

TOWN OF HOPKINTON
Budget Committee Meeting Minutes
Wednesday, January 11, 2017
DRAFT

CALL TO ORDER

Chairwoman Janet Krzyzaniak called the meeting to order at 5:30 pm, at the Town Hall, welcoming all those in attendance.

ATTENDEES

Janet Krzyzaniak, Don Houston, Ken Traum, Richard Houston, Deborah Norris, Amy Bogart, Ginni Haines, and Bill Chapin, Jr.

ABSENT

Mark Zankel, John Wuellenweber

PUBLIC ATTENDEES

Members of the Leadership Team: Steve Chamberlin, Superintendent; Michelle Clark, Business Administrator; Chris Kelley, Principal, Hopkinton/Middle High School; Rebecca Gagnon, Assistant Principal, Hopkinton Middle/High School; Bill Carozza, Principal, Harold Martin & Maple Street School; Amy Doyle, Assistant Principal, Harold Martin & Maple Street School; Matt Stone, Director of Technology; Meg Bamford, Director of Student Services, and Brenda Gincant. Arnold Coda, Diana Weiland, Marjorie Salathe, Jeanne Prewitt, Robert Peter Gerseny, Gerri & Candace Youngman, Carolyn Koegler-Miller, Molly Richter, Elizabeth Sanders, Mary Kirsteen, and Elizabeth Durant.

APPROVAL OF JANUARY 4, 2017, DRAFT MINUTES

Ken Traum motioned to accept the January 4, 2017, draft minutes. Amy Bogart seconded. The minutes were approved unanimously.

SCHOOL BOARD'S FY18 BUDGET PRESENTATION AND QUESTIONS

Bill Chapin, Jr., presented the School Board's FY18 Committee Review, in a slide presentation.

Added notes will be included in italics.

Background-The Unique FY18 Budget Development Process:

- October, 2016: The Hopkinton School District is informed of the health insurance guaranteed maximum rate of increase, 23.6%, almost \$600K.
- The Hopkinton School Board (HSB) invites the Hopkinton Education Association (HEA) to reopen negotiations November 15, 2016.
- HEA votes to reopen negotiations November 22, 2016.
- HSB and HEA ratify a tentative agreement on January 4, 2017.

School Board Budget Meeting: December 6, 2016

- Superintendent presents initial budget to HSB
- Zero-based (maintenance uses three-year rolling average)
- Supporting the “Above All, Care” Mission
 - The inclusion of a Director of Curriculum, Social Worker, Kindergarten Teacher
 - Increase in 1st grade, decrease in grade 5
 - Classroom technology (maintenance and replacement)
 - Compliance with state and federal law for special education
 - Enrollment up 42 students this year (7 Pre-School)

School Board Budget Meeting: December 13, 2016

- A retrospective on FY17 reductions is presented
- A review of projected revenues from state and federal sources
- Board directs Superintendent to present tiered reductions to get to \$1.00 increase in the tax rate and \$0 increase in the tax rate
 - Programs and Staff
 - Education Objectives
 - Efficiency of Operations

School Board Budget Meeting: December 20, 2016

- Tiers of Reductions are presented
- Funding levels are proposed for:
 - Unreserved Fund balance: \$485K (*money not spent last year that comes back in as revenue*)
 - Withdrawal from Tax Rate Stabilization Fund: \$200K (*Article X fund*)
 - Withdrawal from Health Insurance Fund: \$75K
 - Establishment of Contingency Fund: \$100K
 - Contributions to School Building Repair and Maintenance Fund: \$50K
 - Vehicle Replacement Fund: \$10K (*this has been added to for the last 7 years*)

School Board Budget Meeting: January 3, 2017

- Review revised tiers of reduction
- Announces negotiating teams (HSB, HEA) have reached a tentative agreement
- Reviews agenda for January 4, 2017
 - The ratifying of the tentative agreement
 - The determination of the FY18 funding level

School Board Budget Meeting: January 4, 2017

- School Board ratifies the tentatively agreed upon Collective Bargaining Agreement
- School Board votes on FY18 Operating Budget
 - Eliminated Social Worker
 - Moved positions to Contingency Fund (Kindergarten Teacher/IA, Science, Admin Retirement Benefit, Athletic Transportation)
- School Board votes on establishing a \$100K Contingency Fund
- School Board authorizes contribution to Vehicle and Maintenance Repair Trust Funds

School Board Budget Meeting: January 10, 2017

- Revises FY18 to include federal projects, food service, and other funds
- Adjusts budget, taking out HEA and CBA savings, as those are included in a separate warrant article
- Adopts Hopkinton School Board Budget Value: \$19,788,043.00

District Warrant Summary

- HEA Collective Bargaining Agreement (\$274,861)
 - Tax Rate Impact: Decrease of \$0.45/1,000
- FY18 Operating Budget of \$19,788,043
 - Increase of 6.1%
 - Tax Rate Impact of \$1.31/1,000
- Contingency Fund - \$100,000 (*may or may not be used*)
 - Tax Rate Impact of \$0.16/1,000
- Repair and Maintenance Trust Fund Contribution
 - Add \$50,000 from FY17 end-of-year surplus (last year \$50,000)
 - \$0.08/1,000 (impacts revenue calculations of the tax rate, not expenditure)
- Vehicle Capital Reserve Fund
 - Add \$10,000 from FY17 end-of-year surplus (last year \$10,000)
 - \$0.02/1,000 (impacts revenue calculation in the tax rate, not expenditure)

HEA CBA BARGAINING AGREEMENT

- Year 1 decrease of \$274,861 due to a change in health insurance and salary
- Health Insurance, 100% of the premium paid, \$1,000/\$3,000 deductible (first 50% paid by District), site of service plan, higher co-payments, stricter plan limitations (*Teachers no longer pay premiums.*) (*Whatever is not is not spent of the first part of the deductible is sent back to the district.*)
- Salary: YR1: 2% (down from 2.5%), YR2: 2%, YR3: 2%
- Language changes including an additional day (curriculum development or student day)

Operating Budget of \$19,788,043

- Increase of \$1,121,301 (6.01%)
- Costs for programs/services and facility maintenance
- Contractual salary and benefits for HESS (year 2 of 3) and Teamsters (year 2 of 2)
- Nonunion staff: salary adjustment/merit pool of 2.5% (significant changes in health insurance, savings of \$77,241)
- Up to \$750K in federally funded special projects budgeted as expense and as a revenue

Budget is Educationally Sound and Fiscally Responsible

- Drivers Include
 - Health Insurance +\$415,693 (*only for the non-union*)
 - Salaries +\$301,290
 - Early Retirement +\$103,456
 - Transportation +\$52,571 (In and Out of District)
 - Curriculum Director (Salary and Benefits) +\$113,663
 - Instruction, Behavior, and Related Services +\$310,224*
- *The values of salary and benefits increases are also included

General Contingency Fund

- \$100,000
- Reduce risk associated with highly variable budget items (enrollment, administrator retirement benefit, athletic transportation)

Repair and Maintenance

- Proposed transfer of \$50,000 from FY17 end-of-year surplus
- Current balance end of FY16 \$228,028
 - Doors and Locks Replacement Project slated for FY17 and FY18, \$40K
- Projects planned for FY18
 - Heating plant at the middle and high schools, may be done with facility project
- For purpose of timely addressing major equipment repair/replace

Vehicle Capital Reserve Account

- Proposed transfer of \$10,000 from FY17 surplus
- Current balance end of FY16 \$55,991 (*approved the below withdrawal but it hasn't been taken out yet*)
- Next expenditure planned for FY17
 - Withdrawal for Bus 99 replacement anticipated of \$46,638

Revenue Picture – A Conservative Approach

- Use of Savings (Article X funds) \$200,000
- Use of Health Insurance Capital Funds \$75,000
- *Anticipated* Increase in State Adequacy Aid \$94,721
- Tuition up \$3,800
- Projecting \$485,000 from FY17 surplus (last year was projected to be \$468,000 and came in at \$486,087)
- Tax rate sent in October after all revenue numbers are in

Estimated Tax Impact of \$1.02/1,000

- Includes a (\$0.45) reduction from the negotiated agreement
- Operating Budget
- The establishment of a \$100K Contingency Fund
- Includes local and state tax rates
- Includes end-of-year fund balance to reduce taxes
- Includes use of Article X funds to reduce taxes
- Last year, the estimated tax impact was an increase \$0.26/1,000 and it came in at a decrease of \$0.08/1,000

Update – HSD Facility Project

- Enrollment Increase (70 in Kindergarten)
- October, HSB revised Charge – School Configuration Project to School Renovation Project
- Report due from the Facility Steering Committee – presenting options to the HSB
- School Board makes final approval of scope of project
- Bring a proposal to the voters in March 2018 (Last bond payment is made FY18)

Hopkinton “Makes the Grade” for an Average Cost

- Cost per pupil remains in line with the average of all districts in NH, with a third of all districts spending more per student (Source: NH DOE, updated 1/3/17) [56th of 161 districts]
- 93% of recent graduate’s plan to attend 2 or 4 year colleges
- Best High School in NH – 3 years in a row
- Consistently receives Blue Ribbon awards for volunteerism

Steve Chamberlin presented the Hopkinton School District 2017-2018 Budget Information, beginning with the HSD Proposed Budget Summary spreadsheet. The total General Fund including transfer to trusts is \$19,788,043, that figure goes on the warrant. The Total Budget including all warrant articles is \$19,673,182 (up 5%). Following is Mr. Chamberlin’s highlighted parts of the report from the package of information he provided. *The entire package is available upon request.*

Total 2016-2017 Revenue		\$5,790,059
Major Increases: 2017-2018		
• Use of Article X funds	\$141,937	
• State Adequacy Aid: Adequacy Grant	94,721	
• From Health Insurance Trust Fund	75,000	
• Food Service Sales/Transfers into Food Service	6,490	
• Tuition	<u>3,800</u>	
Total Major Increases		321,948
Major Decreases: 2017-2018		
• Miscellaneous is not material	\$ <u>(813)</u>	
Total Major Decrease		<u>(813)</u>
Total Proposed 2017-2018 Revenue		\$6,111,194

Estimated amount to be raised locally is \$625,305, tax rate increase of \$1.02.

Total 2016-2017 Operational Budget		\$18,666,742
Major Increases		
• Health Insurance	\$415,693	
• Salaries	301,290	
• Curriculum Director (Salary & Benefits)	113,663	
• Retirement	103,456	
• Out of District Tuition	78,609	
• Heating Fuel-using \$2.51/gallon & 3-year average	34,083	
• Specialized Student Transportation	31,440	
• Other Benefits – FICA, Life, LTD, etc.	31,189	
• HRA Contributions (26 Non-union, District to pay 1 st 50% of deductible)	28,000	
• Transportation Contracts	21,131	

• Asbestos Inspection-done every 3 years <i>(asbestos is in all 3 schools)</i>	17,400	
• Equipment – Facilities	11,817	
• Debt Service	6,050	
• Miscellaneous That is Not Material	5,282	
• Reno software for Facilities Oversight on Controls Remotely	5,208	
• Dental Insurance	<u>4,096</u>	
Total Major Increases		\$ 1,208,407
Major Decreases		
• Professional Services Related to Student Needs <i>(decrease from consolidating a position)</i>	(\$56,518)	
• Electricity – due to SMART Start Program Agreement Ending	<u>(30,588)</u>	
Total Major Decreases		<u>(87,106)</u>
Total Proposed 2017-2018 Operational Budget		\$19,788,043
(approximately 76% of the Proposed Budget goes to Salaries & Benefits)		

Mr. Chamberlin said that the budget includes the following classes: 3 Kindergarten, 4 First Grade, 3 Second Grade, 3 Third Grade, 3 Fourth Grade, 3 Fifth Grade, 4 Sixth Grade, 4 Seventh Grade and 4 Eighth Grade.

In Regular Education Programs (1100's), Salaries & Benefits are up, Professional Services and Property/Equipment are down. Total Increase of \$408,282.

Special Education Programs (1200's), Professional Services was reduced and a position was added. The Program is designed for 4 or 5. There is direct instruction for 2 very complex kids in the program. NH's State requirements exceeds the Federal requirements and there are plans in the works to make sure that NH meets the Federal requirements, not exceed them. Support has been moved around so that the specialists can spend more time focusing on the students and not the paperwork.

Vocational Programs (1300) has 12-14 students.

Other Instructional Programs (1400) is where the cost share for football is.

Guidance Services (2120). There is 1 Guidance Counselor at Harold Martin, 1 at Maple Street, and 2 at the Middle/High School with a portion of a School to Career Counselor and a Guidance/Registrar Secretary at the High School as well.

Health Services (2130). There is 1 Full-time Nurse at Harold Martin, 1 at Maple Street, and 1 at the Middle/High School with a Full-time Medical/Clerical Assistant. There were 12,000 visits to the nurses' office with 3,000 administrations of medications in 2015-16.

Student and Staff Services, including Psychological Services (2140), Speech Pathology Services (2150), and Physical and Occupational Services (2163) has some positional changes and training.

Improvement of Instruction (2210) is where the Director of Curriculum is. This area includes tuition for those covered by the HEA Agreement for which the district is contractually obligated to budget a sum equal to 25% of the number of the bargained unit times \$3,350 for professional development. The Focus Monitoring Group showed that we need to figure out why is there such a gap between identified students and non-identified students. In addition, to help kids learn, it's important to have visible learning by making expectations visible. Third Grade teachers know what Fourth Grade expectations are, students need to know what the teachers' expectations are, and parents need know what the expectations are so they can support the learning. Having a Director of Curriculum would ensure that these expectations and obligations all work together for the benefit of the students.

Media and Technology Services (2222, 2225, and 2229). This is one of the areas where the number of hours of the Library Media Specialist was reduced at the secondary level last year by reducing a support person's time. Having a place for students and staff to be able to utilize after hours is a great thing but we had to reduce it a little this year.

School Board Services (2310), the auditing needs have changed and that is reflected in the Professional Services decrease.

Office of the Superintendent (2320, 2332, 2510, 2511 & 2515). The decrease is because last year the Administrator Retirement Benefit was included in the budget and it wasn't taken out like it was this year.

School Principal (2410 & 2490) are increased mostly by salaries and benefit increases.

Maintenance of Buildings (2600). Our Custodians are part of the Teamsters and they are in year 1 of 2, next year negotiations take place with them. Our HESS employees, next year will be year 2 of 3. This is also where the asbestos inspection is included (*Michelle – wrong amount is listed but will be corrected*). Property Liability Insurance increased due to the need to bid out each year. Major purchases include AC in the server room, a flammable storage cabinet for chemical/product, and speed bumps being removed for plowing purposes.

Pupil Transportation (2700), bidding came in high so the contract has been extended another year. *The \$36,571 includes our own driver and bus monitors, who get paid a daily amount, as well as summer time drivers.*

Information Management Services (2840) is for technology staff.

The contract with our facilities vendor (Harriman) is done.

Other funds include the catchment for possible federal projects made necessary during American Recovery Reinvestment, which is when we did this work. This is when schools were given part of recovery funds and we wanted to make sure we had enough capacity to accept.

The Warrant Summary provides the background and the costs for the entire warrant on Saturday, March 11, 2017. They're going to open their first monetary decision with the teacher's contract, a 3-year contract, saving \$274,861 the first year, saving \$0.45 on the tax rate. The budget is in Article IV and that's \$1.31 per thousand (\$19,788,043). The contingency is in Article V, that's \$0.16/1,000. Article VI is \$0.08/1,000, Article VII is \$0.02/1,000.

Warrant to be presented to elect school district officer's positions. 2 School Board Members are up for 3 year terms; Moderator, Clerk and Treasurer are up for 1 year terms.

Trust Fund Balances of 12/31/16 (that doesn't include interest accrued after 6/30/16): School Building Repair and Maintenance Trust Fund has \$228,028, Special Education Expendable Trust Fund has \$169,529, Replacing School District Vehicles Capital Reserve Fund has \$55,991 (*the Board did approve to spend \$46,638*) (*our fleet consists of 3 vehicles, a fully accessible bus, a maintenance van, and a small, little transportation bus*), and Health Insurance Trust Fund has \$75,314.

The planned expenditures include replacing doors and locks over a 2-year period for \$40,000. There is a staff member at the high school that is keeping track of heat every day because we're struggling with the areas where we heat our buildings and we don't know if it's a technology or furnace issue. We want to have enough in the account to make sure we can replace or repair what needs to be done.

There will be \$100,00 left in Article X Funds, and the bond is coming up. There is a CIP Project coming up, somewhere in the \$4M range. Last year we were 34th highest cost per pupil, this year we have dropped to 56th out of 161.

Tiers will be discussed in more detail next week.

In October, they got the news that Health Insurance would increase \$600,000. Health Insurance has been an area of importance in negotiations. Eighteen years ago, there was not a shared premium. One unique piece was that in Hopkinton there was an employee cap on health insurance. If the premiums went higher, the employees share froze and anything above the cap, the town picked up the difference. Four years ago, the cap has been redone with a cost share of \$92,800 for 2 person families and \$95,500 for singles. Because of the significant increase, the HSB invited the HEA to re-open negotiations. The HEA agreed.

Negotiations began with exchange bargaining and problem solving negotiations. They looked at the value of several plans and looked to see what other districts in the area were providing. They wanted to be sure that they could still attract and retain quality teachers with the insurance plan they chose. The current plan would cost about \$28,000 per family. A Site-of-Service plan, with a deductible, costs \$20,000. They agreed on a plan called Access Blue Site-of-Service. There are 2 areas of medical that are very restricted. You must go to the preferred site/vendor or you pay the difference. The deductible part of the plan is \$1,000 for a single, \$2,000 for a couple, and \$3,000 per family. The District will pay 100% of the insurance premium (of the deductible plan only). The District will pay the first 50% of the deductible. Copays have increased and there are a limited number of specialized visits. If the deductible is not used up, it is returned to the District.

The new contract is for three years, with a stipulation to automatically re-open negotiations on health care if the District becomes subject to the Affordable Care Act's Cadillac Tax (a tax on health insurance if the plan becomes too expensive).

Professional Development funds have increased from \$300/employee to \$400/employee. The early retirement incentive payment has increased \$2,000/level. This is the first increase since the program's inception 20 years ago. Another day has been added to support the District's curriculum work, not a student day.

There are approximately 100 employees in the HEA agreement. Contract information should be on line.

Current Kindergarten class numbers are 19, 17, 18 and 18. The size of the classes change to higher numbers in about 3rd or 4th grade. The community really values smaller class size. The Director of Curriculum's proposed time is .3 District and .7 Maple Street.

PUBLIC COMMENT

Mary Kirsteen asked what happened to the proposed Social Worker's position. *Mr. Chamberlin said It currently falls to guidance, nurses, and teachers. There is a Student Assistance Program in the secondary level. Current staff is meeting the current need. There is also a Family Support Team in Town. The Board couldn't support 2 new positions due to the health care costs.*

Arnold Coda asked if another column could be added to the cost per pupil page (page 48 in the packet) so that there is a number there, that is more accurate, showing where the taxpayers' dollars are being spent. He feels that the numbers represented are misleading.

Elizabeth Sanders asked if the numbers Mr. Coda was referring to was all inclusive, including students receiving special services. Mr. Chamberlin said they are.

Mr. Coda asked if the School District knew how many students go to private school. Mr. Chamberlin will get the numbers for next week. He also asked the football proposal. Mr. Chamberlin said it was in the School Board budget for \$7,000, that includes the coach's salary, transportation, and referees. He said that 3 years ago, a proposal was brought, to put in a cooperative football program. Discussions took place and it was agreed that there would be zero cost to Hopkinton taxpayers for 2 years. After 2 years, if the program was viable, then there would be certain costs that the District should pay for. Mr. Coda says he thinks it should be removed from the budget.

Mr. Coda asked why football couldn't be run the same way as the cooperative hockey program with John Stark. Mr. Chamberlin explained that they pay hockey costs and we pay first robotics and alpine skiing costs.

Mr. Coda said that there must be areas in the budget where cost savings can be made so that the budget increase comes in way under \$1.00. \$1.03/1,000 is a very significant increase for 1 year. He's concerned that in Mr. Chamberlin's contract, in addition to getting his salary, he gets a \$14,250 a year bonus. He wants to know why they don't just increase his salary instead of awarding a bonus. He also

wants to know why the administrators get a part of their Rotary membership paid for, and how much does that amount to?

Carolyn Koegler-Miller wanted to know if written comments and/or questions could be submitted if someone can't attend the next meeting.

Don Houston asked if a football expenditure forecast could be produced including field maintenance, equipment, irrigation, etc. Mr. Chamberlin said that there is a group working on a new field location because it's his understanding that Houston Field won't be available after next year. The only agreement that the School Board made was for \$7,000 to cover the 3 items already discussed. The Board would have to vote to expand past that \$7,000.

OTHER BUSINESS

Ken Traum presented his preliminary December 31, 2016, Budget Review. On the Revenue side, the big driver for the increase are 3220 Motor Vehicle Permits and 3401 Ambulance Fees. On the Expense side, 4210 Police had a savings due to personnel changes and 4220 Fire has been addressed at past meetings.

Is our Special Education program so much more appealing or generous than other programs in the area? As of November 2016, there are 173 identified students in our Special Education Program. It's very expensive to send a student out of district and parents want their children educated in district. In the last 2-3 years, a couple of students have needed to be sent out of district.

It was asked if the Directory of Curriculum could be less than a full-time position? The past budget has \$6,000 for the position and now it's a full-time \$13,000 position. Why would we need a person to spend that much time on developing curriculum?

Bill Chapin was asked what the potential for another large increase for the FY18 Budget was. The Facilities Committee came back with major deficiencies for corrections in safety, ADA, and deferred maintenance that would cost \$8 million.

NEXT MEETING

Wednesday, January 18, 2017, 5:30 pm, at the Town Hall, to have follow-up discussions and questions to the School Budget Presentation. HVP and CVP will present their Budgets to the Budget Committee for review, if they haven't already done so.

ADJOURN

Ken Traum motioned to adjourn at 8:40 pm. Don Houston seconded. The motion to adjourn passed unanimously.

Respectfully submitted,
Tammy Clay

