

Town of Hopkinton

Budget Committee Meeting Minutes – APPROVED

Wednesday, January 13, 2016

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, Don Houston, Richard Houston, Ken Traum, Richard Horner, Amy Bogart, Virginia Haines, Deborah Norris, Diana Wieland, and Bill Chapin, Jr., School Board representative.

Also present: School Superintendent Steven Chamberlin, Business Administrator, Michelle Clark, Director of Student Services, Meghan Bamford, Director of Technology, Matthew Stone, HMS Principal, William Carozza and Hopkinton School Board members David Luneau, Chair, William Jones and Suzanne Beauchesne taking minutes.

Chairwoman Krzyzaniak stated that the filing period for elective positions is January 20th through January 29th. A number of positions need to be filled. The terms of three members of the Budget Committee will end – Richard Horner, Deborah Norris, and Chair Krzyzaniak.

1. Approval of January 6, 2016 Meeting Minutes

Ken Traum moved, second by Deborah Norris, to approve the January 6, 2016 budget committee meeting minutes as presented. Motion passed unanimously, 10-0.

2. Presentation of the Hopkinton School Board Budget

Bill Chapin, Jr., School Board representative on the Budget Committee, introduced School Board members and School Administration members in attendance. Mr. Chapin said he has lived in Hopkinton for some time and has four small children attending school in town. In addition, his Dad lives in Hopkinton so he knows the many demographics in the community, and the town is near and dear to his heart. He said the range of people in Hopkinton is terrific and when it comes time to budget, he feels it's important to offer the best possible school for the best price.

Mr. Chapin indicated that the FY17 budget begins July 1, 2016 through June 31, 2017 so

when the last dollar of this budget gets spent, it will be a full 20 months in advance of this date. Mr. Chapin said his role on the Budget Committee is to convey a sense of the Committee to the School Board and Superintendent Chamberlin. The Budget Committee's concern to decrease expenses and lower taxes has been communicated. With that in mind, the School District's zero-based budget development process begins with a review of the district goals and creating a budget to support the accomplishment of those goals. The formal process begins at the departmental level, then to the Superintendent, and the School Board. Superintendent Chamberlin presents a proposed budget to the School Board in early December. Throughout December, reductions are made in a tiered approach by Superintendent Chamberlin while keeping in mind the impact on efficiency, staffing, and programs. The School further reduced the budget by an additional \$155,359.

The School District's 2016-17 proposed operating budget totals \$18,636,495, an increase of \$29,864, or 0.16% over the FY16 budget. The budget components break down as follows:

	Proposed Budget 2016-2017	Increase/Decrease	Percentage Change
Salaries	\$ 9,671,198	(120,185)	(1.23%)
Benefits	\$ 4,446,501	(54,943)	(1.22%)
Professional Services	\$ 489,927	141,158	40.47%
Property Services	\$ 190,385	(37,795)	(16.56%)
Transportation, Tuition, Printing	\$ 1,232,525	47,367	4.00%
Supplies, Books, Materials	\$ 682,755	47,020	7.40%
New/Replace Equipment	\$ 179,648	8,492	4.96%
Debt Service & GF Supplement to Food Service and Other Funds	\$ 47,451	(1,250)	(0.22%)
Other Funds (Offset by Revenues)	\$ 1,196,105	-	-
TOTAL	\$ 18,636,495	\$ 29,864	0.16%

The Hopkinton Educational Support Staff (HESS) contract includes 54 employees in four classifications: office staff, food service staff, student support staff, and library media assistants. The agreement is for three years, 2016-2019, with impact for Year 1: 72,457; Year 2: \$39,102; and Year 3: \$42,853. The tentative agreed-upon contract will appear as a separate article on the School District Warrant. The community will have the opportunity to vote specifically on the agreement. Negotiations are ongoing with the Teamsters Local #633 (Custodians) whose contract is currently in the second year of a two-year contract.

Mr. Chapin said the School Board budget is educationally sound and fiscally responsible. There were increases in health insurance (+15K), retirement (+15K), contracted services (+129), transportation (+24K) and a reduction in salaries of \$186K. \$50,000 was transferred

from FY16 year-end surplus for repair and maintenance, having a current balance of \$172,000. Up to \$750,000 was budgeted for federally funded special projects as an expense and as revenue since any funds received get offset. A bigger project, replacing the boiler at the high school, is slated for 2018.

Mr. Chapin said they have always taken a very conservative approach when looking at revenue. Overall, revenue for the FY17 budget is down \$98,692. The largest decrease in revenue is in the area of the refund from Health Trust, down by (\$118,554). The School Board put forth utilizing \$25,000 from the health insurance trust and \$100,000 from the tax rate stabilization fund, Article X, to reduce the impact of the reduction of revenue. The budget reflects a reduction of \$73,000 in state adequacy aid. Tuition is down \$6,000. Last year's projection from surplus was \$370,000 and actually came in at \$470,000. The projected tax rate is \$0.32/1000. At this meeting a year ago, the projected tax rate increase was \$0.39/1000 and when the actual rates were locked in, the rate came in at \$0.03/100.

Mr. Chapin said that the cost per pupil remains in line with the average. One-quarter of the school districts spend more per student than Hopkinton. Hopkinton has been voted Best High School in NH by US News two years in a row.

Superintendent Steve Chamberlin and Michelle Clark, Business Administrator, were available to go through supporting budget materials which included a handout on tiered budget reductions and Frequently Asked Questions about the FY17 budget and the HESS Collective Bargaining Agreement.

Superintendent Chamberlin said he appreciated the presence of many Budget Committee members at the School Board meetings. He repeated that for 17 years it has been his pleasure to serve a mission-driven, goal-driven organization that ensures student learning, best practices in all aspects of district operations, and high school plus for all students. These are the goals that drive him and his staff in a highly regulated field. Superintendent Chamberlin said budget development begins with a retreat where staff wrestles with deciding which resources are most necessary. Superintendent Chamberlin stated that this was the most aggressive approach taken to the budget in his 17 years in Hopkinton.

Superintendent Chamberlin pointed out that the "Dollar Difference" column of the budget summary was updated to include the first year impact of \$72,458 of the HESS contract, leaving a total budget figure including all warrant articles of \$52,322. Superintendent Chamberlin went over increases and decreases in revenue which included a decrease of \$73,692 in State Adequacy Aid. The School District receives approximately \$1.8 million in State Adequacy Aid which was budgeted at 95% as recommended by the State. The estimated amount to be raised locally totals \$195,368.

Superintendent Chamberlin then went through major increases and decreases from the 2015-2016 operational budget. Major increases totaled \$230,306 and decreases totaled \$200,442. Superintendent Chamberlin went through each page of the budget information package including summaries by budget components, operational programs, school location, individual functions, and warrant articles.

Regarding Special Education Programs, Diana Wieland asked why the professional services line was three times that of the 2015-2016 budget. Superintendent Chamberlin said that the greatest increase in the FY17 proposed budget is in Special Education in the area of contracted services. These services are necessary in order to provide specialized services to students who have complex needs. Providing these services is required by law. Ken Traum asked what the differences were between “professional services” and “other services”. Business Administrator Clark said professional services include instructional, legal and other like services. Other services include postage, advertising, printing, travel, and the like. The budgeted amount of \$28,000 in Vocational Programs is for tuition to the Concord Regional Technical Center. Committee members asked a number of questions about co-curricular programs. Superintendent Chamberlin said 16 students play football. The cost of ski jumping and cheerleading is \$3,000-\$4,000 each. Junior varsity programs would likely be first to be eliminated if necessary. An agreement is in place with Hillsboro-Deering at a cost of \$7,000 each – practice takes place in Hillsboro; games are played in Hopkinton.

Deborah Norris asked why more funds were being budgeted in the 2210 Improvement of Instruction line when thousands went unexpended from last year’s budget. Superintendent Chamberlin said that the district is contractually obligated to budget a sum equal to 25% of the number of the bargaining unit times \$3,350. Business Administrator Clark noted that budget line number 2222 was omitted mistakenly from the budget packet. In response to Richard Houston, Administrator Clark stated that professional services in Technology Services (2225-student related) was reallocated to Information Management (2840) which is not student related. Superintendent Chamberlin pointed out under the Office of the School Principal that due to enrollment, a leadership change was budgeted from 2 K-6 principals to one principal and one assistant principal at a savings of \$15,000.

Superintendent Chamberlin stated that the pupil transportation fleet includes two school buses; one is used daily for special education students. The other bus is utilized for class field trips and athletic events. Amy Bogart asked how many students are dropped off/picked up rather than using the bus. The response was 50%. Richard Horner suggested providing parents who pick up their child with a decal and charging a nominal fee. Ken Traum recalled Mr. Chapin stating that the \$750,000 placeholder on federal and state grants was listed as an expense and revenue and asked where the \$750,000 was expensed. Business Administrator Clark stated that the \$750,000 was expensed in Other Funds (5200) (page 35) and placed as revenue under federal program grants of \$511,000 and Disabilities Programs at \$239,000

totaling the \$750,000 (page 4). Superintendent Chamberlin went over the warrant articles, bond schedule, and trust funds and indicated that he and others are happy to return next week to answer any further questions.

Don Houston indicated that he thought the bottom line to be raised by taxes was \$29,000 which doesn't appear to be the case anymore. Superintendent Chamberlin stated that they budget for a worse case scenario. They have been told they should receive \$1.9 million in state adequacy funding but since that is not a solid figure, they budget at 95%. The superintendent said they prefer to budget conservatively as was done last year where the projected tax increase of 39 cents actually ended at an increase of three cents. Superintendent Chamberlin said the increase will never be worse than what is reported. This year's projected rate increase of 32 cents equals \$195,000.

David Luneau, Chairman of the Hopkinton School Board, rose to state that a \$29,000 operating budget increase amounts to four cents added to the tax rate. If everything remained equal, adequacy funds, etc., it would be a four cent increase. This year, a couple of things will be on the warrant that was not on last year.

Don Houston stated that Budget Committee members asked repeatedly what the bottom line amount was to be raised by taxes and were told \$29,000 and now its \$195,000. Mr. Houston asked if the School Board would consider taking Article X funds down to zero. Superintendent Chamberlin said that the purpose of Article X is to prevent ups and downs in the tax rate. Don Houston said that the town is experiencing a tax spike and the schools have been overly funded with elaborate program offerings and a declining enrollment and the only area that can deal with this is staff, and while reducing staff cannot be done at once, it must be a focus. Mr. Houston continued saying that only the rich can move into Hopkinton, poor people cannot afford to live in Hopkinton, and the rich will continue to demand more services. Mr. Houston said "our total tax rate is 4th in the state. Who is going to come here?" Mr. Houston hopes the facility study will result in being able to go from three school buildings to two, given declining enrollment, and will produce other economies over time.

Superintendent Chamberlin said that \$73,000 got added that could not be announced earlier. Mr. Traum asked about the HESS contract provisions for office and food service staff. Superintendent Chamberlin said that compensation connected to educational attainment has changed and is applicable to both para staff and office/food service staff. Para Educational II Certification remains .50/hour; Associates degree .75/hour has been created, and Bachelor's degree \$1/hour has been created. Business Administrator Michelle Clark said that one food service employee has a degree based on USDA laws.

Don Houston asked what employees pay for medical insurance and was told \$95.5 for the single rate and \$92.8 for a two person plan. More precise numbers will be provided next week on insurance and pension numbers. Don Houston said that contract negotiators must

also feel the pressure and that times are changing. In response to Mr. Chapin, Superintendent Chamberlin said that he has received four requests for early retirement. All have until March 1st to decide; one may not accept. Richard Houston estimated the amount needing to be raised if adequacy funds were budgeted at 100%. Specific numbers will be provided next week.

Ken Traum asked whether the \$100,000 Article X fund increase and \$100,000 fund balance decrease in revenue was from the same account. The response was no. One is from surplus funds used to help reduce the tax rate. Business Administrator Clark said that every time you increase the fund balance, it makes it harder each year to budget without continually freezing budget lines.

Amy Bogart asked why the special group proposed the Sports Complex. Mr. Chamberlin said the school doesn't own the property; the town does. Diana Wieland asked if the school paid for the upkeep of the field.

Don Houston asked "how many teachers do we have". Superintendent Chamberlin said he'll pull the information together and get back to the Committee. Richard Houston asked about the figures on the pie chart illustrated on Page 10. Business Administrator Clark said the pie chart is the value – percentage of the whole, not increases or decreases.

3. Public Comment

Kent Symonds who serves on the Road Committee said that Hopkinton taxes have become more than a monthly mortgage payment. He has children in the school system. Roads are in desperate need of repair and the school system should return funds to the town. Mr. Symonds also commented on benefits packages and how benefits have decreased for the majority of workers and should be decreased for school staff. Mr. Symonds also felt that people serving on various committees need to keep the interest of all residents in mind when making decisions.

Arnold Coda said that Hopkinton has the 4th highest tax rate in NH and the highest school tax rate in NH. The school budget should remain flat, or be reduced. Social Security recipients have received no increase, medical expenses have increased, and many residents rely on portions of Social Security retirement plans. Mr. Coda does not feel that school administration is making a significant effort to cut the budget enough.

Richard Horner said everyone is hurting and the Budget Committee has come down hard on the School Board who has done a heck of a good job in responding to all Budget Committee requests. Don Houston said "we are living beyond our means and the tax base does not support the system we are operating under." The bottom line is balancing revenue with expenses.

Jodie Russell said that the school budget must balance the needs of students and taxpayers, and referred to a list of 33 course offerings that had no enrollment.

4. Next Meeting: Wednesday, January 20, 2016

5. Other Business

Diana Wieland said that years ago there was concern amongst the real estate community that people were not coming to Hopkinton because of the schools and perhaps there was a concerted effort to get its acceptability up and if its recommended to pull back, how might that play out. Don Houston said the school system has always been supported and considered a good school system but for several years an overabundance of funds has gone to the schools while the highway budget has been cut. He said, "We have one of the best school systems in the state but it is not enough of a draw because of high taxes".

Ms. Wieland than asked if taxpayers or the Budget Committee suggests zero increase or recommends more cuts, how would the school administration be able to do something like that and still maintain a viable system. Committee members discussed various options. Don Houston said the tax base is weak and there is a list of schools ahead of Hopkinton in terms of cost per pupil that have half Hopkinton's tax rate. Mr. Houston said there are 53 K-12 schools and Hopkinton ranks sixth. The schools ahead of Hopkinton are Moultonborough, Sunapee, Lincoln, Lebanon, Woodstock, and Littleton – all have a lesser tax rate than Hopkinton.

Don Houston said that \$4 million worth of public works have been identified as needing to be done: shimming/paving, construction, culvert work, and engineering. Culvert engineering costs alone could add up to \$30,000 for each of eight culverts totaling \$240,000. The thought was to include a \$300,000 warrant article each year that would equal out over a ten year period. One method to get the backlog done is applying for a 10-year bond and keeping the bond payment at the same amount put into the CIP -- \$300,000.

The town could borrow \$2.2 million right off and put it into a trust fund so there would be no payment the first year. The first payment would be \$309,000 and would go down from there. There would be a kitty of \$2.2 million and it would take 3.5 years to eat up all of the money. That is the concept. The problem with bonding is you don't have much in years five through ten, unless you put more money in which is a concern of Mr. Traum's. There are economies to doing it as one big project; yet, waiting to do a project is always more costly. The interest would amount to \$480,000 so the idea needs to be flushed out to make sure it makes sense. Don Houston and Ken Traum will be meeting with the Road Committee to discuss this matter further.

Ginny Haines asked if a pattern of replacement might not work. Don Houston explained that work must be done on at least six miles of road every year. If neglected, the costs increase to as much as \$80,000 to rebuild a road.

6. Motion to Adjourn

Amy Bogart moved, second by Don Houston, to adjourn the meeting at 8:40 p.m. The motion passed unanimously, 10-0.

Respectfully submitted,

Suzanne Beauchesne