



BUDGET COMMITTEE
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MINUTES OF THE BUDGET COMMITTEE HEARING

Tuesday, November 27, 2018 – 6:30 p.m. – Town Hall Conference Room

Members Present: Jamie Connelly, Mark Connelly, Frank Hansler, Sharon Hussey-McLaughlin, Bob Krasko, Don Miller, John Penacho, Patty Porter, Randy Bunnell – School Board Rep, Chip Hussey – Selectmen's Rep

Member by Phone: Steve McKenzie

Also Present: Amy Ransom - SAU 50 Business Administrator; Salvatore Petralia – SAU 50 Superintendent of Schools; Kelli Killen – SAU 50 Assistant Superintendent; Sarah Reinhardt – SAU 50 Special Education Director; Tamara Hallee – Principal, Greenland School; School Board Members; Ralph Cresta – Fire Chief

Chair Krasko opened the Budget Committee meeting at 6:30 p.m. A roll call was taken by the Chair; he announced a quorum was present and the meeting was being recorded.

1. Approval of Minutes: Tuesday, November 13, 2018

MOTION: D. Miller moved to approve the minutes of Tuesday, November 13, 2018. Second – P. Porter; all in favor. MOTION CARRIED

2. Town Budget Review: Fire Department

Chief Cresta reviewed his budget. The Fire Department budget was basically a flat budget. Due to contamination, new gear had to be purchased as a result of the fire in February. A warrant article will be done for a second set of gear for firefighters, with funds taken from the Ambulance Fund. Chief Cresta is still working on hiring full-time personnel. He explained that hiring personnel is difficult throughout the Northeast. Stipend personnel are down slightly; they're getting hired full-time on other departments. D. Miller asked Chief Cresta to explain getting fully qualified stipend personnel to come in from another department. An individual coming from a department that is union can't work as a per diem firefighter. Greenland is sharing personnel with other departments; they can only work 32 hours per diem.

F. Hansler asked if insurance was involved in the February fire. Chief Cresta responded that a claim was submitted and rejected. A claim has been submitted through Primex, the Town's insurer, and a reimbursement of \$10,000 is expected. That should cover the cost of the additional gear. Eight sets of gear were lost in that fire; the replacement cost is \$3,000 per set. Comstar is doing very well collecting ambulance funds. Purchases made through the Ambulance Fund are done on a warrant article and don't impact the tax base.

Chief Cresta updated the Committee on the Fire Department roof. The old roof was stripped off and a new rubber roof was installed. Some of the beams will be repaired next. The roof is finished and welding should be completed by the first of the year. Warranty information will be available at the Town budget review on Thursday, November 29, 2018.

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The department has enough equipment available between the Town and any mutual aid. This is done with other departments also.

3. School Budget Review

Amy Ransom, SAU 50 Business Administrator, reviewed the School budget which included the FY 20 default budget, FY 20 proposed budget, and the status of the Trust Funds. Warrant articles were not discussed. Also included in the budget book was information regarding the SAU budget; the apportionment for the SAU budget is based on the guidelines in RSA 194-C:9. The tuition schedule used to calculate this year's Portsmouth High School tuition and all the documents for the area agreement have been included. A. Ransom offered to come back and explain how the Portsmouth High School tuition is calculated.

The budget for 2017-2018 was \$9,875,983 and corrected by A. Ransom. The proposed operating budget for 2019-2020 increased 4.93% over the current year's operating budget. The default budget increased 2.37% over the current year's budget. The proposed operating budget is \$11,416,938; the default operating budget is \$11,138,092. Historical information, as requested by the Budget Committee last year, was included. If the proposed budget is passed, the three year average would be 5.7%; the five year average would be 6.14%.

Legislation was passed in the spring and enacted into law this summer that changes how the default budget is calculated. The definition and clarification of what can and cannot be included in the default budget was clarified. One of the biggest changes was whether or not contracts can be included. Using transportation contracts as an example, A. Ransom explained that according to the new law, the increase for next year cannot be included in the default budget; it must go in the proposed. Teacher contracts can be included in the default budget. Increases to health and dental insurance are not allowed in the default budget for non-union staff members. IEP's are in the default budget because they are federally mandated.

The default budget includes teacher raises (year four of a five year contract). Last year, the default salary increase was approximately \$79,000; this year the increase is \$31,000. There has been a change in staff from last year to this year; a reduction of one classroom teacher; a decrease to the Portsmouth tuition line of \$59,791 (166 students vs. 172 students last year). Special Education increased by approximately \$161,000. NH Retirement current rates are 11.18% for employees (decrease) and 17.8% for teachers (increase); this is a two year rate. Increase of \$63,830 in Greenland's portion of the SAU office budget. There is a reduction of \$3,426 to Debt Services for principal and interest due on the bond.

Proposed operating budget: A. Ransom responded to the question "why can't we get the budget sooner?". Principals in all of the SAU 50 towns are required to turn their budgets in to A. Ransom by October 01; teachers aren't in during July and August. Principals only have one month to work with their staff on budgets, put the information together and submit it to A. Ransom. She has five towns turning in budgets; Greenland and Rye, SB2 schools, are priorities.

Some of the requests from Principal Hallee included additional staff, supplies and equipment. The School Board reviewed the budget three times and approved the final budget on November 19, 2018; budget books were available to the Budget Committee the next day.

Budget items \$5,000 and above were reviewed by A. Ransom. A part-time Spanish teacher was hired for grades 3 and 4; cost (salary and benefits): \$13,325. Due to a main server crash over the summer, the technology teacher was moved to a regular teaching position, creating one less teaching position in the

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default budget. A technology coordinator has been added into the proposed operating budget; cost (salaries and benefits): \$68,552. The stipend for additional technology duties has been removed from the proposed operating budget; savings of \$11,291. The net cost of the new position would be \$57,262. The School Nurse position has increased five hours per week (one hour per day); cost (salaries and benefits): \$4,370. The School Receptionist position has been increased by seven additional work days; cost (salaries and benefits): \$956. Salary increase for non-union staff is 3%, and includes the administrative staff, para-professionals, custodians, food service workers and any other non-union staff at Greenland School; cost (salaries and benefits): \$27,703.

Asked by D. Miller how they decided on a 3% increase, A. Ransom replied that the School Board looked at wages for support staff in the surrounding area. D. Miller noted that the CPI/COLA for the federal government is 2.8%; the Town is looking at a 2.75% increase across the board. R. Bunnell added that they did a compensation study for administration and non-union staff; some things are below average, some things are above average. 3% seemed like a reasonable percentage; historically, the School has come in at 3%. F. Hansler commented it was difficult to have different rates for different areas. He felt it would be more pleasing to all to have the same rate moving forward. R. Bunnell felt it should be school vs. school. F. Hansler responded if the scope of work for a secretary in the Town Hall and a secretary in the School are similar, the pay increases should be similar. J. Connelly felt the scope of work couldn't be compared. There are a lot of non-union employees at the School that aren't secretaries that deal with a lot of challenging situations. D. Miller stated there are many people in this Town on a fixed income and don't have an option of getting a 2.8% or 3% increase.

The Health Insurance rate is 6.7%; last year was 1.7%. Dental stayed flat at 2.3%. Cost of increase: \$15,827. Special Education Legal Fees increased. Library Media/Internet Subscriptions increased. Largest increases were seen in Technology Hardware Additional, which increased \$8,776; Technology Hardware Replacement increased \$54,237. These requests are to replace what was cut from last year's budget; it will also bring back the hardware replacement cycle in the building. It's also tied to the technology audit on all buildings by the SAU. A listing of all requests for hardware is available by contacting A. Ransom or Principal Hallee.

Based on an independent audit of the facility and its needs, an additional \$9,000 has been included for the roof. Buildings and Grounds Upkeep: an additional \$18,343 has been requested; Principal Hallee has the information. Non-Instructional Equipment Repairs: \$6,200 – replacement of water fountains per health inspection. Transportation: increase of \$8,286 to cover the estimated 3% increase to the transportation contract.

How much of the budget is discretionary and how much is contractually obligated? A pie chart was included in the budget books under Section 4 that indicated which items the School had no control over. Tuition to PHS is approximately 28% of the budget; the School Bond is 4%; Salaries are 34%; Benefits are 16%. The SAU assessment, which is voted on by the Joint Board, is approximately 90%. Anything collectively bargained, federally mandated or State mandated is what drives the budget. A. Ransom explained items that are discretionary.

As of October 01, 2018, the enrollment was 413. Approximately 60 Greenland students are receiving Special Education services (elementary, middle school and high school); it's less than the State average and down from last year.

The Tuition Expendable Trust Fund has a balance of approximately \$188,749. Tuition for PHS is approximately \$17,511 per student. Special Education Expendable Trust Fund has a current balance of

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just over \$100,000. The current balance in the School Building & Grounds Property Trust Fund is \$69,789 and is paid for through the SAU Office rental.

S. McKenzie questioned the increases in the Special Education default budget. There was a warrant article last year; would there be another this year? The impact on the default budget was a concern; it increased the default budget and S. McKenzie wasn't sure it was necessary. A. Ransom explained the Special Education Trust Fund is for unanticipated Special Ed costs. S. McKenzie questioned if some expenses were allowable in the default budget. R. Bunnell noted that Special Education is a very large portion of the School budget; the costs in the default budget are in anticipation of what is needed next year. Responding to S. McKenzie's question about the \$100,000 increase, A. Ransom stated that students and their needs change each year. S. McKenzie felt the default budget was being artificially inflated. J. Penacho asked A. Ransom to provide a general comparison of last year to this year.

There was a discussion about PHS tuition. J. Penacho felt using a 3 year average, rather than 5 years, may be more realistic. A. Ransom will check with the Portsmouth School Department Business Administrator to see if an increase is anticipated due to their CBA. J. Penacho asked for estimated amounts compared to actual amounts. R. Bunnell stated their forecast amounts have been very close to actual amounts.

Responding to a question from F. Hansler, A. Ransom stated there is not a grant department. The grants received from the State are getting smaller every year. The IDA Pre-School Grant is consolidated among all SAU 50 schools. A. Ransom and R. Bunnell explained grants received and the process. F. Hansler suggested an individual may need to be designated for grants for the School Department and Town. Pat Walsh added that many grants are targeted for rural areas; Greenland is not considered rural. The School will be receiving funding from the State for full-time kindergarten.

F. Hansler also commented that there isn't a central purchasing department for the School and Town. P. Walsh responded they are working with the other districts on bulk purchasing. F. Hansler asked how the Town could be incorporated to make it a better financial picture. P. Walsh stated they are looking at ways to economize on various issues. R. Bunnell felt A. Ransom and the Town Administrator could meet to discuss any possibilities.

K. Killen stated that many of the educational grants are very specific. They won't fund anything they feel the local district should be providing. The District looks at grants very carefully: they usually own it in the end. If upkeep or other expenses are involved, that becomes part of the operating budget.

There was a discussion about the Security line and upgrades to the security system. S. Petralia added that the School Infrastructure Grant didn't come with 100% funding. The School Board was very diligent and supportive about matching 20% to each of six applications. A. Ransom explained that the fire panel was replaced and upgraded; the previous one was failing; this was done on a warrant article. A. Ransom explained the bid process on larger projects.

The technology position was discussed. After looking at the audit and the needs of the School, the School Board decided a full-time, year round technology position was needed. M. Connelly asked if the position could be shared by the schools in the SAU and the cost shared. A. Ransom responded that there will be a position in the SAU budget for a Technology Administrator who would oversee the school district. The Greenland position would be in Greenland Central School on a day-to-day basis to manage their needs. There was a discussion about the need for a full-time technology position.

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Hardware replacement and additional technology hardware was discussed. A. Ransom explained that last year there was a significant cut to technology; replacement of staff laptops was off-cycle as a result. Replacement of some student Chrome Books is included. Additional hardware includes 25 new iPads for K-1 as well as charging stations. R. Bunnell added that they are on a good replacement cycle for students but not staff. The network is overdue to be upgraded; that's a one-time charge of \$14,000. They plan to do a warrant article for a Technology Fund.

D. Miller asked for justification for iPads for K-1. There are different apps the children can use, district-wide testing is done on the iPad, and students are learning to read or practicing math skills while the teacher is working with another student. R. Bunnell added that the iPads being replaced were from a private donation or a grant. An iPad is another educational tool for students; paper and pencil is still used.

S. McKenzie questioned the \$64,000 increase in the SAU budget. A. Ransom explained that the SAU budget was presented to the Joint Board several weeks ago. It included a recommendation from the technology audit for a Technology Administrator district-wide. It's also based on Greenland's portion as calculated by the State. That changes yearly and is based on student enrollment and property valuations. It's justified in the default budget because it's protected by State law. The Joint Board will vote on the budget on December 19, 2018 and it will become part of each town's budget. The Greenland School is involved in the voting process.

J. Connelly asked if technology will be kept separate in each school in the SAU or if the SAU would eventually take over the technology budget. A. Ransom responded the only way for the SAU to control technology would be to include it in the SAU budget, which would increase that budget. They try not to put things into the SAU budget that might be more local control; the Technology Administrator could discuss with each School Board having everyone on the same platform to save money. R. Bunnell added that the School Board's philosophy is for the Principal to decide how technology will be handled in their school. Although they do expect some standardization across the SAU, there are things that can be done to make things easier and cheaper. There are different needs in each school.

Any questions should be submitted to R. Bunnell or B. Krasko to be forwarded to A. Ransom. For the next School review, A. Ransom will have available Special Education comparison, PHS tuition comparison (3 year average vs. 5 year average) and the 10 year PHS tuition history, and a copy of the technology audit.

ADJOURNMENT

MOTION: C. Hussey moved to adjourn at 8:12 p.m. Second – M. Connelly; all in favor. MOTION CARRIED

NEXT MEETING

Thursday, November 29, 2018 – 6:30 p.m., Town Hall Conference Room

Respectfully Submitted: Charlotte Hussey, Secretary to the Boards

Approved: 