael Montore, seconded by David Lancaster, to adjourn the meeting at 7:42 PM. Motion carried unanimously.

Respectfully submitted,

Karen Robertson