

Town of Hopkinton

Budget Committee Meeting Minutes - Draft

Wednesday, January 14, 2015

5:30 p.m.

Town Hall

Call to Order:

Chairwoman Janet Krzyzaniak called the meeting to order at 5:30 p.m. Attendees: Janet Krzyzaniak, Richard Houston, Don Houston, Ken Traum, Richard Horner, David O’Keeffe, Stephen Lux, Jr., Michael Vance, David Luneau, and Thomas O’Donnell. Also present: School Superintendent, Steven Chamberlin, and Suzanne Beauchesne taking minutes.

1. Approval of Budget Committee Meeting Minutes:

Ken Traum moved to approve, with amendments, the December 10, 2014 meeting minutes. Seconded by Richard Horner. Motion carried 10-0.

Stephen Lux and Don Houston went over their suggested corrections which have been reflected in the final copy of the December 10, 2014 meeting minutes.

2. Presentation of the School Board Budget:

David Luneau, Chair of the School Board, introduced a number of Hopkinton School Board members and Administration officials who were in attendance along with a number of students from the high school Civics class. Mr. Luneau thanked everyone for attending and provided a slide presentation of the School Board budget. Mr. Luneau went over the zero-based budget process which begins in late August/early September. In early December, the School Board directed the Superintendent to present tiered reductions [attached] and determined the impact to programs, staff, educational objectives, and efficiency of operations.

At its meeting of December 16th, the School Board 1) cut the budget by \$53,150 reducing supply lines and maintenance; 2) reduced salary to replace wood technology teacher; 3) transferred stabilization funds to reduce tax impact; and 4) adopted a budget.

The FY16 Operating School Board budget totals \$18,688,971 which reflects an increase of 1.33 percent, or \$245,202, which is less than the increase to FY salaries/wages already approved by voters. The budget includes all collective bargaining agreements. Cost centers include: health insurance (+101K), salaries for all employees (+67K), retirement (+79K),

broadband services (+38K), electricity (+38K), removal of underground storage tank at HMS (+27K), and all teacher/staff/custodian contracts.

Warrant articles include a proposed transfer of \$100,000 from the FY15 surplus for the timely addressing of major equipment repair and replacement. One project planned for FY16 totals \$20,000 for flooring. In the Vehicle Capital Reserve account, a proposed transfer of \$10,000 from the FY15 surplus would bring the balance of the fund closer to \$50,000 for an anticipated FY17 small bus purchase.

Mr. Luneau went over the revenue picture which included the use of Health Insurance Capital Funds of \$25,000, Tuition at \$13,000, and a reduction in State Adequacy Aid (\$141K) which is enrollment driven and has impacted 120 of 122 school districts throughout the State. The budget shows a projected \$370,000 surplus from FY15. The estimated tax impact is \$0.39/1000.

When compared to the rest of the State, Hopkinton's cost per pupil remains in line with the average of all districts in NH (more than a third of all districts are spending more per student). Mr. Luneau ended his presentation by stating that the budget is educationally sound and fiscally responsible and allows Hopkinton to be consistently ranked among the top public schools in the State.

Superintendent of School, Steve Chamberlin, stated that the budget development process begins with a review of the four district goals: 1) ensure student learning; 2) ensure best practice in all aspects of district operations; 3) ensure high school plus for all students; and 4) raise the bar, close the gap. Superintendent Chamberlin stressed the school district's overarching theme that "all students matter", and reminded Committee members that public schools are governed by state and federal regulations, collective bargaining, and school policy. Mr. Chamberlin further stated that they've managed costs by collaborating with other school districts as much as possible and mentioned the busing program with Kearsarge and sports program with Bow as examples.

Mr. Chamberlin provided a detailed review of the budget which included major increases [\$465,132] and decreases [(\$219,930)] in revenue and expenditures and summaries of budget components, operational programs, location, and warrant articles. Regarding the electricity costs, Mr. Chamberlin mentioned that changes to more energy efficient fixtures have been made and await reaping the benefits of lower rates. Mr. Horner asked if solar energy had been considered. Mr. Chamberlin stated that a facilities subcommittee is focusing on energy efficiency and that there is limited solar at the high school. Mr. Luneau expects it will be a major component of the building project.

The budget reflects a decrease of 3.48 full time employees (FTEs) and shows 76.47 percent of the budget attributable to salaries and benefits. The special education program services, headed up by a new Director of Student Services, are determined by Individual Educational

Programs in accordance with State and Federal requirements. A lengthy discussion occurred regarding the drug and alcohol abuse program which is supported strongly by a Family Support Team that meets every month. The State has reduced its support of Vocational Programs. The increase in salaries and benefits in Information Management Services (2840) is due to the re-classification from Technology Services (2225) as well as the increase in contractual and benefit rates. Ken Traum asked about the fund balance of \$1,257,504, and was informed that the balance included the warrant articles and reserves. Michelle Clark, Business Administrator, stated that the District's sound fiscal management policies have historically resulted in positive general fund balance that helps to offset taxes.

Mr. Chamberlin distributed a document of "Frequently Asked Questions (FAQs) and stated he and others would be in attendance at next week's Committee meeting where he expects to provide more detail regarding staffing, enrollment, maintenance/repair, and debt services.

In response to a question posed by Mr. Lux regarding facilities, Superintendent Chamberlin stated that a number of issues are below standard and the District is "on warning" for accreditation. Naming a few areas in need of attention, Mr. Chamberlin stated that at the middle school there is no designated work area, the entrance to the high school goes into an assembly area, one elevator leads to a dark hallway and another into a classroom. It is hoped that all of these areas and more will be addressed in the architectural study.

Don Houston commended the Superintendent for coming in with a budget half that presented last year, but would like to see additional cuts of \$100,000 and believes this could be done without it affecting the quality of the education provided. Mr. Houston indicated that over the last five years, an average of \$300,000 has been returned to the town so perhaps half that amount, or \$157,000, could be brought into next year's budget, the Town's budget increase of 4.3 percent could drop to 3.5 percent. If the School Board could bring its budget back down an additional \$100,000 and show a relatively flat budget, it would help taxpayers absorb the increase.

Dave Luneau stated that six or seven years ago, it was mentioned that the School Board should take the surplus out of the budget since an end-of-year surplus was assured. Mr. Luneau pointed out that if the surplus funds are taken out, the funds will not be available at year end to reduce taxes. The undesignated fund balance only affects a short period of time and does not compound over time. Revenue goes down in ensuing years. More importantly, sources for undesignated funds come from expenses that the School Board contractually must budget for. Reductions cannot come from budget line items that generate the undesignated fund. Taking such action would have a material effect on other programs. If required by the Town Meeting, the School Board will have to be responsive and find an additional \$157,000 which would likely have to come from the tiered reductions.

Mr. Houston asked whether funds could be taken from State Education Grant monies. Mr. Chamberlin stated that those funds are handled differently by different communities and does

not resolve the tax rate. Mr. Houston asked if the School Board could be less than its usual conservative with its reserve accounts in order to help the Town over the next few years. David Luneau stated that pulling back funds from the reserve accounts would only lead to spikes in the tax rate when the ultimate goal is stabilizing the tax rate so that there are no major fluctuations from one year to another. Mr. Traum reminded everyone that two years ago the voters approved taking excess reserves to offset the tax rate. This action did not result in evening out the tax rate and this year there is no surplus.

Richard Houston noted the Superintendent's Office costs of \$666,000 and asked whether savings could be garnered by consolidating SAUs. Superintendent Chamberlin stated that most of the funds are for 180 staff. David Luneau felt that the School Board philosophy is reflective of the community. For the last 20 years Hopkinton has had its own SAU. Mr. Houston indicated that he was not referring to a full merger but rather contracting certain services. Richard Houston also questioned paying four principals when enrollment is declining. Mr. Chamberlin stated that the school district does contract out some services to neighboring SAUs and he will provide more information regarding staffing and enrollment at next week's meeting.

3. Presentation of updated financials for the BOS, School Board, HVP, and CVP.

All agreed to postpone discussion until next week's meeting.

4. David Luneau/David O'Keeffe Meeting with Dennis Delay

Mr. Luneau and Mr. O'Keeffe reported that Dennis Delay felt the question on establishing an effective tax rate was not unusual to Hopkinton and neither were the changing demographics. Declining school enrollment is affecting nearly all communities. Mr. Luneau stated that issues of importance are shifting for today's 20-somethings who are not necessarily interested in buying cars or houses. They want to live in the city where they can rent and take public transportation; hence, rail service and other like issues are more attractive to them.

5. Don Houston

Mr. Houston asked whether the Committee wanted to send out a budget information piece to the voters prior to the public hearing, and distributed a three page draft for consideration. It was mentioned that the cost of the mailer would be approximately \$500. Mr. Houston said he was approached by a person months ago who indicated he'd be willing to fund the mailer. There was much discussion on the matter. Dave O'Keeffe stated that the role of the Committee was to work with the School Board in developing a budget so it was important to impart objective information. Dave Luneau agreed and cautioned against advocating a certain viewpoint versus educating or providing objective information. Mr. Luneau stated

that the draft document has “errors of omission” since it does not include facts related to the School District.

David Luneau moved that the Committee create a document for potential distribution to taxpayers providing objective budget information. Seconded by Mr. Houston. Chairwoman Krzyzaniak took a roll call vote. Motion carried 10-0. Mr. Luneau suggested the Committee consult with Town Administrator, Neal Cass, to get guidance on the matter.

6. Public Forum

There was no public input.

7. Other Business:

No further issues were raised.

8. Next Meeting of the Budget Committee: January 21, 2015 at 5:30 p.m.

9. Adjourn

David Luneau moved to adjourn the meeting at 8:30 p.m. Seconded by Ken Traum. Motion carried 10-0.

Respectfully submitted,

Suzanne Beauchesne