

Minutes
Nottingham Budget Committee Meeting
Public Hearing – 2018/2019 School Budget
January 9, 2018

Members Present: Jennifer Biron, Miska Hadik, Michael Koester, Carrie Lee, Karyl Martin, Erin Maskwa, Les Thompson, Peter White, Anthony Dumas – BOS Rep, Susan Levenson – School Board Rep

Excused Absences:

Other in Attendance: Secretary Dawn Calley-Murdough, Jackie Snow, Robert Gadomski, Marjorie Whitmore, Scott Reuning, Chris Sousa

Chair Hadik called the meeting to order and introductions were completed. Chair Hadik reported electronic copies of the budget were made available on the town website for public review and the meeting will be recorded for re-airing at a later date.

Public Hearing: Chair Hadik opened the public hearing at 7:12 pm and reviewed the purpose of the public hearing, stating the Budget Committee has been working with the School Board and the SAU on the school budget over the last few months. The Deliberative Session will be held on Tuesday, February 6, 2017 at the Nottingham School starting at 7:00 pm. Chair Hadik reviewed the school budget section by section, allowing questions or comments throughout the review process.

The Regular Education account had a 1.08% increase of \$37,372.60. Dr. Gadomski stated the largest portion of this increase is the change to full day kindergarten and the hiring of an additional paraprofessional that will be dedicated to the kindergarten class, and insurance saw an overall decrease.

The Special Education account had a 13.08% increase of \$185,658.61. Mr. Reuning stated the largest part of the increase is due to out of district placements. However, this increase will result in a decrease in a different account.

The Medicaid account had a 42.25% increase of \$1,954.00. Mr. Reuning reported this increase is a good thing with the school also receiving a higher amount of corresponding revenue.

The Co-Curricular account had a 4.82% increase of \$1,071.00. Mr. Sousa reported this increase was due to the introduction of a new computer club and adding additional activities based on student interest.

The Elementary Athletic account had a 6.67% increase of \$2,009.00. Mr. Sousa reported this is to pay all athletic staff and replacement of needed uniforms.

The Guidance account had a 0.51% increase of \$928.45. There were no comments.

The Health account had a 16.68% decrease of \$20,191.58. Dr. Gadomski reported this decrease is primarily due to a staffing change.

The Special Contracted Services account had a decrease of 27.96% or \$47,664.00. Mr. Reuning reported this is a good thing, the account is based on student need and there are fewer contracted needs expected.

The Speech account had an 8.48% decrease of \$15,955.82. Mr. Reuning reported this is due to a staffing change.

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The Improvement of Instruction account had a 10.61% increase of \$7,500.00. Mr. Sousa stated this increase is a reflection of increased course tuition reimbursement to match actual expenditures. Mr. Sousa stated Curriculum Development has received grant funds in prior years that are not guaranteed for this school year.

The Instruction & Curriculum Development had a 1.32% increase of \$1,432.00. Dr. Gadomski reported this is the Curriculum Development position and increases are primarily identified in the salary and benefit accounts.

The Library & Educational Media had an 8.95% increase of \$10,872.74. Ms. Whitmore reported the majority of the increase is due to insurance coverage changes.

The Computer Assisted Instruction account had a 9.17% decrease of \$3,883.00. Mr. Sousa reported there is an increase to the account with the required need to upgrade the school internet service and speed, as well as a network upgrade/renewal for antivirus software. Dr. Gadomski reported the School Board made the decision to reduce the amount of funding in New Equipment and Replace Tech Equipment, as generous support from the community has been seen over the past couple of years for upgrades to technology, and these cuts provided an overall account decrease.

The Other Support Service-Instruction Staff had a 0.25% decrease of \$256.00. There were no comments.

The School Board Services account had a 9.8% decrease of \$6,999.00. Dr. Gadomski reported this is a decrease for legal services, which is now more in line with actual expenses.

The SAU Expenses account had a 6.12% increase of \$27,751.00. Dr. Gadomski reported the largest part of this increase is to provide the SAU with a part-time technology support person rather than contracting that service out.

The Principal's Office account had a 0.92% increase of \$3,471.00. Dr. Gadomski reported this change is salary and benefit related.

The Elementary Bookkeeper account remained level funded at \$1.00. This account is to hold an ability to hire a bookkeeper, if it is determined necessary. The services are currently provided through the SAU.

The Operation & Maintenance of Plant account had a 15.34% increase of \$73,060.00. Mr. Sousa reported the largest part of this increase is the need to start repairing aging equipment in the building and upgrade areas of the aging building, as well as regular system testing, such as water, septic, extinguishers, and security testing for school equipment in all areas. This budget includes the removal of glycol from the HVAC system and install a new inhibitor, at a cost of \$16,706.00. A small tractor with an attached plow is also being purchased to make sure walkways are cleared timely for students and staff arrivals. There are increases in propane and electrical expenses for the school.

The (Elementary) Transportation account had a 3.95% decrease of \$22,386.00. Dr. Gadomski reported the new bid for elementary school transportation will include 8 buses with an increase of \$16,143.00, as well as increases for Field Trip Transportation and Athletic Transportation.

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However, there is a decrease in the Elementary Special Education Transportation of \$44,847.00. Increases are later seen in the High School Transportation accounts.

The Food Service account had a 7.34% decrease of \$13,271.00. Dr. Gadomski reported this is a staff insurance change, and a decrease in food and milk to reflect actual spending. A statement was made that the Food Service program is not allowed to have any deficit amounts, and typically transfers are made to cover any loss of expected revenues.

Chair Hadik reviewed the overall budget change to the Elementary School accounts was a 2.72% increase of \$222,474.00; from \$8,179,438.00 to \$8,401,912.00. Dr. Gadomski reported this overall total for the Elementary School supports increases in staff salaries according to the collective bargaining agreements, as well as the new kindergarten para-professional positions, making up the largest portion of the overall increase.

Chair Hadik reviewed the high school education accounts.

The High School Education account had a 12.69% increase of \$409,034.00. Dr. Gadomski reported this change is identified with an increase in overall high school class sizes, as well as a transition of the number of students attending Coe-Brown rather than Dover, as well as increases in the tuition amounts.

The High School Special Education account had a 6.22% decrease of \$26,104.00. Mr. Reuning reported this decrease is primarily based on a lower student need for special services.

The High School Contract Services account had a 0.61% increase of \$9.00. Mr. Reuning reported this is an estimated membership increase to the Strafford Learning Center.

The High School Speech account had a 517.87% increase of \$7,768.00; from \$1,500.00 to \$9,268.00. Mr. Reuning stated this increase is to address a higher number of students now attending Coe-Brown. The total cost is shared between all three towns, and Nottingham now has a higher number of special education students needing speech services.

The High School Transportation account had a 21.76% increase of \$47,074.00. Dr. Gadomski reports these totals reflect the new contract and the continuation of two buses to both Coe Brown and Dover, which may change as the contract is refined.

Chair Hadik reviewed the overall budget change to the High School account with was a 11.34% increase of \$437, 781.00; from \$3,861,566.00 to \$4,229,781.00.

Chair Hadik reviewed the total Nottingham school budget was a 5.48% increase of \$660,255.00; from \$12,041,004.00 to \$12,701,259.00.

Dr. Gadomski asked everyone to keep in mind that districts with their own high school have an ability to absorb any budget increases when an increase in high school students is seen, and this is how the budget functions for the Nottingham Elementary School. However, because Nottingham must pay a specific tuition amount for each individual student to either Coe-Brown or Dover High School, increases and decreases in attending student populations can cause significant changes in the high school tuition budget, and it is a part of the overall budget that

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can't be helped. This budget also includes an increase in transportation expenses with the new contract.

Chair Hadik reviewed the Transfers to Capital Reserve Funds account. Ms. Whitmore reported this account reflects any warrant articles approved on voting day and are only transferred if there is a surplus fund balance at the end of the 2017/2018 school year.

Mr. White asked if the town of Northwood has seen their budget decrease with an increase in the Nottingham budget. Dr. Gadomski stated the Nottingham budget doesn't impact the Northwood budget, and Northwood has the same issue as Nottingham in regards to paying tuition for high school students.

Ms. Levenson reviewed the differences between the Coe-Brown and Dover tuition amounts, stating the Dover amount is still under negotiation. The biggest increase for Nottingham is the increase in the number of students attending high school, which will be an on-going trend with the significantly current higher student counts in 3rd through 8th grade classes.

Mr. Thompson stated in regards to the fixed budget/expenses of a school and the ability to absorb additional expenses when there is a higher number of students than what was anticipated is attending a school would the School Board ever consider a fixed tuition total or a decreased tuition amount when more students attend the school. For example, could the Nottingham contract negotiate for a specific number of students at a specific price, and any additional students attending above that number would pay a reduced rate. Ms. Levenson stated it would be an interesting negotiation, currently a formula is utilized to determine the tuition amount, and the two schools are supported from a different funding mechanism. Dover is raised through taxation and Coe-Brown is tuition based causing a different negotiating approach. Dr. Gadomski stated there are current contracts in place, for the next several years, but wouldn't believe it would be an accepted agreement from the other schools, although he believes it is a great idea.

Mr. Thompson asked if Nottingham has much ability to negotiate the tuition amount; could there be any leverage to use. Dr. Gadomski stated there is some leverage, with a substantial number of students with financial support, but doesn't see either school accepting a smaller incremental increase with a higher number of students. Some leverage was used for the first two years of the contract, but transitioned out; the contract runs for seven years. Ms. Levenson stated Nottingham does participate on the Coe Brown Education Committee to help control cost.

Chair Hadik reviewed the warrant articles.

Warrant Article #2 for the proposed operating budget and the alternate default budget. Chair Hadik stated the difference between the proposed budget and default budget was minimal, with positive benefits for the school with approving the proposed budget.

Dr. Gadomski stated there is minimal difference between the two budgets and the School Board made a strong effort to be diligent about keeping the proposed budget as low as possible. Chair Hadik reported the difference between the proposed budget is 5.48% and the default budget increase is 5.3%.

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Warrant Article #3 is to raise and appropriate \$50,000.00 to the Building Repair Capital Reserve Fund, transferred from an available fund balance at the end of June 30, 2018.

Warrant Article #4 is to raise and appropriate \$30,000.00 for the purpose of improvements to the Library Program. Mr. Sousa reviewed the proposed changes, stating it will help transition the library to a more modern learning space for students. This will also replace 20 year old carpet and furniture, add air conditioning system to the space, and upgrades to technology.

Warrant Article #5 is to raise and appropriate \$15,000.00 to be added to the Grounds Improvement Capital Reserve Fund, transferred from an available fund balance at the end of June 30, 2018.

Warrant Article #6 is to raise and appropriate \$20,000.00 to be added to the Text Book Capital Reserve Fund, transferred from an available fund balance at the end of June 30, 2018.

Ms. Martin asked if there is a maximum amount desired in the Building and Grounds CRF. Ms. Levenson stated the School Board is trying to reduce the gap between what is in the CRF and the proposed CIP tasks. Ms. Snow stated they reviewed the upcoming CIP activities, the thought was that the board could gradually increase the amount to match the upcoming proposed expenditures of \$300,000.00.

Mr. Thompson asked about the language in the warrant articles for transfers to capital reserve funds that indicates there is no additional tax impact, wouldn't it reduce taxes if the money was returned rather than put aside for savings. It was stated it is a timing issue, as those funds were raised in the prior year and if returned could provide reduction to a future tax rate.

General discussion took place about the language for the estimated tax impact, the timing of funds being returned to the town, and other factors that could impact the tax rate. Discussion also took place about the need to save for capital repairs to the building.

Ms. Lee asked about the High School Move-In Tuition amount and if there should be any consideration to creating a reserve fund to pay for increases in student counts, such as what is seen in the current 3rd through 8th grade classes. Ms. Levenson stated it has been considered and other communities have created such an account. Ms. Whitmore stated Northwood budgets for 10 move-in tuition students in their reserve account. However, they had 16 additional students move into the district the prior year and luckily they were able to fund the necessary funds to cover the additional tuition expenses within the general budget.

General discussion took place about the changing impact of the number of students, both increasing and decreasing on the tuition budgets. Mr. Koester stated creating a reserve fund was suggested a few years ago. Ms. Martin asked if Nottingham should consider creating such a reserve account when there are lower class sizes. The idea for a tuition reserve account was supported.

Chair Hadik reviewed the proposed estimated tax impact and how that amount would change, including the calculation process. The overall estimated tax impact, per \$1000.00 of property value, if the proposed budget was approved would be \$1.75, and it would be \$1.72 with the default budget. An additional \$0.05 would be added with the other warrant articles.

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General discussion took place about the data being provided to document the changes in the tax rates over the prior few years. Ms. Whitmore reviewed the estimated tax rate information sheet.

Chair Hadik reviewed the proposed revenues. The total estimated revenue for 2018/2019 was \$263,529.00, a decrease from the prior year. A decrease is also seen in the State of NH Adequacy Grant, an increase of State of NH Education Tax, and the changed total amount to be raised by the town.

Mr. Thompson asked if the budget is increasing primarily because of an increase in the number of students, or are there other factors. It was stated all the changing factors can impact the increase in the tax rate, including the number of students, the amount of received revenue, return of surplus funds at the end of the school year, as well as insurance changes, staffing changes, NH Adequacy Grant, and SAU surplus.

Dr. Gadomski reported the school does not expect, or plan for, having an unexpended surplus at the end of the year. There are additional revenue sources that will eventually be found but they are an unknown at the time the budget is developed.

Ms. Levenson reviewed the recent auditing activities taken by the Joint Board, and reported on the potential to return some of the SAU surplus to help offset taxes. Mr. Reuning reported changes in the NH legislation that could also impact education funding.

Mr. Dumas recommended reviewing the actual differences between the estimated tax rate and actual tax rates over the last few years, as it is typically shown to be lower than what was anticipated. Mr. Koester stated the Budget Committee doesn't have a lot to do with the revenue side of the budget, even though it plays a big part in the process.

Mr. Koester asked for the history of move-in high school students. Ms. Whitmore stated the SAU doesn't specifically keep track of the number of students moving into and out of the district, but specifically keeps track of the total number of students, and reviewed the estimated history of move-in high school students. This information doesn't specify transition of students between Coe-Brown and Dover High School. Mr. Koester stated a more specific study of students moving into the school system versus movement between schools may be needed.

Mr. Koester stated based on the provided information, it appears it is prudent to budget for no more than two move-in students. While there appears to be transition between the two high schools, there doesn't appear to be a number of high school students moving in to the district. Although it could change in any giving year, additional funds could be requested.

General discussion took place about the trend of students moving into the system and out of the system. Dr. Gadomski reported the trouble for Nottingham in not budgeting for Move-In High School students is the potential to lose funds from the elementary school budget if there is an unplanned number of high school students.

Ms. Martin asked why a decision was made to remove the proposed world language warrant article. Ms. Levenson stated the Curriculum Director provided the board with a report that in order to implement a world language program it would mean taking away time from other classes, at the risk of losing the recent forward momentum seen in the core subjects. Mr. Sousa

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expressed his support for the decision, and stated the school administration will continue to look at the options for the future.

Chair Hadik asked if there were any additional questions or comments, there were none and he asked for a motion to close the public hearing.

Motion: by Mr. Dumas second by Mr. Koester to close the public hearing.

Vote: 10 in favor.

The Committee recessed for approximately 10 minutes.

Chair Hadik thanked the SAU and School Board for providing assistance to the Budget Committee.

Chair Hadik reviewed all budget documents on a page by page basis with the committee for recommended changes and a final motion to recommend the budget.

Mr. Thompson asked about the removal of the budget for Contracted Services – Behavior Technician. It was stated it is a position that is based on special education needs and student education plans (IEP) and may no longer be a needed position, or was shifted to another account – such as a high school account.

Mr. White asked why there is Curriculum Director position at the school and also at the SAU. Ms. Levenson stated there isn't a Curriculum Director at the SAU, only at the local school and the board feels he is a large part of the more positive educational results being seen with the students. Ms. Levenson reviewed the positions at the SAU.

Mr. Dumas asked about the phone and internet contracts and discussion about consolidation with town services. Ms. Levenson stated there hasn't been a conversation with the town about phones, some conversation has happened about possible internet consolidation. The School Board would be willing to determine if there are cost savings by combining internet and phones services.

Mr. Thompson asked if the Repairs and Maintenance and flush of the glycol from the HVAC system is an annual task. Ms. Lee responded it isn't annual, is required for all commercial buildings, and is on a cycle and believed it is once every three years.

Mr. White asked if cutting the budget increase to Coe Brown in half would cause problems. It was stated it would cause a lot of problems for the school.

Mr. Thompson asked if the amount reflects the actual number of students in the school system and who will attend Coe Brown. Other general questions were asked about adjustments to the Coe Brown tuition amount, either before the Deliberative Session or throughout the year and when 8th grade students declare what school they want to attend. It was stated the amount budgeted for does reflect current number of Nottingham students. The number of students who will attend Coe Brown is as accurate as it can be, but changes can happen, including up through the school year. If the number of students change, the amount could be changed at the Deliberative Session. Any adjustments with students and the high school they declare to attend, would be a shift between the tuition accounts.

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Mr. Thompson asked questions about the total school occupancy limits for both Dover and Coe Brown. Ms. Levenson reviewed the information stating Dover has a new school and Coe Brown is approximately 700 students, neither at full capacity.

Motion: by Ms. Martin to recommend the proposed budget of \$12,701,259.00. Second by Ms. Lee.

Vote: 10 – 0 in favor.

Motion: by Ms. Martin to recommend the default budget of \$12,679,654.00. Second by Ms. Biron.

Vote: 10 – 0 in favor.

It was stated the motion and votes for the proposed budget and default budget would be included on the warrant as article #2.

Chair Hadik reviewed the revenue page and amounts.

Motion: by Mr. Koester to accept and recommend the estimated revenues in the amount of \$263,529.00. Second by Mr. Dumas.

Vote: 10 – 0 in favor.

Chair Hadik read Warrant Article #3 to add \$50,000.00 to the Building Repair Capital Reserve Fund from the June 30, 2018 unassigned fund balance, if available.

Motion: by Ms. Biron to recommend Warrant Article #3 as read. Second by Ms. Maskwa.

Vote: 10 – 0 in favor.

Chair Hadik read Warrant Article #4 to raise and appropriate \$30,000.00 for the purpose of improvements to the Library Program.

Motion: by Mr. White to recommend Warrant Article #4 as read. Second by Ms. Lee.

Vote: 9 in favor. 1 opposed.

Chair Hadik read Warrant Article #5 to add \$15,000.00 to the Grounds Improvement Capital Reserve Fund from the June 30, 2018 unassigned fund balance, if available.

Motion: by Ms. Biron to recommend Warrant Article #5 as read. Second by Mr. Dumas.

Vote: 10 – 0 in favor.

Chair Hadik read Warrant Article #6 to add \$20,000.00 to the Text Book Capital Reserve Fund from the June 30, 2018 unassigned fund balance, if available.

Motion: by Ms. Martin to recommend Warrant Article #6 as read. Second by Ms. Biron.

Vote: 10 – 0 in favor.

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Information was provided to the committee regarding the NH Department of Revenue school budget form MS-27. Committee members would be notified when the state form is available for signatures.

Chair Hadik reminded the audience and board members of the Deliberative session that would be held on Tuesday, February 6, 2018 at 7:00 pm at the Nottingham School.

The public hearing is adjourned.

General Town Updates: Mr. Dumas reported

Approval of Minutes: approval of minutes was postponed to the next meeting.

OTHER BUSINESS:

ROUNDTABLE: Mr. Koester commended the School Board for their job well done for managing the budget with significant increases to high school tuition and managing the remainder of the budget accordingly.

Chair Hadik agreed and expressed his appreciation with the hard work and decisions made by the School Board.

Mr. Dumas stated Dr. Gadomski recently accepted a new position in the town of Somersworth, and expressed congratulations and thanks for his hard work for Nottingham.

Ms. Levenson stated Mr. Reuning was promoted to the Superintendent position.

ACTION ITEMS: None

ADJOURN: Having no further business,

9:44 PM Motion: by Ms. Biron, second by Mr. Koester.

Vote: 10 – 0 in favor.

Respectfully Submitted,

Dawn Calley-Murdough